ACCESS BANK PLC

Consolidated financial statements for the year ended 31 March 2009.

Contents

Independent Auditor's Report
To the members of Access Bank Plc

We have audited the accompanying consolidated financial statements of Access Bank Plc and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 March 2009, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 3 to 85

Directors' responsibility for the financial statements
The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly in all material respects the consolidated financial position of Access Bank Plc and its subsidiaries ("the Group) as at 31 March 2009, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG
24 August 2011
Lagos, Nigeria.

Consolidated balance sheet

As at 31 March *In thousands of Nigerian Naira*	***Note***	**2009**	**2008**
Assets			
Cash and cash equivalents	4, 7, 17	145,484,481	566,718,251
Non-pledged trading assets	4, 7, 18	10,557,205	13,793,382
Pledged trading assets	4, 7, 19	7,825,488	8,730,532
Derivative financial instruments	4, 7, 20	3,033,817	2,452,313
Loans and advances to customers	4, 7, 21	410,835,629	256,004,878
Investments in equity accounted investee	4, 23	650,547	584,758
Investment securities	4, 7, 24	70,472,788	140,979,182
Property and equipment	25	23,462,849	14,972,310
Intangible assets	26	2,402,718	375,929
Other assets	4, 28	25,489,809	29,734,109
Total assets		700,215,331	1,034,345,644
Liabilities			
Deposits from banks	4, 7, 29	30,296,711	69,872,040
Deposits from customers	4, 7, 30	426,395,491	350,022,155
Derivative financial instruments	4, 7, 20	1,959,759	
Current tax liabilities		6,586,353	2,659,923
Deferred tax liabilities	27	720,169	223,810
Other liabilities	4, 31	44,604,505	419,796,095
Interest bearing loans and borrowings	4, 7, 32	5,193,083	7,853,332
Debt securities issued	4, 7, 33	9,207,423	12,035,838
Total liabilities		524,963,494	862,463,193
Equity			
Share capital and share premium	34	154,553,963	154,118,401
Retained earnings	34	(3,204,362)	(1,011,478)
Other reserves	34	22,873,703	18,719,391
Total equity attributable to equity holders of the Bank		174,223,304	171,826,314
Minority interest	34	1,028,533	56,137
Total equity		175,251,837	171,882,451
Total liabilities and equity		700,215,331	1,034,345,644

Signed on behalf of the Board of Directors on 24 August 2011 by:

Director
Herbert Wigwe

Director
Ebenezer Olufowose

The notes on pages 8 to 85 are an integral part of these consolidated financial statements

Consolidated income statement

For the year ended 31 March *In thousands of Nigerian Naira*	***Note***	**2009**	**2008**
Interest income	8	56,691,693	24,030,296
Interest expense	8	(15,638,210)	(7,646,845)
Net interest income		41,053,483	16,383,451
Net fee and commission income	9	14,652,815	13,569,385
Net trading income	10	13,891,867	8,407,431
Net (loss)/income from other financial instruments carried at fair value	20	(1,378,253)	2,452,313
Other operating income	11	1,249,104	789,940
		28,415,533	25,219,069
Operating income		69,469,016	41,602,520
(Impairment loss on financial assets)/ net reversal of impairment	12	(15,379,723)	1,462,400
Personnel expenses	13	(9,886,109)	(8,361,031)
Operating lease expenses		(778,960)	(575,594)
Depreciation and amortisation		(3,922,484)	(2,176,676)
Other operating expenses	14	(21,630,224)	(12,453,697)
		17,871,516	19,497,922
Share of profit of equity accounted investee	23	65,789	255,089
Profit before income tax		17,937,305	19,753,011
Income tax expense	15	(6,646,568)	(2,590,171)
Profit for the period		**11,290,737**	**17,162,840**
Attributable to:			
Equity holders of the Bank		11,510,668	17,191,415
Minority interest	34	(219,931)	(28,575)
Profit/(loss) for the period		11,290,737	17,162,840
Earnings per share - basic	16	70k	1.06
- diluted	16	70k	1.06

The notes on pages 8 to 85 are an integral part of these consolidated financial statements.

Consolidated statement of recognised income and expense

For the year ended 31 March

In thousand of Nigerian Naira	***Note***	**2009**	**2008**
Foreign currency translation differences for foreign operations		1,377,979	(22,709)
Fair value gains/(losses) on available-for-sale investments recognized in equity		1,954,872	(770,859)
Taxation on items recognised directly in equity	27	164,527	231,258
Net income/(expense) recognised in equity		3,497,378	(562,310)
Profit for the year		11,290,737	17,162,840
Total recognised income for the year		14,788,115	16,600,530
Attributable to:			
Equity holders of the Bank		15,008,046	16,629,105
Minority interest		(219,931)	(28,575)
Total recognised income for the year		14,788,115	16,600,530

The notes on pages 8 to 85 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 March

In thousand of Nigerian Naira	*Note*	2009	2008
Cash flows from operating activities			
Profit after tax		11,290,737	17,162,840
Adjustments for:			
Taxation expense	15	6,646,568	2,590,171
Depreciation and amortization	*25, 26*	3,922,484	2,176,676
Gain on disposal of property and equipment		57,392	(13,332)
Share of profit of equity accounted investee	23	(65,789)	(255,089)
Assets written off	25	1,494	1,398
Revaluation loss/(gain)		1,342,360	(129,013)
Impairment on financial assets	12	15,379,723	(1,592,979)
		38,574,969	19,940,672
Change in trading assets		3,236,177	(11,327,260)
Change in pledged assets		905,044	3,632,635
Change in derivative financial instrument		1,378,255	(2,452,313)
Change in loans and advances to customers		(210,830,715)	(159,215,131)
Change in other assets		1,642,341	(17,571,932)
Change in deposits from banks		(39,575,329)	4,696,755
Change in deposits from customers		92,621,164	144,075,206
Change in other liabilities and provisions		(390,333,517)	397,975,202
Change in interest bearing loans and borrowings		(2,224,687)	4,562,583
Interest paid	8	-	(7,646,845)
		(504,606,298)	376,669,572
Income tax paid		(2,113,559)	(1,975,776)
Net cash (used in)/provided by operating activities		(506,719,857)	374,693,796
Cash flows from investing activities			
Net proceeds from sale of investment securities		61,696,003	(112,196,397)
Acquisition of property and equipment	25	(10,966,342)	(8,155,137)
Acquisition of subsidiaries, net of cash acquired		(1,307,034)	-
Acquisition of investment in associate	23	-	(72,500)
Proceeds from the sale of property and equipment		457,990	64,432
Interest received	8	56,691,693	24,030,296
Acquisition of intangible assets	26	(419,185)	(252,920)
Net cash provided by/(used in) investing activities		106,153,125	(96,582,226)

Cash flows from financing activities			
Proceeds from issue of share capital	34	-	130,351,934
Repayment of long term borrowings		(5,255,254)	
Interest paid on long term borrowings		(2,134,341)	
Inflow from minority interest		266,949	-
Debt securities issued	33	-	12,035,838
Repayment of debt securities		(2,986,311)	-
Dividends paid	34	(10,492,625)	(2,791,263)
Net cash (used in)/provided by financing activities		(20,601,582)	139,596,509
Net (decrease)/increase in cash and cash equivalents		(421,168,314)	417,708,079
Cash and cash equivalents at 1 April		566,718,251	148,903,870
Effect of exchange rate fluctuations on cash held		(65,456)	106,302
Cash and cash equivalents at 31 March	17	145,484,481	566,718,251

The notes on pages 8 to 85 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Reporting entity

Access Bank Plc ("the Bank" or ''the Company") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 1665 Oyin Jolayemi Street, Victoria Island, Lagos. The consolidated financial statements of the Bank for the year ended 31 March 2009 comprise the Bank and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in investment, corporate, commercial and retail banking.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared in addition to the Group's statutory financial statements, which were prepared in accordance with Statements of Accounting Standards applicable in Nigeria (Nigerian GAAP).

The financial statements were authorised for issue by the directors on 24 August 2011.

(b) Functional and presentation currency

The financial statements are presented in Nigerian Naira which is the Bank's functional currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

(c) Basis of measurement

These consolidated financial statements are prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- liabilities for cash-settled share based payment arrangements are measured at fair value.

Notes to the consolidated financial statements

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are described in note 5.

3 Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes to the consolidated financial statements

(ii) *Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence commences until the date that significant influence ceases. When the group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further loses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(ii) *Special purpose entities*

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective such as the execution of specific borrowings or lending transactions or the provision of certain benefits to employees. The financial statements of special purpose entities are included in the Group's consolidated financial statements, where the substance of the relationship is that the Group controls the special purpose entity. The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates a special purpose entity (SPE).

- The activities of the SPE are being conducted on behalf of the Group according to its specific business needs so that the Group obtains benefits from the SPE's operation.
- The Group has the decision-making powers to obtain the majority of benefits of activities of the SPE or, by setting up an 'autopilot' mechanism, the Group has delegated these decision-making powers.
- The Group has rights to obtain the majority of benefits of the SPE and therefore may be exposed to risks incident to the activities of SPE
- The Group retains majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

The assessment of whether the Group has control over the SPE is carried out at inception and normally no further assessment of control is carried out in the absence of changes in the structure or terms of the SPE, or additional transactions between the Group and the SPE. Day to day changes in market conditions normally do not lead to a reassessment of control. However, sometimes changes in market conditions may alter the substance of the relationship between the Group and the SPE and in such instances the Group determines whether the change warrants a reassessment of control based on the specific facts and circumstances. Whether the Group's voluntary actions, such as lending amounts in excess of existing liquidity facilities or extending terms beyond those established originally, change the relationship between the Group and an SPE, the Group performs a reassessment of control over the SPE.

(iii) *Transactions eliminated on consolidation*

Intra-group balances, and any unrealised gains or losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated at the foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Notes to the consolidated financial statements

(ii) *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Nigerian Naira at exchange rates at each reporting date. The income and expenses of foreign operations, are translated to Nigerian Naira at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in equity. Since 1 April 2006, the Group's date of transition to IFRSs, such differences have been recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

(c) Interest

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

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

Interest income and expense presented in the income statement include:

- Interest on financial assets and liabilities at amortised cost on an effective interest basis.
- Interest on available-for-sale investment securities on an effective interest basis.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Fair value changes on derivative financial instruments, and other financial assets and liabilities carried at fair value through profit or loss, are presented in net income from other financial instruments carried at fair value in the income statement.

(d) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees

Notes to the consolidated financial statements

and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

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

Rental income from investment property leased out under operating lease is recognised in the income statement on a straight line basis over the term of the lease.

Other fees and commission expense relates mainly to transaction and service fees, which are recognised as the services are received.

(e) Net trading income

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

(f) Net income from other financial instruments at fair value

Net income from other financial instruments at fair value relates to non-qualifying financial assets and liabilities designated as at fair value through profit or loss and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

(g) Dividends

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of net trading income, net income on other financial instruments at fair value or other operating income depending on the underlying classification of the equity instrument.

(h) Lease payments made

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

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

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(i) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(j) Financial assets and liabilities

(i) *Recognition*

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) *De-recognition*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial

Notes to the consolidated financial statements

asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the balance sheet. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group writes off certain loans and investment securities when they are deemed to be uncollectible (See note 4)

(iii) *Offsetting*

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(iv) *Sale and repurchase agreements*

Securities sold subject to repurchase agreements ('repos') remain on the balance sheet; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos) are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Notes to the consolidated financial statements

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

(v) *Amortised cost measurement*

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) *Fair value measurement*

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

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

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

(vii) *Identification and measurement of impairment*

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

The Group considers evidence of impairment at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping together financial assets (carried at amortised cost) with similar risk characteristics. Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In assessing collective impairment the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

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

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss. Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost and current fair value out of equity to profit or loss. When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in equity.

(k) Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the balance sheet.

Notes to the consolidated financial statements

(l) Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the balance sheet with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition, as the Group has not elected to make any reclassification in accordance with the amendment to IAS 39. In October 2008, the IASB issued Reclassification of Financial Assets (*Amendment to IAS 39 Financial Instruments: Recognition* and *Measurement* and *IFRS 7 Financial Instruments: Disclosures*). The amendment to IAS 39 permits an entity to reclassify non-derivative financial assets, other than those designated at fair value through profit or loss (i.e. trading) category if they are no longer held for the purpose of being sold or repurchased in the near term provided certain conditions are met. The amendment to IFRS 7 introduces additional disclosures requirements if an entity has reclassified financial assets in accordance with the amendment to IAS 39.

(m) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value with changes in fair value recognised in profit or loss.

(n) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

When the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and advances.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

Notes to the consolidated financial statements

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(o) Investment securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as held for trading, held-to-maturity, or available-for-sale.

(i) *Held-to-maturity*

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

Held-to-maturity investments are carried at amortised cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

(ii) *Available-for-sale*

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

Other gains or losses arising from changes in the fair values of available for sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

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

Notes to the consolidated financial statements

(p) Property and equipment

(i) *Recognition and measurement*

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) *Subsequent costs*

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Notes to the consolidated financial statements

(iii) *Depreciation*

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The estimated useful lives for the current and comparative period are as follows:

Leasehold improvements	Over the shorter of the useful life of item or lease period
Buildings	50 years
Computer hardware	3 years
Furniture and fittings	5 years
Motor vehicles	4 years
Capital work in progress	Not depreciated

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(iv) *De-recognition*

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(q) Intangible assets

(i) *Goodwill*

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Acquisitions prior to 1 April 2006

As part of its transition to IFRS, the Group elected to restate only those business combinations that occurred on or after 1 April 2006, its date of transition to IFRSs. In respect of acquisitions prior to 1 April 2006, goodwill represents the amount recognised under the Group's previous accounting framework, Nigerian GAAP.

Notes to the consolidated financial statements

Acquisitions prior to 1 April 2006
For acquisitions on or after 1 April 2006, goodwill represents the excess of the cost of the acquisitions over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognised immediately in the profit and loss.

Acquisitions of minority interests
Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses.

(ii) *Software*
Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years. This is reassessed annually.

(r) Leased assets – lessee
Leases in terms of which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease

payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Group's balance sheet.

Notes to the consolidated financial statements

(s) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of goodwill is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

(t) Deposits and debt securities issued

Deposits and debt securities issued are the Group's sources of debt funding.

When the Group sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Notes to the consolidated financial statements

Deposits and debt securities issued are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

(u) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(v) Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

(w) Employee benefits

(i) *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

(ii) *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Notes to the consolidated financial statements

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) *Share-based payment transactions*
The Group operates a cash-settled share based compensation plan (share appreciation rights (SAR)) for its personnel.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

(x) Share capital and reserves

(i) *Share issue costs*
Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(ii) *Dividend on ordinary shares*
Dividends on the Bank's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Bank's shareholders.

(iii) *Treasury shares*
Where the Bank or any member of the Group purchases the Bank's share capital, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(iv) *Earnings per share*
The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.
Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Notes to the consolidated financial statements

(y) Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

(z) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

(aa) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2009, and have not been applied in preparing these consolidated financial statements:

- IFRS 8 *Operating Segments* introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group's 2010 consolidated financial statements, will require a change in the presentation and disclosure of segment information based on internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments (see note 6). This standard will have no effect on the Group's reported total profit or equity. The impact of presentation of the Group's operating segments under the management approach is currently being determined.

- IFRIC 13 *Customer Loyalty Programmes* addresses accounting by entities that operate, or otherwise participate in, customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2010 consolidated financial statements, is not expected to have any impact on the consolidated financial statements.

Notes to the consolidated financial statements

- Revised IAS 1 Presentation of Financial Statements (2007) introduces the term "total comprehensive income", which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which is applicable for annual periods beginning on or after 1 January 2009 and becomes mandatory for the Group's 2010 consolidated financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements.

- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a *pro rata* share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which are applicable for annual periods beginning on or after 1 January 2009 and become mandatory for the Group's 2010 consolidated financial statements, with retrospective application required, are not expected to have any impact on the consolidated financial statements.

- Revised IFRS 3 *Business Combinations* (2008) incorporates the following changes that are likely to be relevant to the Group's operations:

  – The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
  – Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
  – Transaction costs, other than share and debt issue costs, will be expensed as incurred.
  – Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
  – Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

  Revised IFRS 3, which becomes mandatory for the Group's 2011 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2011 consolidated financial statements.

Notes to the consolidated financial statements

- Amended IAS 27 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

- Amendment to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the Group's 2010 consolidated financial statements, with retrospective application. The Group has not yet determined the potential effect of the amendment.

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 – *Determining the Cost of an Investment in the Separate Financial Statements*, were issued on 22 May 2008. The amendments are effective for annual periods beginning on or after 1 January 2009. These amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- An amendment to IAS 39 – *Eligible Hedged Items* was issued on 31 July 2008, which is applicable for annual periods beginning on or after 1 July 2009. The amendment clarifies how the existing principles underlying hedge accounting should be applied. This amendment will have no effect on the consolidated financial statements.

- *IFRIC 15 – Agreements for the Construction of Real Estate* was issued on 3 July 2008 and is effective for annual periods beginning on or after 1 January 2009. IFRIC 15 provides guidance on the recognition of revenue among real estate developers for sales of units. IFRIC 15 is not expected to have a significant effect on the Group's consolidated financial statements.

- *IFRIC 16 – Hedges of a net investment in a foreign operation* was issued on 3 July 2008 and is effective for annual periods beginning on or after 1 October 2008. IFRIC 16 provides guidance on accounting for a hedge of net investment in a foreign operation in an entity's consolidated financial statements. The main impact of the introduction of IFRIC 16 is to remove the possibility of an entity applying hedge accounting for a hedge of foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial statements. The adoption of IFRIC 16 will have no effect on the

Group's consolidated financial statements when it becomes mandatory in 2010.

- *IFRIC 17- Distributions of Non-cash Asset to Owners* gives guidance on how distributions other than cash as dividends to shareholders should be accounted for. The adoption of IFRIC 16 which is mandatory for the 2011 consolidated financial statements of the Group is not expected to have a significant impact on the consolidated financial statements.

- *IFRIC 18- Transfer of Assets from Customers* was issued on 29 January 2009 and is required to be applied prospectively to transfers of assets from customers received on or after 1 July 2009. IFRIC 18 clarifies the requirements of IFRSs for agreements in which an entity receives an item of property, plant and/or equipment that the entity must then use to either connect the customer to a network or to provide the customer with a good or service (such as supply of electricity, water or gas). The Group does not expect adoption of IFRIC 18 to have an effect on the consolidated financial statements.

- *IFRS 9 - Financial Instruments* was issued on 12 November 2009 and it is expected to replace IAS 39. The standard essentially simplifies complexities in IAS 39 by introducing the classification of financial instruments into two broad categories: Fair value and Amortised cost. It also clarifies the definition of fair value allowing more management discretion in identifying and classifying financial instruments as fair value. It allows certain equity investments that have fair value adjustments to be recognised in the 'other comprehensive income' account. More so the standard eliminates all other financial instrument classifications according to IAS 39. The Group expects a significant impact on the consolidated financial statements when the standard becomes mandatory in 2014.

Notes to the consolidated financial statements

4. Financial risk management

(a) Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

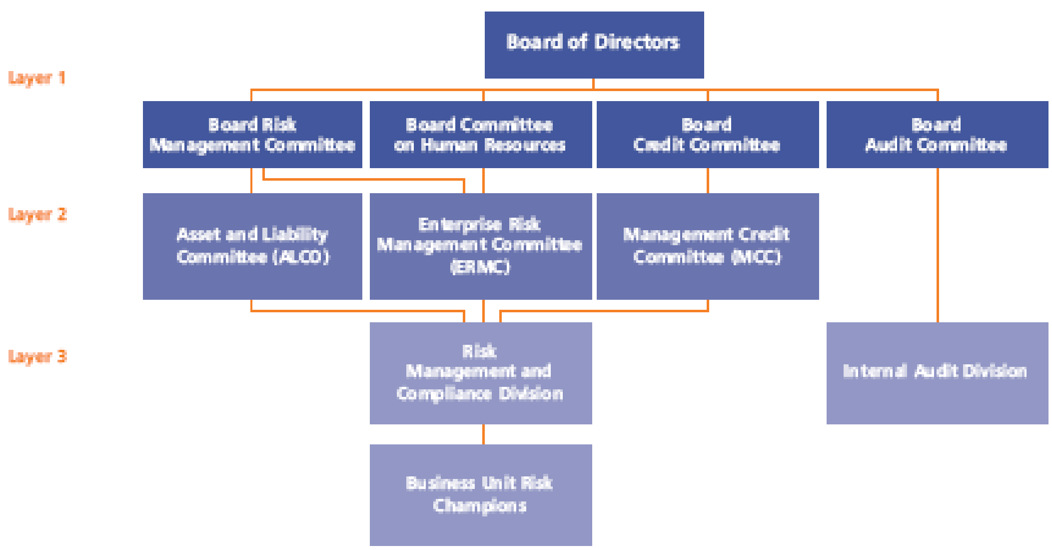
- credit risk
- liquidity risk
- market risks
- operational risks.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

Risk management framework

The Group's Risk Management philosophy is that a moderate and guarded risk attitude will ensure sustainable growth in shareholder value and reputation.

The Group's risk management governance structure is depicted below:



The Board of Directors and Management are committed to establishing and sustaining tested practices in risk management at par with leading international banks. For these purposes, the Board has established a centralized Risk Management and Compliance Division, with responsibility to ensure that the risk management processes are implemented in compliance with policies approved by the Board of Directors.

Notes to the consolidated financial statements

The Board of Directors determines the Bank's goals in terms of risk by issuing risk policies. These policies both define acceptable levels of risk for day-to-day operations, as well as the willingness of the Group to incur risk, weighed against the expected rewards. The risk policy is detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost effective manner. It is a top-level integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities. Specific policies are also in place for managing risks in the different risk areas of credit, market, liquidity and operational risks.

The evolving nature of Risk Management practices and the dynamic character of the banking industry necessitate regular review of the effectiveness of each enterprise risk management component. In the light of this, the Group's Enterprise Risk Management Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in either or both of the following ways:

- Continuous self evaluation and monitoring by the Risk Management and Compliance Division in conjunction with Internal Audit; and

- Independent evaluation by external auditors, examiners or consultants.

The Chief Risk and the Chief Compliance Officers have primary responsibility for risk management and for the review of the ERM Framework. All amendments to the Group's Enterprise Risk Management Framework require Board approval.

The Risk Management division has responsibility to enforce the risk policy of the Group by constantly monitoring risks, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary. To ensure that the decision-making process within the Group is regulated and that the boundaries set by the Board of Directors and regulatory authorities are complied with, Risk Management regularly reviews and reports risk exposures, usage of limits and any special concerns to senior management and the Board of Directors.

The Risk Management Framework is divided into three functional departments: Credit Risk Management, Market Risk Management and Operational Risk Management.

Notes to the consolidated financial statements

(b) Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

Extension of credit in the Group is guided by its Credit Risk and Portfolio Management Plan, which sets out specific rules for the creation and management of the risk assets portfolio. The Plan also sets out the roles and responsibilities of different individuals and committees in the credit process.

In recognition of the fact that the Group's main asset is its loan assets portfolio, to maintain and further improve a healthy portfolio it is imperative to scrutinize all applications and weed out potential problem loans during the application phase, as well as constantly monitor the current loan portfolio. While it is not the Group's policy to extend credit only to the best-rated borrowers, it is of utmost importance that the pricing of credit reflects both the risk and costs incurred. This means that a detailed assessment of individual customers, their financial positions, and the collateral in question is a pre requisite for granting credit.

The goal of the Group is to apply sophisticated credit models and systems to monitor and manage credit risk. Ultimately these credit models and systems are the foundation for the application of internal rating used to calculate capital requirements. The development, implementation and application of these models are guided by the Group's Basel II strategy. The pricing of each credit granted reflect the risk taken.

The Group's credit process requires periodic rigorous review of the quality of the loan portfolio to facilitate early problem recognition and remediation, with a view to keeping specific loan-loss provisions to a minimum by pro-active risk management. The Criticized Assets Committee performs a quarterly review of loans with emerging signs of weakness; the Management Credit Committee performs a quarterly review of the quality of the loan portfolio; and the Board Credit Committee also reviews the loan portfolio on a quarterly basis. These are additional to daily reviews performed by Credit Risk Management.

Credit Process

The Group's credit process starts with credit initiation at the level of the relationship manager, through approval by applicable credit approval authority and finally to the loan management unit. The process is replicated at the Head Office and in the subsidiaries. The highest authority

Notes to the consolidated financial statements

in the credit process is the Board of Directors, supported by the Board Credit Committee and the management Credit Committee in that order. Individuals are also assigned credit approval authorities in line with the Bank's criteria for such delegation set out in its Credit Risk and Portfolio Management Plan. The principle of central management of risk and decision authority is maintained by having the subsidiary's CEO as a member of the Management Credit Committee at each subsidiary. The maximum amount of credit that may be approved at each subsidiary is also limited, with amounts above that limit being approved at the Head Office.

This structure gives the Group the possibility to incorporate much needed local expertise, but at the same time manage risk on a global level. Local credit committees of the Bank's subsidiaries are thus able to grant credits, but the sum total of the exposure of the applicant and financially related counterparties is limited, most commonly by the subsidiary's capital. All applications that would lead to exposures exceeding the set limit are referred to the appropriate approval authority in the Head Office.

If a preliminary analysis of a loan request by the account manager indicates that it merits further scrutiny, it is then analyzed in greater detail by the account manager, with further detailed review by Credit Risk Management. The concurrence of Credit Risk Management must be obtained for any credit extension. If it passes the detailed analysis it is then submitted to the appropriate approval authority for the size of facilities.

The standard credit evaluation process is based both on quantitative figures from the financial statements and on an array of qualitative factors. In this case, factual information on the borrower is collected as well as pertinent macroeconomic data, such as an outlook for the relevant sector. These subjective factors are assessed by the analyst and all individuals involved in the credit approval process, relying not only on quantitative factors but also on extensive knowledge of the company in question and its management.

The credit rating of the counterparty plays a fundamental role in the final decision of the committee as well as in the terms offered for successful loan applications. If the client accepts the terms offered, then the loan becomes part of the loan portfolio, where long-term monitoring takes place with regard to limits and the credit quality of the client. In particular, the client is re-rated using the standard credit rating at least once a year. The loan is placed under special credit monitoring if weakened credit quality or other signs become evident, such as breach of loan covenants or a missed payment. If conditions improve the loan may be removed from special monitoring, but in some cases the loan may eventually end in foreclosure.

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

Notes to the consolidated financial statements

Financial risk management (continued)
Credit risk (continued)
Exposure to credit risk

		Loans and advances to customers		**Investment securities**	
In thousands of Nigerian Naira	***Note***	**2009**	**2008**	**2009**	**2008**
Carrying amount	21,24	410,835,629	256,004,878	70,472,788	140,979,182
Individually impaired					
Grade 6: Impaired		16,767,999	4,093,473	151,993	491,188
Gross amount		16,767,999	4,093,473	151,993	491,188
Allowance for impairment		(14,165,400)	(3,226,248)	(139,886)	(162,580)
Carrying amount		2,602,599	867,225	12,107	328,608
Collectively impaired					
Grade 1-3: Low-fair risk		361,612,279	250,667,830	-	-
Grade 4: Watch list		1,132,450	762,795	-	-
Grade 5-6: Impaired		6,781,594	4,528,345	-	-
Gross amount		369,526,323	255,958,970	-	-
Allowance for impairment		(993,487)	(821,317)	-	-
Carrying amount		368,532,836	255,137,653	-	-
Past due but not impaired					
Grade 4: Watch list		40,256,983	-	-	-
Allowance for impairment		(556,789)	-	-	-
Carrying amount		39,700,194	-	-	-
Total Carrying amount	21,24	410,835,629	256,004,878	-	-
Available for sale assets:					
Grade 1-3: Low-fair risk		-	-	70,472,788	140,650,574
Carrying amount		-	-	70,472,788	140,650,574

Notes to the consolidated financial statements

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These are loans and securities specifically impaired and graded 6 in the Group's internal credit risk grading system.

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Group.

Allowances for impairment

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy

The Group writes off a loan / security balance (and any related allowances for impairment losses) when Group Credit determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets.

	Loans and advances to customers		**Investment securities**	
In thousands of Nigerian Naira	**Gross**	**Net**	**Gross**	**Net**
31 March 2009				
Grade 6: Individually impaired	16,767,999	2,602,599	151,993	12,107
31 March 2008				
Grade 6: Individually impaired	4,093,473	867,225	491,188	328,608

Notes to the consolidated financial statements

Credit collateral

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 March 2009.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

	Loans and advances to customers		**Investment securities**	
In thousands of Nigerian Naira	**2009**	**2008**	**2009**	**2008**
Against individually impaired:				
Property	5,059,738	1,390,950	-	-
Debt securities	9,000	-	-	-
Equities	613,300	-	-	-
Others	27,446,241	424,500	-	-
Against collectively impaired:				
Property	156,159,775	162,856,200	-	-
Debt securities	10,329,660	4,250,591	-	-
Equities	26,879,902	23,665,911	-	-
Others	81,482,968	61,310,489	-	-
Total	307,980,584	253,898,641	-	-

During the year, the Group did not take possession of any collateral held as security against loans and advances.

Notes to the consolidated financial statements

(vi) Credit concentration

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

	Loans and advances to customers		**Investment securities**	
In thousands of Nigerian Naira	**2009**	**2008**	**2009**	**2008**
Carrying amount	410,835,629	256,004,878	70,472,788	140,979,182
Concentration by sector				
Corporate	389,280,199	248,447,276	70,472,788	140,979,182
Retail	21,555,430	7,557,602	-	-
	410,835,629	256,004,878	70,472,788	140,979,182
Concentration by location				
Nigeria	390,636,263	254,754,266	69,316,777	139,968,294
Rest of Africa	20,199,366	1,250,612	1,156,011	1,010,888
	410,835,629	256,004,878	70,472,788	140,979,182

Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between the Group's assets and liabilities.

The Group monitors the cumulative gap as a + or – 20% of the total Risk Assets and the gap as a + or – 20% of total deposit liabilities.

Active management of liquidity through the framework of limits and control presented above is only possible with proper monitoring capabilities. The monitoring process focuses on funding portfolios, the forward Balance Sheet and general indicators. Where relevant, information and data are compared against limits that have been established.

Notes to the consolidated financial statements

The Group Treasury is responsible for maintaining sufficient liquidity by maintaining sufficient high ratio of liquid assets and available funding for near-term liabilities. The secured liquidity measure is calculated and monitored by Risk Management.

Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Group. Other general indicators are monitored in the marketplace, including credit spreads, credit default swap spreads, credit rating watch status and market news. Liquidity risk is reported to the Board of Directors on a quarterly basis.

Contingency funding plan
The Group monitors its liquidity position and funding strategies on an ongoing basis, but recognizes that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. To monitor liquidity and funding, the Group Treasury prepares a liquidity worksheet twice a month that projects cash-flows. The worksheet incorporates the impact of moderate risk and crisis situations. The worksheet is an integral component of the contingency funding plan. Although it is unlikely that a funding crisis of any significant degree could materialize, it is important to evaluate this risk and formulate contingency plans should one occur. Both short term and long-term funding crises are addressed in the contingency funding plan.

Exposure to liquidity risk
The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the Group's lead regulator (The Central Bank of Nigeria).

Details of the reported Group ratio of net liquid assets to deposits and customers at the reporting date and during the reporting period were as follows:

	2009	**2008**
At 31 March	36%	171%
Average for the period	44%	75%
Maximum for the period	75%	171%
Minimum for the period	32%	40%

Notes to the consolidated financial statements

(iii) Residual contractual maturities of financial liabilities

The table shows the undiscounted cash flows on the Group's financial liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

In thousands of Nigerian Naira	***Note***	**Carrying amount**	**Gross nominal inflow /(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**1- 5 years**	**More than 5 years**
31 March 2009								
Deposit from banks	29	30,296,711	70,498,915	58,321,800	12,177,115	-	-	-
Deposits from customers	30	426,395,491	357,020,423	329,007,339	703,011	321,399	5,373,125	-
Interest bearing loans and borrowings		5,193,083	7,974,354	-	-	-	7,974,354	
Debt securities issued	33	9,207,423	14,039,457	-	3,825,491	3,612,400	6,601,566	-
		471,092,708	449,533,149	387,329,139	16,705,617	3,933,799	19,949,045	
31 March 2008								
Deposit from banks	29	69,872,040	70,498,915	46,444,244	11,877,556	12,177,115	-	-
Deposits from customers	30	350,022,155	357,020,423	275,306,012	73,691,733	703,011	321,399	-
Interest bearing loans and borrowings	32	7,853,332	7,974,354	-	-	-	-	7,974,354
Debt securities issued	33	12,035,838	14,039,457	-	-	3,825,491	3,612,400	6,601,566
		439,783,365	449,533,149	321,750,256	85,569,289	16,705,617	3,933,799	19,949,045

Notes to the consolidated financial statements

Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. Broadly speaking, the Group concerns itself with three main components under market risk:

- Equity price risk is the risk loss due to adverse changes in equity market prices.
- Interest rate risk is the risk that the financial value of the Group's assets and liabilities will be altered by fluctuations in interest rate
- Foreign exchange risk is the risk of loss due to adverse changes in foreign exchange rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Market Risk Policy, Management & Control

The Group's strategy is to invest its own capital on a limited and carefully selected basis in transactions, underwritings and other activities that involve market risk. The main type of market risk are the price risk of listed and unlisted securities, both stocks and bonds, interest rate risk, currency risk or other market variables influenced by market forces.

The investments are usually made with the strategy of the Group in mind and primarily in financial service companies.

The Group's Risk Management keeps firm track of the market risk embedded in market investments at the Group level and monitors the total estimated market risk against the market risk limits set by the Bank's Board of Directors. All derivative positions need prior approval from the Risk Management division.

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

The position limits, or any changes to them, are proposed by the Group's Head of Treasury and then accepted by the Group's Head of Risk Management and reviewed by the Group's Chief Executive Officer who has a say in limit decisions. The size of each position limit is based on, among other factors, underlying liquidity, the Group's risk appetite as well as legal limitations on individual positions imposed by regulatory authorities in Nigeria.

Notes to the consolidated financial statements

Measurement Methods

Risk measures are generated by proprietary systems that utilize counterparty, market data and trade databases generated and used by the Group's trade systems. Additionally, the risk management systems are enhanced by various third party solutions. The models employed in evaluating these measures include position-based models, volatility-based models, i.e. based on the volatility of market variables and their related covariance, and scenario-based models, i.e. the frequency of a severe loss estimated by repeating random scenarios with certain statistical properties that have, in most cases, been estimated from historical data.

All trades and intraday profit or loss are reported continuously to the Group's Chief Risk Officer through a position-monitoring system. Intraday positions in different trading units within the Group are monitored, and the Group Chief Risk Officer is alerted if any deviations or exceptions are observed. The Group's Risk Management division sends a daily report on profit and loss and turnover to the Group Chief Risk Officer, the Head of Trading and the Group's Chief Executive Officer.

The Group's market risk management division sends monthly risk assessment reports to the Head of Trading, the Group's Chief Executive Officer, and the Bank's Board of Directors, which detail volatility-based, and scenario-based measures such as stress tests based on current exposures.

Interest Rate Risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rated assets and liabilities, the Group is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the savings rate; 90 day NIBOR and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies. Interest-rate risk is monitored centrally with duration reports and yield-curve stress tests for each currency. This shows the interest rate risk by currency and maturity. Trading interest rate risk refers to exposures on the trading book where positions are marked-to-market and profit or loss is recognized immediately, while banking interest rate risk refers to exposure on the banking book where profit or loss is realized over the lifetime of the exposure.

Notes to the consolidated financial statements

Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of changes in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. The Assets and Liabilities Management Committee is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

Notes to the consolidated financial statements

4. Financial risk management (continued)

Market Risks

			Repricing period				
In thousands of Nigerian Naira	*Note*	**Carrying amount**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**1-5 years**	**More than 5 years**
31 March 2009							
Cash and cash equivalents	17	145,484,481	130,577,286	11,111,072	3,796,123	-	-
Trading securities	18	10,577,205	10,577,205	-	-	-	-
Pledged assets	19	7,825,488	990,569	2,377,363	4,457,556	-	-
Loans and advances to customers	21	410,835,629	282,896,291	28,517,655	18,997,451	80,424,232	-
Investment securities	24	70,472,788	107,121	-	5,214,636	41,621,261	23,529,770
		645,195,591	425,148,472	42,006,090	32,465,766	122,045,493	23,529,770
Deposits from banks	29	30,296,711	12,835,211	5,811,500	11,650,000	-	-
Deposits from customers	30	426,395,491	419,183,752	1,267,765	576,849	5,367,125	-
Interest bearing loans & borrowings	32	5,193,083	-	-	-	5,193,083	-
Debt securities issued	33	9,207,423	-	-	-	9,207,423	-
		471,092,708	432,018,963	7,079,265	12,226,849	19,767,631	-
31 March 2008							
Cash and cash equivalents	17	566,718,251	407,796,228	68,339,567	34,715,221	55,867,235	-
Loans and advances to customers	21	256,004,878	89,414,385	73,448,153	24,617,486	17,838,679	50,686,175
Investment securities	24	140,979,182	32,134,181	18,701,715	19,044,179	9,380,639	61,718,468
		963,702,311	529,344,794	160,489,435	78,376,886	83,086553	112,404,643
Deposits from banks	29	69,872,040	46,444,244	5,966,296	5,811,500	11,650,000	-
Deposits from customers	30	350,022,155	210,548,348	132,262,068	1,267,765	576,849	5,367,125
Interest bearing loans & borrowings	32	7,853,332	-	-	-	-	7,853,332
Debt securities issued	33	12,035,838	-	-	-	-	12,035,838
		439,783,365	262,360,313	138,228,364	7,079,265	12,226,849	25,256,295

Notes to the consolidated financial statements

Exposure to other market risks – non-trading portfolios (continued)

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios. Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by Treasury and equity price risk is subject to regular monitoring by Group Risk, but is not currently significant in relation to the overall results and financial position of the Group.

Interest rate movements affect reported equity in the following ways:

- Retained earnings arising from increase and decrease in net interest income and fair value changes reported in profit and loss.
- Fair value reserves arising from increases or decreases in fair value of available for sale financial instruments reported directly in equity.

Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Group's non-trading activities.

At 31 March 2009, if interest rates on

- Floating rate assets and liabilities held at amortised cost
- Assets and liabilities accounted at fair value through profit and loss

had increased or decreased by 200 basis points with all other variables held constant, the impact on profit or loss would have been as set out in the table below

In thousands of Naira	**March 2009**		**March 2008**	
	Pre-tax	**Post-tax**	**Pre-tax**	**Post-tax**
Decrease	(267,886)	(192,074)	(167,396)	(145,467)
Increase	264,769	189,839	167,396	145,467

Exposure to market risks – trading portfolios

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is the open position limits using the Earnings at Risk approach. Specified limits have been set for open positions limits, which are the expected maximum exposure the Group is to be exposed to.

Foreign exchange risk

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

Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. The assets and liabilities include current positions, forward positions, commitments, and the market value of derivatives in foreign currency.

The net total currency balance should not exceed 20% of the capital base, which is also a requirement of the Central Bank of Nigeria.

Notes to the consolidated financial statements

Foreign currency risk

Foreign currency concentration as at 31 March 2009

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Naira	Others	Total
Cash and cash equivalents	47,895,157	716,553	2,429,114	69,787,919	24,655,738	145,484,481
Loans and advances to customers	64,441,289	404,276	133,818	329,733,681	16,122,566	410,835,629
Trading assets	-	-	-	10,557,205	-	10,557,205
Derivative financial instruments	2,034,199	-	999,618	-	-	3,033,817
Investment securities	7,329,229	-	-	61,267,961	1,875,598	70,472,788
Investment in associates investee	-	-	-	-	-	-
Pledged assets	-	-	-	7,825,488	-	7,825,488
Other assets	-	-	-	-	-	-
Total financial assets	121,699,874	1,120,829	3,562,550	479,172,254	42,653,902	648,209,408
Deposits from banks	12,752,292	10,343,989	127,518	7,072,912	-	30,296,711
Deposit from customers	26,572,437	252,519	332,897	374,863,254	24,374,384	426,395,491
Derivative financial instruments	1,959,759	-	-	-	-	1,959,759
Interest bearing loans and borrowings	5,137,407	55,676	-	-	-	5,193,083
Debt securities issued	-	-	-	9,207,423	-	9,207,423
Total financial liabilities	46,421,895	10,652,184	460,415	412,759,138	24,374,384	473,052,467

Notes to the consolidated financial statements

Foreign currency risk

Foreign currency concentrations risk as at 31 March 2008

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Naira	Others	Total
Cash and cash equivalents	12,054,306	1,681,696	1,206,347	549,431,266	2,344,636	566,718,251
Loans and advances to customers	72,807,590	183,820	-	181,759,557	1,253,911	256,004,878
Trading assets	-	-	-	13,779,477	13,905	13,793,382
Derivative financial instruments	-	-	-	2,452,313	-	2,452,313
Investment securities	-	-	-	139,968,294	1,010,888	140,979,182
Investment in associates investee	-	-	-	584,758	-	584,758
Pledged assets	-	-	-	8,730,532	-	8,730,532
Other assets	-	-	-	25,739,009	3,995,100	29,734,109
Total financial assets	84,861,896	1,865,516	1,206,347	922,445,206	8,618,440	1,018,997,405
Deposits from banks	43,216,907	1,232,626	33,627	11,650,710	13,738,170	69,872,040
Deposit from customers	3,843,296	888,256	374,407	344,761,284	154,912	350,022,155
Other borrowed funds	-	7,853,332	-	-	-	7,853,332
Debt securities issued	12,035,838	-	-	-	-	12,035,838
Other liabilities	-	-	-	419,615,264	308	419,615,572
Total financial liabilities	59,096,041	9,974,214	408,034	776,027,258	13,893,390	859,398,937

Notes to the consolidated financial statements

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events. The Group's definition of operational risk excludes regulatory risks, strategic risks and potential losses related solely to judgments with regard to taking credit, market, interest rate, liquidity, or insurance risks. Major sources of operational risk include: operational processes, information technology challenges, outsourcing activities, service providers, strategic framework, mergers and acquisitions, fraud and forgery, regulatory compliance, social and environmental factors.

The Group's operational risk strategy is to minimize the impact that operational risk can have on shareholders' value. The Group's strategy is to:

- reduce the likelihood of occurrence of expected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation to earnings;

- minimize the impact of unexpected and catastrophic events and related costs through risk financing strategies that will support the Group's long term growth, cash flow management and balance sheet protection; and

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

Managing Operational Risk

In order to create and promote a culture that emphasizes effective operational management and adherence to operating controls, there are three distinct levels of operational risk governance structures in Group.

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

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

Level 3 refers to the operational function carried out by all Business Units and Support Functions in the Group. These units/functions are fully responsible and accountable for the management of operational risk in their units. They work in liaison with operational risk management to define and review controls to mitigate identified risks.

Notes to the consolidated financial statements

Internal audit provides independent assessment and evaluation of the Group's Operational Risk Management Framework. This periodic confirmation of the existence and utilization of controls in compliance with approved policies and procedures, provide assurance as to the effectiveness of the Group's Operational Risk Management Framework.

Capital management

Regulatory capital
In all the countries where Access Bank operates, banks are required to hold a minimum capital level determined by the regulators. Access Bank and individual banking operations are directly supervised by the Central Bank of Nigeria and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled.

The Group's lead regulator, the Central Bank of Nigeria sets and monitors capital requirements for the Group as a whole.

In implementing current capital requirements, Central Bank of Nigeria requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Group's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, translation reserve and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

- Tier 2 capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

  The qualifying tier 2 capital cannot exceed tier 1 capital; there also are restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital.

  Banking operations are categorised mainly as trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

  The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain

Notes to the consolidated financial statements

a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 10% is to be maintained.

In thousands of Nigeria naira	*Note*	**2009**	**2008**
Tier 1 capital			
Ordinary share capital	*34*	8,107,130	8,071,252
Share premium	*34*	146,446,833	146,047,149
Retained earnings	*34*	(3,204,362)	(1,011,478)
Other reserves		22,873,703	18,719,391
Minority interests	*34*	1,028,533	56,137
Shareholders' fund		175,251,837	171,882,451
Less:			
Fair value reserve on available-for-sale securities	34	2,503,296	383,896
Intangible assets	*26*	2,402,718	375,929
Total Tier 1 Capital		170,345,823	171,122,626
Tier 2 capital			
Fair value reserve for available for sale securities	34	2,503,296	383,896
Collective allowances for impairment	*22*	1,550,276	1,866,228
Total		4,053,572	2,250,124
Total regulatory capital		**174,399,395**	**173,372,750**
Risk-weighted assets		**555,832,469**	**506,011,562**

Capital ratios

Total regulatory capital expressed as a percentage of total risk-weighted assets	30.65%	34.26%
Total tier 1 capital expressed as a percentage of risk-weighted assets	31.53%	33.85%

Notes to the consolidated financial statements

Capital allocation
The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives.

5. Use of estimates and judgements

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see note 4).

Key sources of estimation uncertainty

Allowances for credit losses
Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(j)(vii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance,

Notes to the consolidated financial statements

assumptions are made to define the way interest losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy 3(j)(vi). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The fair value of share appreciation rights is measured by estimating the potential liability of the scheme. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Critical accounting judgements in applying the Group's accounting policies

Critical accounting judgements made in applying the Group's accounting policies include:

Financial asset and liability classification

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

- In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy 3(l).

- In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 3(o)(i).

Details of the Group's classification of financial assets and liabilities are disclosed in note 7.

Notes to the consolidated financial statements

Depreciation and carrying value of property and equipment

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

Determination of impairment of property and equipment, and intangible assets, excluding goodwill

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

Notes to the consolidated financial statements

6 Segment reporting

Segment information is presented in respect of the Group's business segments which represents the primary segment reporting format and is based on the Group's management and reporting structure. Business segments charge and earn interest among one another on a transfer pricing arrangement to reflect the allocation of assets and liabilities.

Business segments

The Group operates the following main business segments:

Institutional Banking – The Institutional Banking Group provides bespoke comprehensive banking products and services to highly structured corporate organizations to meet the needs of this segment of the Group's customers.

Commercial Banking – The Commercial Banking Group has presence in all major cities in Nigeria. It provides commercial banking products and services to the middle and retail segments of the market.

Investment Banking – The Investment Banking Group provide innovative financing and risk management solutions and advisory services to the Group's corporate and institutional customers. The group is also responsible for formulation and implementation of financial market products for the Group's customers.

Geographical segments

The Group operates in three geographical regions being:

- Nigeria
- Rest of Africa
- Europe

Notes to the consolidated financials statements

Business reporting

(a) Business segments

2009

In thousands of Naira	**Institutional Banking**	**Commercial Banking**	**Investment Banking**	**Retail Banking**	**Unallocated items**	**Total N'000**
Revenue:						
Derived from external customers	25,578,842	45,154,172	12,996,970	5,519,921	302,797	89,552,702
Derived from other business segments	(663,164)	600,096	53,383	9,685	-	-
Total Revenue	24,915,678	45,754,268	13,050,353	5,529,606	302,797	89,552,702
Interest expenses	(9,846,760)	(2,746,945)	(2,307,355)	(1,445,003)	-	(16,346,063)
	15,068,918	43,007,322	10,742,998	4,084,603	302,797	73,206,639
Profit on ordinary activities before taxation	4,332,412	12,830,058	7,054,158	1,855,392	113,409	26,185,429
Income tax expense						(5,371,213)
Profit after taxation						20,814,216
Other segment information:						
Depreciation	991,747	2,518,282	96,464	347,849	3,811	3,958,153
Share of associate's profit					505,547	505,547
Assets and liabilities:						
Tangible segment assets	305,486,389	334,883,273	41,838,420	27,921,584	196,416	710,326,082
Total assets	305,486,389	334,883,273	41,838,420	27,921,584	196,416	710,326,082
Segment liabilities	176,807,951	262,402,375	39,506,481	46,414,032	7,119	525,137,958
Total liabilities	176,807,951	262,402,375	39,506,481	46,414,032	7,119	525,137,958
Net assets	128,678,438	72,480,898	2,331,939	(18,492,448)	189,297	185,188,124

Notes to the consolidated financials statements

2008	Institutional banking	Commercial banking	Investment banking	Total
	N'000	N'000	N'000	N'000
Revenue:				
Derived from external customers	22,908,008	19,988,682	6,607,764	49,504,454
Derived from other business segments	(2,919,555)	2,439,807	479,748	-
Total revenue	**19,988,453**	**22,428,489**	**7,087,512**	**49,504,454**
Interest expenses	(3,452,761)	(3,362,238)	(831,846)	(7,646,845)
	16,535,692	**19,066,251**	**6,255,666**	**41,857,609**
Expense:				
Operating expenses	7,871,267	11,216,635	2,302,420	21,390,322
Loan loss expenses	(434,886)	(1,027,514)	-	(1,462,400)
Depreciation and amortisation	430,916	1,705,731	40,029	2,176,676
Total cost	**7,867,297**	**11,894,852**	**2,342,449**	**22,104,598**
Segment results	**8,668,395**	**7,171,399**	**3,913,217**	**19,753,011**
Assets and liabilities:				
Total assets	432,357,039	513,927,978	88,060,627	1,034,345,644
Total liabilities	(335,876,684)	(468,121,107)	(58,284,879)	(862,282,670)
Net assets	**96,480,355**	**45,806,871**	**29,775,748**	**172,062,974**
Capital expenditure	**3,408,852**	**4,051,985**	**694,300**	**8,155,137**

Notes to the consolidated financial statements

(b) Geographical segments:

Mar-09 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total**
Derived from external customers	84,927,183	4,519,764	105,755	
Derived from other segments				
Total Revenue	84,927,183	4,519,764	105,755	89,552,702
Interest expense	(15,232,263)	(1,113,796)	(4)	(16,346,063)
Fee and commission expenses				
Operating Income/(loss)	69,694,920	3,405,968	105,751	73,206,639
Profit before income tax	28,728,583	(1,233,576)	(1,309,578)	26,185,429
Assets and liabilities:				
Total assets	651,738,031	49,191,138	9,396,913	710,326,082
Total liabilities	477,780,991	42,953,841	4,403,126	525,137,958
Net assets/(liabilities)	173,957,040	6,237,297	4,993,787	185,188,124

Notes to the consolidated financial statements

7. Financial assets and liabilities

Accounting classification, measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values (excluding accrued interest).

In thousands of Nigerian Naira	*Note*	Trading	Derivative	Held-to-maturity	Loans and receivables	Available-for-sale	Other amortised cost	Total carrying amount	Fair value
31 March 2009									
Cash and cash equivalents	17	-	-	-	-	-	145,484,481	145,484,481	138,838,542
Trading assets		10,557,205	-	-	-	-	-	10,557,205	10,557,205
Pledged assets	19	-	-	7,825,488	-	-	-	7,825,488	7,881,136
Derivative financial instruments		-	3,033,817	-	-	-	-	3,033,817	3,033,817
Loans and advances to customers	21	-	-	-	410,835,629	-	-	410,835,629	407,756,328
Investment securities	24	-	-	59,671,705	-	10,801,083	-	70,472,788	67,564,908
		10,557,205	3,033,817	67,497,193	410,835,629	10,801,083	145,484,481	648,209,408	635,631,936
Deposits from banks	29	-	-	-	-	-	30,296,711	30,296,711	30,229,285
Deposits from customers	30	-	-	-	-	-	426,395,491	426,395,491	423,410,723
Derivative financial instruments		-	1,959,759	-	-	-	-	1,959,759	1,959,759
Interest bearing loans and borrowings	32	-	-	-	-	-	5,193,083	5,193,083	5,143,461
Debt securities issued	33	-	-	-	-	-	9,207,423	9,207,423	9,089,744
		-	1,959,759	-	-	-	471,092,708	473,052,467	456,338,891
31 March 2008									
Cash and cash equivalents	17	-	-	-	-	-	566,718,251	566,718,251	563,923,094
Trading assets		13,793,382	-	-	-	-	-	13,793,382	13,793,382
Pledged assets	19	-	-	8,730,532	-	-	-	8,730,532	8,730,532
Derivative financial instruments		-	2,452,313	-	-	-	-	2,452,313	2,452,313
Loans and advances to customers	21	-	-	-	256,004,878	-	-	256,004,878	250,351,196
Investment securities	24	-	-	54,359,517	-	86,619,665	-	140,979,182	150,083,401
		13,793,382	2,452,313	63,090,049	256,004,878	86,619,665	566,718,251	988,678,538	989,333,918
Deposits from banks	29	-	-	-	-	-	69,872,040	69,872,040	69,916,198
Deposits from customers	30	-	-	-	-	-	350,022,155	350,022,155	358,275,513
Interest bearing loans and borrowings	32	-	-	-	-	-	7,853,332	7,853,332	7,974,354
Debt securities issued	33	-	-	-	-	-	12,035,838	12,035,838	14,039,457
		-	-	-	-	-	439,783,365	439,783,365	450,205,522

Notes to the consolidated financial statements

8. Net interest income

In thousands of Nigerian Naira	**2009**	**2008**
Interest income		
Cash and cash equivalents	2,218,534	1,555,660
Loans and advances to banks and customers	49,448,059	20,191,329
Investment securities	5,025,100	2,283,307
Total interest income	56,691,693	24,030,296
Interest expense		
Deposits from banks	2,776,398	1,555,485
Deposits from customers	10,568,195	2,553,130
Other borrowed funds	559,399	1,071,429
Debt securities issued	1,734,218	2,466,801
Total interest expense	15,638,210	7,646,845

Interest income for the year ended 31 March 2009 includes N1,260,871,406 (2008: N1,759,640,000) accrued on financial assets which have been impaired.

9. Fees and commission income

In thousands of Nigerian Naira	**2009**	**2008**
Fee and commission income		
Credit related fees & commissions	6,052,513	6,342,394
Other fees and commissions	8,600,302	7,226,991
Total fee and commission income	14,652,815	13,569,385

Corporate banking credit related fees and commissions are charged to corporate customers. They exclude any other fees used in calculating the adjusted effective interest rate on principal facilities to which they were charged.

Notes to the consolidated financial statements

10. Net trading income

In thousands of Nigerian Naira	**2009**	**2008**
Fixed income securities	2,504,853	8,497,519
Foreign exchange	11,387,014	(90,088)
	13,891,867	8,407,431

Net trading income includes the gains and losses arising both on the purchase and sale of trading instruments and from changes in fair value.

11. Other operating income

In thousands of Nigerian Naira	**2009**	**2008**
Dividends on available-for-sale equity securities	57,465	228,450
Rental income	535,779	456,791
Others	655,860	104,699
	1,249,104	789,940

12. Impairment loss on financial assets /(Net reversal of impairment)

In thousands of Nigerian Naira	**2009**	**2008**
(Net reversal of impairment)/impairment losses on loans and advances		
-specific impairment	14,946,482	513,268
-portfolio impairment	-	(2,349,432)
Impairment loss on available for sale assets	(36,000)	5,225
Impairment loss on other assets	469,241	237,961
Impairment loss on bank balances	-	130,578
	15,379,723	(1,462,400)

13. Personnel expenses

In thousands of Nigerian Naira	**2009**	**2008**
Wages and salaries	11,143,834	4,019,559
Contributions to defined contribution plans	210,126	97,626
(Decrease)/increase in liability for share appreciation rights	(1,987,894)	2,794,160
Other staff costs	520,043	1,449,686
	9,886,109	8,361,031

Notes to the consolidated financial statements

13. Personnel expenses (continued)

Cash settled share-based payments

The Bank operates a Staff Investment Trust (SIT) scheme which is a cash-settled share based compensation plan (share appreciation rights (SARs) for its personnel. Eligible employees have the option to join the scheme and are then allotted shares based on the net asset value of the scheme. The personnel are entitled to share appreciation rights after spending five continuous years in the Bank. On exit from the service of the Bank, the Bank has the right to purchase these shares from the employees. The amount of the cash payment is determined based on the following terms of the scheme:

Years as eligible employee	*Cash payments*
Less than five years	Net asset value
More than five years	Higher of market price and Net asset value at the time of leaving the scheme.

Details of SARs granted at the balance sheet date to its key personnel are provided below:

In thousands	Number of shares	
	2009	**2008**
SARs granted to senior management employees	288,136	147,472

In thousands of Nigerian Naira	**2009**	**2008**
Expense arising from SARs granted	(1,987,894)	2,794,160
Liabilities for cash-settled share based payments	2,301,620	3,655,400

14. Other operating expenses

In thousands of Nigerian Naira	**2009**	**2008**
Other premises and equipment costs	1,437,023	798,866
Insurance	2,160,078	1,301,911
Professional fees	1,854,587	1,105,592
Travelling	1,263,769	596,594
General administrative expenses	14,914,767	8,650,734
	21,630,224	12,453,697

Notes to the consolidated financial statements

15. Income tax expense

Recognised in the income statement

In thousands of Nigerian Naira	**2009**	**2008**
Current tax expense		
Current year	5,985,683	2,659,924
Prior year under-provision	-	223,942
	5,985,683	2,883,866
Deferred tax expense		
Origination and reversal of temporary differences	660,885	(293,695)
Total income tax expense	6,646,568	2,590,171

Reconciliation of effective tax rate

In thousands of Nigerian Naira		**2009**		**2008**
Profit before income tax		17,937,305		19,753,011
Income tax using the domestic corporation tax rate	30.0%	5,381,192	30.0%	5,925,903
Non-deductible expenses	14.11%	2,530,513	1.5%	290,944
Education tax levy	2.58%	462,195	1.3%	248,844
Balancing charge	9.26%	1,660,117	-	-
Investment allowance	(0.54)%	(97,715)	(0.5)%	(99,221)
Tax exempt income	(18.34)%	(3,289,733)	(20.3)%	(4,000,241)
Prior year under provision		-	1.1%	223,942
Total income tax expense in income statement	37.05%	6,646,568	13.1%	2,590,171

Income tax recognised directly in equity

In thousands of Nigerian Naira		**2009**	**2008**
Available-for-sale securities	27	(164,527)	(231,258)

Notes to the consolidated financial statements

16. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2009 was based on the profit attributable to ordinary shareholders of ₦11,290,737,000 (2008: ₦17,162,840,000) and weighted average number of ordinary shares outstanding during the year ended 31 March 2009 of 16,214,258,437 (2008: 16,142,501,847).

Weighted average number of ordinary shares

	Number of ordinary shares	
In thousands	**2009**	**2008**
Issued ordinary shares as at 1 April	16,142,502	6,978,162
Weighted effect of shares issued during the year	-	9,164,340
Effect of debt securities converted into ordinary shares	71,756	-
Weighted average number of ordinary shares	16,214,258	16,142,502

Notes to the consolidated financial statements

17. Cash and cash equivalents

In thousands of Nigerian Naira	**2009**	**2008**
Cash and balances with banks	66,087,113	362,725,124
Unrestricted balances with central bank	33,812,197	9,352,988
Money market placements	45,585,171	194,640,139
	145,484,481	566,718,251

18. Trading assets

In thousands of Nigerian Naira	**2009**	**2008**
Government bonds	6,957,472	2,249,786
Treasury bills	3,599,733	11,543,596
	10,557,205	13,793,382

19. Pledged assets

Financial assets that may be repledged or resold by counterparties

In thousands of Nigerian Naira	**2009**	**2008**
Treasury bills	7,825,488	8,730,532
	7,825,488	8,730,532

These transactions have been conducted under terms that are usual and customary to standard lending and securities borrowing activities. There were no financial assets pledged as collateral for liabilities.

20. Derivative financial instruments

In thousands of Nigerian Naira	**Assets**	**Liabilities**	**Assets**	**Liabilities**
	2009		**2008**	
Instrument type:				
Cross currency swap	2,034,199	935,289	35,893	-
Foreign exchange	999,618	1,024,470	2,416,420	-
	3,033,817	1,959,759	2,452,313	-

Access Bank plc entered into a cross currency contract in April 2007, with 2 counterparties to lend US dollars at libor + 200 basis points at an exchange rate of N117.50 to the dollar. Access Bank is required to pay interest on the naira deposit at the current yields of 3 year FGN bonds and to exchange the naira at a forward exchange rate to be determined at 50 basis points less the cross currency swap rates.

Access Bank plc entered into a forward exchange contract in April 2007, with a counterparty to exchange naira for dollars at a forward rate of N147.50 to be delivered in April 2010

Notes to the consolidated financial statements

(Net Loss) /net income from other financial instrument carried at fair value

In thousands of Nigerian Naira	**2009**	**2008**
Instrument type:		
Foreign exchange	(24,852)	2,416,420
Cross currency swap	(1,353,401)	35,893
	(1,378,253)	2,452,313

21. Loans and advances to customers

In thousands of Nigerian Naira

2009

	Gross amount	**Specific impairment**	**Portfolio impairment**	**Total impairment**	**Carrying amount**
Loans to individuals	25,191,612	(1,323,443)	(231,361)	(1,554,804)	23,636,808
Loans to corporate entities and other organizations	401,359,693	(12,841,957)	(1,318,915)	(14,160,872)	387,198,821
	426,551,305	(14,165,400)	(1,550,276)	(15,715,676)	410,835,629

In thousands of Nigerian Naira

2008

	Gross amount	**Specific impairment**	**Portfolio impairment**	**Total impairment**	**Carrying amount**
Loans to individuals	7,711,358	(156,777)	(45,143)	(201,920)	7,509,438
Loans to corporate entities and other organizations	252,341,085	(3,069,471)	(776,174)	(3,845,645)	248,495,440
	260,052,443	(3,226,248)	(821,317)	(4,047,565)	256,004,878

22. Impairment allowance on loans and advances to customers

In thousands of Nigerian Naira	**2009**	**2008**
Specific impairment		
Balance at 1 April	(3,226,248)	(7,017,596)
Opening balance of subsidiaries acquired during the year	(551,794)	-
Impairment loss for the year:		
(Charge)/ Reversal for the year	(14,239,133)	1,256,369
Write-offs	3,851,530	2,534,980
Translation difference	245	-
Balance at 31 March	(14,165,400)	(3,226,248)

Portfolio impairment

Balance at 1 April	(821,317)	(1,401,113)
Opening balance of subsidiaries acquired during the year	(21,630)	-
Impairment loss for the year:		
(Charge)/ Reversal for the year	(707,349)	579,796
Translation difference	20	-
Balance at 31 March	(1,550,276)	(821,317)

Notes to the consolidated financial statements

23. Investment in equity accounted investee

In thousands of Nigerian Naira	2009	2008
(a) Cost		
Balance, beginning of year	145,000	72,500
Additional investment during the year	-	72,500
Balance, end of year	145,000	145,000
Share of profit in equity accounted investee		
Balance, beginning of year	584,758	184,669
Share of profit for the year	65,789	255,089
Balance, end of year	505,547	439,758
Net investment	650,547	584,758

This represents the Group's 29% (2008: 29%) equity investment in Marina Securities Limited.

(b) A summary of financial information for Marina Securities Limited, not adjusted for the percentage ownership held by the Group is as follows:

Year	**2009**	**2008**
	29%	**29%**
Current assets	13,870,760	13,052,366
Non-current assets	799,304	686,058
Total assets	14,670,064	13,738,424
Current liabilities	12,072,070	11,296,854
Non-current liabilities	354,727	459,007
Total liabilities	12,426,797	11,755,861
Revenue	1,928,684	2,709,063
Expenses	(1,364,017)	(1,401,311)
Profit	560,667	1,307,752
Tax	(707,212)	(428,135)
Profit after tax	(142,545)	879,617

Notes to the consolidated financial statements

24. Investment securities

In thousands of Nigerian Naira	**2009**	**2008**
Investment securities	70,472,788	140,979,182
Available-for-sale investment securities comprise:		
Treasury bills	886,614	79,259,076
Equity	10,074,601	7,523,169
Less: specific allowance impairment	(160,132)	(162,580)
	10,801,083	86,619,665
Held to maturity investment securities comprise:		
Treasury bills	413,771	3,278,254
Bonds	58,784,836	51,081,263
Bankers acceptance	473,098	-
	59,671,705	54,359,517

Specific allowance for impairment against available-for-sale Investment securities

In thousands of Nigerian Naira	**2009**	**2008**
Balance at 1 April	(162,580)	(157,355)
Opening balance on subsidiary acquired during the year	(33,552)	-
Charge for the year	36,000	(5,225)
Balance at 31 March	(160,132)	(162,580)

Notes to the consolidated financial statements

25. Property and equipment

In thousands of Nigerian Naira	**Buildings**	**Furniture & Equipment**	**Motor vehicles**	**Work in Progress**	**Total**
Cost					
Balance at 1 April 2007	3,843,180	7,244,438	2,129,394	1,741,046	14,958,058
Additions	1,394,228	3,371,034	1,424,276	1,965,599	8,155,137
Disposals	-	-	(142,008)	-	(142,008)
Transfers	120,541	64,528	4,660	(189,729)	-
Write offs	-	(1,398)	-	-	(1,398)
Balance at 31 March 2008	5,357,949	10,678,602	3,416,322	3,516,916	22,969,789
Balance at 31 March 2008	5,357,949	10,678,602	3,416,323	3,516,916	22,969,790
Opening balance of subsidiaries acquired during the year	1,808,382	164,894	68,165	-	2,041,441
Additions	1,610,703	4,206,191	1,160,413	3,989,035	10,966,342
Disposals	(436,667)	(31,656)	(255,084)	(32,706)	(756,113)
Transfers	1,208,716	249,570	75,260	(1,533,546)	-
Write offs	-	(250)	-	(1,244)	(1,494)
Translation difference	(845)	10,519	922	12,092	22,688
Balance at 31 March 2009	9,548,238	15,277,870	4,465,999	5,950,547	35,242,654
Depreciation and impairment losses					
Balance at 1 April 2007	475,958	4,592,477	952,078	-	6,020,513
Charge for the year	157,256	1,310,079	600,538	-	2,067,873
Disposals	-	-	(90,892)	-	(90,892)
Write offs	-	(15)	-	-	(15)
Balance at 31 March 2008	633,214	5,902,541	1,461,724	-	7,997,479

Notes to the consolidated financial statements

Depreciation and impairment losses					
Balance at 31 March 2008	633,214	5,902,541	1,461,724	-	7,997,479
Opening balance of subsidiaries acquired during the year	301,965	72,306	42,595	-	416,866
Charge for the year	402,126	2,279,092	924,594	-	3,605,812
Disposals	(42,257)	(22,444)	(176,030)	-	(240,731)
Translation difference	158	394	(173)	-	379
Balance at 31 March 2009	1,295,206	8,231,889	2,252,710	-	11,799,805
Carrying amounts					
Balance at 31 March 2008	4,724,735	4,776,061	1,954,598	3,516,916	14,972,310
Balance at 31 March 2009	8,253,032	7,045,981	2,213,289	5,950,547	23,462,849

Notes to the consolidated financial statements

26. Intangible assets

In thousands of Nigerian Naira

Cost	Goodwill	Purchased software	Total
Balance at 1 April 2007	-	629,634	629,634
Additions	-	252,920	252,920
Balance at 31 March 2008	-	882,554	882,554
Balance at 1 April 2008	-	882,554	882,554
Opening balance of subsidiaries acquired during the year	-	221,665	221,665
Additions	1,738,148	419,185	2,157,333
Balance at 31 March 2009	1,738,148	1,523,404	3,261,552
Amortization			
Balance at 1 April 2007	-	397,822	397,822
Amortisation for the period	-	108,803	108,803
Balance at 31 March 2008	-	506,625	506,625
Balance at 1 April 2008	-	506,625	506,625
Opening balance of subsidiaries acquired during the year	-	35,537	35,537
Amortisation for the period	-	316,672	316,672
Balance at 31 March 2009	-	858,834	858,834
Carrying amounts			
Balance at 31 March 2007	-	231,812	231,812
Balance at 31 March 2008	-	375,929	375,929
Balance at 31 March 2009	1,738,148	664,570	2,402,718

(a) Goodwill arising during the year is attributable to the following subsidiaries:

	N'000
Access Bank Rwanda	681,007
FinBank Burundi	369,714
Omni Finance Bank, Cote d' Ivoire	687,427
	1,738,148

Notes to the consolidated financial statements

27. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In thousands of Nigerian Naira

	Assets	Liabilities	Net	Assets	Liabilities	Net
		2009			2008	
Property, equipment, and software	-	(2,129,084)	(2,129,084)	-	(1,455,118)	(1,455,118)
Share based payment	221,542	-	221,542	869,222	-	869,222
Allowances for loan losses	653,229	-	653,229	298,036	-	298,036
Others	534,144	-	534,144	228,577	(164,527)	64,050
Net tax assets (liabilities)	1,408,915	(2,129,084)	(720,169)	1,395,835	(1,619,645)	(223,810)

Notes to the consolidated financial statements (Continued)

27. Deferred tax assets and liabilities
Movements in temporary differences during the year

In thousands of Nigerian Naira	**Opening balance**	**Recognised in profit or loss**	**Recognised in equity**	**Closing balance**
2009				
Property, equipment and software	(1,455,118)	(673,966)	-	(2,129,084)
Allowances for loan losses	298,036	355,193	-	653,229
Share-based payments	869,222	(647,680)	-	221,542
Others	64,050	305,567	164,527	534,144
	(223,810)	(660,886)	164,527	(720,169)
2008				
Property, equipment and software	(868,334)	(586,784)	-	(1,455,118)
Allowances for loan losses	420,335	(122,299)	-	298,036
Share-based payments	30,975	838,247	-	869,222
Others	(331,739)	164,531	231,258	64,050
	(748,763)	293,695	231,258	(223,810)

28. Other assets

In thousands of Nigerian Naira	**2009**	**2008**
Accounts receivable and prepayments	11,247,361	5,370,124
Prepaid operating lease (see (i))	111,988	122,827
Restricted deposits with central bank (see (ii))	14,130,460	19,246,059
Deposit for subsidiaries:		
Access Bank Rwanda	-	1,578,825
Access Bank Burundi	-	526,274
Omni Finance Limited	-	1,890,000
Access Homes and Mortgages Limited	-	1,000,000
	25,489,809	29,734,109

(i) This represents up- front payments for the operating leases of own use property which are amortised on a straight line basis over the period of the lease.

(ii) This represents restricted amounts of ₦65,518,000 (2008: ₦65,518,000) and ₦14,064,942,000 (2008: ₦19,180,541,000), deposited with the Central Bank of Nigeria in respect of investments in Small and Medium Scale Enterprise Equity Investment Scheme (SMEEIS), and cash reserve requirement with Central Banks respectively. The cash reserve requirement represents mandatory cash deposits which should be held, as a regulatory requirement, with the Central Banks in countries where the Group operates. Restricted deposits with central banks are not available for use in the Group's day-to-day operations.

Notes to the consolidated financial statements

29. Deposits from banks

In thousands of Nigerian Naira	**2009**	**2008**
Money market deposits	7,067,291	23,427,796
Other deposits from banks	23,229,420	46,444,244
	30,296,711	69,872,040

30. Deposits from customers

In thousands of Nigerian Naira	**2009**	**2008**
Retail customers:		
Term deposits	3,905,822	8,416,720
Current deposits	9,713,924	67,044,616
Savings	10,470,110	6,650,423
Corporate customers:		
Term deposits	235,539,723	184,969,651
Current deposits	166,554,882	82,935,341
Other	211,030	5,404
	426,395,491	350,022,155

31. Other liabilities

In thousands of Nigerian Naira	**2009**	**2008**
Cash-settled share-based payment	2,301,620	3,315,557
Short term employee benefits	-	339,843
Financial guarantee contracts issued	-	584,024
Customers' deposit for foreign trade	21,615,549	5,367,721
Liability for defined contribution obligations	28,675	-
Creditors and accruals	4,204,259	6,000
Certified cheques	4,384,335	22,634,681
Deferred income	1,916,669	703,238
Share proceeds collection account (See (i))	162,078	384,303,984
Unclaimed dividend	2,248,340	-
Other current liabilities	7,742,980	2,541,047
	44,604,505	419,796,095

i. This represents share proceeds collected by the Bank in its capacity as a receiving bank for a public offer. The balance was remitted to the issuer subsequent to 31 March 2008.

32. Interest bearing loans and borrowings

In thousands of Nigerian Naira	**2009**	**2008**
Due to IFC (See Note 34(b)(iii))	-	1,743,450
Due to EIB (See (ii) below)	2,636,827	3,435,301
Due to Belgian Investment Company (See (iii) below)	312,905	348,690
Due to African Development Bank (See (iv) below)	2,243,351	2,325,891
	5,193,083	7,853,332

Notes to the consolidated financial statements

ii. Amount represents outstanding balance on on-lending facilities granted to the Bank by EIB (European Investment Bank) in September 2005 for a period for a period of 9 years. Principal and interest are repayable quarterly and semi-annually based on the terms of the facilities with the obligor. Interest resets every interest payment date at 2.2% - 2.9% above LIBOR.

iii. Amount represents the outstanding balance on a facility granted to the Bank by Belgian Investment Company in May 2007 for a period of 7 years. The principal amount is repayable semi-annually from 2012 while interest is paid semi-annually at 3% above LIBOR.

iv. Amount represents the outstanding balance on a facility granted to the Bank by African Development Bank for a period of 9 years commencing in August 2007 and a moratorium of 2 years. The principal amount is repayable semi-annually after the moratorium period while interest is payable semi-annually at 3% above LIBOR.

33. Debt securities issued

In thousands of Nigerian Naira	**2009**	**2008**
Due to Access Bank Bond holders (see (i))	9,207,423	12,035,838

i. This represents the outstanding balance of the Bank's 14% naira denominated redeemable convertible bond with a 3 year tenor due to expire in June 2010. The bond is convertible to ordinary shares of the Bank at the instance of the bondholders at a pre-determined conversion formula subject to a maximum of 25% of the units held. The conversion option is available at any time during the tenor of the bond subject to a conversion premium of 60% up to 18 months from the date of financial close in May 2007 and 80% conversion premium after 18 months from the date of financial close. The coupon is payable semi-annually in arrears starting from the 15th day of the 6th month after the financial close. In the event of a partial conversion or non conversion, the amount of the convertible bond outstanding is redeemable in four equal semi annual instalments with the first repayment of 25% in December 2008 being the 18th month after financial close.

Notes to the consolidated financial statements

34. Capital and reserves

(a) Reconciliation of movement in capital and reserves

Attributable to equity holders of the Bank

In thousands of Nigerian naira	Share Capital	Share premium	Translation reserve	Other regulatory reserve	Treasury shares	Fair value reserves	Regulatory risk reserves	Capital reserves	Retained earnings	Total	Minority interest	Total equity
Balance at 1 April 2007	(3,489,081)	(20,277,386)	-	(3,629,426)	2,305,971	(923,497)	(6,148,651)	(3,489,080)	6,964,999	(28,686,151)	-	(28,686,151)
Adjustments to opening balance	-	-	-	-	-	-	-	-	180,523	-	-	180,523
Opening balance restated	(3,489,081)	(20,277,386)	-	(3,629,426)	2,305,971	(923,497)	(6,148,651)	(3,489,080)	6,964,999	(28,505,628)	-	(28,505,628)
Total recognised income and expense	-	-	22,709	-	-	539,601	-	-	(17,010,892)	(16,629,105)	28,575	(16,600,530)
New issue	(4,582,171)	(125,769,763)	-	-	-	-	-	-	-	(130,351,934)	-	(130,351,934)
Transfers for the year	-	-	-	(4,911,317)	-	-	(3,354,791)	-	8,266,108	-	(84,712)	(84,712)
Own shares acquired	-	-	-	-	869,090	-	-	-	-	869,090	-	869,090
Dividends to equity holders	-	-	-	-	-	-	-	-	2,791,263	2,791,263	-	2,791,263
Balance at 31 March 2008	(8,071,252)	(146,047,149)	22,709	(8,540,743)	3,175,061	(383,896)	(9,503,442)	(3,489,080)	1,011,478	(171,826,314)	(56,137)	(171,882,451)
Balance at 1 April 2008	(8,071,252)	(146,047,149)	22,709	(8,540,743)	3,175,061	(383,896)	(9,503,442)	(3,489,080)	1,011,478	(171,826,314)	(56,137)	(171,882,451)
Total recognised income and expense	-	-	(1,377,979)	-	-	(2,119,400)	-	-	(11,510,668)	(15,008,047)	219,931	(14788,116)
New issue	(35,878)	(399,684)	-	-	-	-	-	-	-	(435,562)	(266,949)	(702,511)
Newly acquired subsidiaries	-	-	-	-	-	-	-	-	-	-	(925,378)	(925,378)
Transfers for the year	-	-	-	(6,865,738)	-	-	3,333,734	-	3,532,004	-	-	-
Own shares acquired	-	-	-	-	2,875,071	-	-	-	(321,078)	2,553,993	-	2,553,993
Dividends to equity holders	-	-	-	-	-	-	-	-	10,492,625	10,492,625	-	10,492,625
Balance at 31 March 2009	(8,107,130)	(146,446,833)	(1,355,270)	(15,406,481)	6,050,132	(2,503,296)	(6,169,708)	(3,489,080)	3,204,361	(174,223,305)	(1,028,533)	(175,251,837)

Notes to the Consolidated Financial Statements

(b) **Share capital**
The share capital comprises:

In thousands of Nigeria Naira	**2009**	**2008**
(i) Authorised -		
Ordinary shares:		
18,000,000,000 Ordinary shares of 50k each (2008: 18,000,000,000 of 50k each)	9,000,000	9,000,000
Preference shares:		
2,000,000,000 preference shares of 50k each (2008: 2,000,000,000 of 50 k each)	1,000,000	1,000,000
	10,000,000	10,000,000

In thousands of Nigeria Naira	**2009**	**2008**
(ii) Issued and fully paid -		
16,214,258,437 Ordinary shares of 50k each (2008: 16,142,501,847 of 50k each)	8,107,130	8,071,251

In thousands of units		
On issue at 1 April	8,071,252	6,978,161
Issued during the year (See (iii) below)	35,878	9,164,341
On issue at 31 March	8,107,130	16,142,502

(iii) In October 2008, the International Finance Corporation (IFC) exercised its option to convert 25% of the USD15,000,000 unsecured, subordinated, convertible loan into ordinary shares of the Bank. An amount of N435,562,000 was converted into 71,756,590 ordinary shares at N6.70 per share.

(c) **Share premium**
Share premium is the excess paid by shareholders over the nominal value for their shares.

(d) **Other regulatory reserves**
Other reserves include movements in the statutory reserves and the small scale industries reserve.

(i) In accordance with existing legislation, the Bank transfers 30% (2008: 30%) of its profit after taxation under Nigeria GAAP to statutory reserves.

(ii) The Bank has suspended further appropriation to SMEEIS (now known as Microcredit Fund) reserve account in line with the decision reached at the Banker's Committee meeting and approved by CBN.

(e) **Treasury shares**
Treasury shares represent the Bank's shares of 787,191,170 (2007: 312,464,100) held by the Staff Investment Trust as at 31 March 2009.

Notes to the consolidated financial statements

(f) **Fair value reserve**
The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(g) **Regulatory risk reserve**
The regulatory risk reserve warehouses the difference between the impairment loss on loans and advances computed under the Nigeria GAAP based on the Central Bank of Nigeria prudential guidelines and Central Bank of the foreign subsidiaries regulations, compared with the loss incurred model used in calculating the impairment under IFRSs.

(h) **Retained earnings**
Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

(i) **Translation reserve**
Translation reserve comprises all foreign exchange differences arising from translation of the financial statements of foreign operations.

35. Dividends
The following dividends were declared and paid by the Group during the year ended 31 March:

In thousands of Nigerian Naira	**2009**	**2008**
Dividend declared and paid	10,492,625	2,791,263

After 31 March 2009 the following final dividends were proposed by the directors in respect of the year ended 31 March 2009. The dividends have not been provided for and there are no income tax consequences. The dividend proposed was based upon the Nigeria GAAP financial statements, which showed positive retained earnings of ₦9,449,176,000 as at 31 March 2009.

In thousands of Nigerian Naira	**2009**	**2008**
Proposed dividend	11,349,981	10,492,628

Notes to the consolidated financial statements

36. Leasing

(a) As Lessor:

The Group acts as lessor under operating leases and under finance lease, providing asset financing for its customers. Finance lease receivables are included within loans and advances to customers (see Note 21).

The Group's net investment in finance lease receivables was as follows:

In thousands of Nigerian Naira	**2009**	**2008**
Gross investment in finance leases, receivable:		
Less than one year	755,759	180,446
Between one and five years	3,609,925	2,736,644
Unearned future income on finance leases	(602,331)	(394,178)
Net investment in finance leases	3,763,353	2,522,912
The net investment in finance leases comprises:		
Less than one year	651,488	156,063
Between one and five years	3,111,865	2,366,849
	3,763,353	2,522,912

Operating lease receivables

The Group acts as lessor, whereby items of equipment are purchased and then leased to third parties under arrangements qualifying as operating leases. To satisfy these leases, the items purchased are treated as equipment in the Group's financial statements and are generally disposed of at the end of the lease term.

The future minimum lease payments expected to be received under non-cancellable operating leases at 31 March 2009 were as follows:

In thousands of Nigerian naira	**2009**	**2008**
Less than one year	1,978	61,662
Between one and five years	683,096	732,811
	685,074	794,473

Notes to the consolidated financial statements

(b) As Lessee

Operating lease commitments

The Group leases various offices, branches and other premises under non-cancellable operating lease arrangements. The leases have various terms and renewal rights. The lease rentals are paid in advance and recognised on straight line basis over the lease period. The outstanding balance is accounted for as prepaid lease rentals. There are no contingent rents payable.

37. Contingencies

(i) Litigation and claims

The Bank in its ordinary course of business is presently involved in some cases of litigation. The litigation claims against the Bank as at 31 March 2009 amount to N10,467,853,299 (2008: N2,039,046,020). 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 based on the advice received, no significant liability will crystallize from these cases. No provisions are therefore deemed necessary for these claims.

(ii) Contingent liabilities and commitments

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

Nature of instruments

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

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

Other contingent liabilities include performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customers' credit worthiness.

Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity but are cancellable by the lender subject to notice requirements.

Notes to the consolidated financial statements

Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk.

In thousands of Nigerian naira

	2009	2008
Contingent liabilities:		
Guaranteed commercial papers and bankers acceptances	4,341,742	22,000,000
Transaction related bonds and guarantees	91,909,404	83,228,994
	96,251,146	105,228,994
Commitments:		
Clean line facilities for letters of credit	46,382,827	50,496,835

38. Related parties

Parent
The parent company, which is also the ultimate parent company, is Access Bank Plc.

Subsidiaries
Transactions between Access Bank Plc and the subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

Associates
Related party transactions with Associate (Marina Securities Limited) were as follows:

	2009	2008
Professional fees	89,411,451	29,450,000
Retainership fees	296,104,972	27,000,000
Statutory fees	53,734,467	-
Stock broking fees	60,749,110	9,000,000
	500,000,000	65,450,000

Transactions with key management personnel
The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group.

Notes to the consolidated financial statements

Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Access Bank Plc.

Key management personnel and their immediate relatives engaged in the following transactions with the Group during the year:

Loans and advances:

In thousands of Nigerian naira	**2009**	**2008**
Secured loans	22,492,861	26,985,381
Other loans	23,505,750	9,119,251
Total loans and advances	45,998,611	36,104,632

Deposit liabilities

In thousands of Nigerian naira	**2009**	**2008**
Deposits	32,327,297	34,108,519

Interest rates charged on balances outstanding are rates that would be charged in an arm's length transaction. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. Impairment losses of ₦350,757,367 (2008: ₦302,681,704) have been recorded against balances outstanding during the period with key management personnel and their immediate relatives at the year end.

Key management personnel compensation for the year comprised:

In thousands of Nigerian Naira	**2009**	**2008**
Fees as directors	7,900	7,350
Other emoluments:		
Executive directors	154,825	167,155
Other directors	83,479	66,390
	246,204	240,895

Notes to the consolidated financial statements

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

Director	Transaction	2009	2008
Mr. Gbenga Oyebode (see (i))	Legal services	7,732,400	6,169,500
Dr. Cosmas Maduka (see (ii))	Supply of cars and computer equipment	299,811,495	254,206,000
Mr. Oritsedere Otubu (see (iii))	Insurance brokerage	745,104,490	351,446,831
Mrs. Mosun Bello (see (iv))	Consultancy and training programs	6,200,000	5,400,000
Mr. Tunde Folawiyo (See (v))	Mobile telephone service	79,759,048	-
Mr. Taukeme Koroye (See (vi))	IT services	40,426,534	-

(i) The Group used the services of Aluko and Oyebode which is controlled by Mr. Gbenga Oyebode for legal services such as registration of trademark of transactions and others. Amounts were billed based on normal market rates for such services and are due and payable under normal payment terms.

(ii) The Group engaged the services of Coscharis group, a company that is controlled by Dr. Cosmas Maduka in the supply and servicing of motor vehicles. Amounts were billed based on normal market rates and are due and payable under normal payment terms.

(iii) The Group used the services of Sendford Insurance Brokers Limited, a company that is controlled by Mr. Oritsedere Otubu, in providing insurance services to the group. Amounts were billed at normal market rates and are due and payable under normal market terms.

(iv) The Group engaged the services of KRC Limited which is controlled by Mrs. Mosun Bello in consulting and training programs. Amounts were billed at the normal market rates and are due and payable under normal payment terms.

(v) The Group engaged the services of MTN Nigeria Limited, a GSM operator in which Mr.Tunde Folawiyo is a director. Amounts were billed at the normal market rates and are due and payable under normal payment terms

(vi) The Group engaged the services of Petrodata Management Limited which is controlled by Mr.Taukeme Koroye to provide IT services and programs. Amounts are billed on the normal market rate and are due and payable under normal payment terms.

Notes to the consolidated financial statements

39. Group entities

Significant subsidiaries

	Nature of business	Country of incorporation	Ownership interest 2009	2008
Access Bank Gambia	Banking	Gambia	75%	75%
Access Bank Sierra Leone	Banking	Sierra Leone	85%	85%
United Securities Ltd	Securities dealing	Nigeria	100%	-
Access Bank Rwanda	Banking	Rwanda	75%	-
Finbank Burundi	Banking	Burundi	75%	-
Omni Finance Bank	Banking	Cote d'Ivoire	88%	-
Access Bank Zambia	Banking	Zambia	75%	-
Access Bank UK	Banking	United Kingdom	100%	-
Access Bank (R.D. Congo)	Banking	Congo	100%	-
Access Bank Ghana	Banking	Ghana	75%	-
Access Investment and Securities Ltd	Investment management & securities dealing	Nigeria	100%	-
Access Homes and Mortgage	Mortgage services	Nigeria	100%	-
Special purpose entities:				
Staff Investment Trust		Nigeria	100%	100%

40. Subsequent events

There were no post balance sheet events requiring adjustment to, or disclosure in, these financial statements.