

Access Bank Plc

**Financial Statements -- 31 March 2004
Together with Directors' and Auditors' Reports**

Directors' Report

For the year ended 31 March 2004

The directors have pleasure in presenting their annual report together with the audited financial statements of Access Bank Plc, for the year ended 31 March 2004.

Legal Form and Principal Activity:

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

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

Operating Results:

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

	<u>2004</u>	<u>2003</u>
	N'000	N'000
Profit on ordinary activities before exceptional charge and taxation	951,750	1,010,805
Exceptional charge	-	(200,166)
	<hr/>	<hr/>
Profit before taxation	951,750	810,639
Taxation	(314,277)	(254,066)
	<hr/>	<hr/>
Profit after taxation	637,473	556,573
Transfer to statutory reserve	(191,242)	(166,972)
Transfer to small and medium industries reserve	(95,175)	(81,064)
Proposed dividend	(300,000)	(135,000)
	<hr/>	<hr/>
Retained profit for the year	51,056	173,537
	<hr/> <hr/>	<hr/> <hr/>
Shareholders' funds	2,702,830	2,365,357
	<hr/> <hr/>	<hr/> <hr/>
Earnings per share - adjusted	21k	19k
unadjusted	21k	21k
Dividend per share - adjusted	10k	4.5k
unadjusted	10k	5k
	<hr/> <hr/>	<hr/> <hr/>

Directors and their Interests:

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

	<u>Number of Ordinary Shares of 50 kobo held as at</u>			
	<u>31 March 2004</u>		<u>31 March 2003</u>	
	<u>Direct</u>	<u>Indirect</u>	<u>Direct</u>	<u>Indirect</u>
M. Ayo Oni - (Chairman)	12,777,777	-	-	11,500,000
Pastor A. W. Odunaiya (Vice Chairman) (resigned on 28 August 2003)	47,777,777	-	70,000,000	-
A.I Aig-Imoukhuede - (Managing Director)	68,669,978	317,720,604	61,802,980	236,103,782
H. O. Wigwe (Deputy Managing Director)	68,669,978	317,720,604	61,802,980	236,103,782
H.R.H. Oba S. A. Sule	19,291,666	152,787,424	17,362,500	137,508,682
C. M. Maduka	-	262,242,797	-	480,093,476
A. Disu	-	27,777,777	25,000,000	-
G. Oyebode	-	32,044,360	18,865,640	-

There was no change in the shareholding of any of the directors up till 18 May 2004.

The directors to retire by rotation at the next Annual General Meeting and seeking re-election are:

Mr. M Ayo Oni and H. R. H. Oba Shafi A. Sule.

Analysis of Shareholding.

Range	<u>2004</u>		<u>2003</u>	
	Number of Shareholders	% of Shareholding	Number of Shareholders	% of Shareholding
1-10,000	12,325	1	10,475	1
10,001-1,000,000	3,777	8	2,284	7
1,000,001-10,000,000	134	11	107	12
10,000,001 and above	37	80	51	80
	<u>16,273</u>	<u>100</u>	<u>12,917</u>	<u>100</u>

The shareholding of the following companies in the bank as at 31 March 2004 in which some directors held interests are as follows:

<u>Directors</u>	<u>Shareholder</u>	<u>31 March 2004</u>		<u>31 March 2003</u>	
		Number of Shares held	% Shareholding	Number of Shares held	% Shareholding
Mr. Cosmas Maduka	Coscharis Motors Limited)	262,242,797	8.74%	480,093,473	17.78
Mr. Cosmas Maduka	Coscharis Agro Limited)				

		31 March 2004		31 March 2003	
		Number of Shares held	% of Shareholding	Number of Shares held	% of Shareholding
<u>Directors</u>	<u>Shareholder</u>				
Aigboje Aig-Imoukhuede & Herbert Wigwe	United Alliance Limited	635,441,208	21.18	472,207,564	17.49

Dividend

The Board recommends for the approval of the shareholders, the payment of a dividend of 10 kobo per 50 kobo ordinary share (2003: 5 kobo). The dividend is subject to deduction of withholding tax.

Fixed Assets:

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

Donations and Charitable Gifts:

Donations and gifts to charitable organization during the year amounted to ₦2,640,000 (2003: ₦14,465,000) as follows:

<u>Beneficiary</u>	₦'000
Murtala Mohammed Foundation Centre	1,000
Fate Foundation	750
Gidamiyar Enterprises	500
Chartered Insurance Institute of Nigeria	200
Women in Management and Business	100
Sponsorship of lecture on Breast Cancer Therapy	50
Greek Community Day	40
	2,640
	2,640

Health and Safety at Work:

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

Employment of Disabled Persons:

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

As at 31 March 2004, there was no disabled person on the employee list of the Bank.

Employee Involvement and Training:

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

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

Auditors:

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

BY ORDER OF THE BOARD

Aluko & Oyeboode
Company Secretary
35 Moloney Street,
Lagos.

18 May 2004

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 March 2004

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

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

The responsibilities include ensuring that:

- a) Appropriate internal controls are established both to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.
- b) The Bank keeps proper accounting records which disclose with reasonable accuracy the financial position of the bank, and which have been prepared using suitable accounting policies that have been consistently applied and ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 1990 and Banks and Other Financial Institutions Act, 1991.
- c) The Bank has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and all applicable accounting standards have been followed; and
- d) It is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Bank will not continue in business.

Report of the Audit Committee

To the members of Access Bank Plc:

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, 1990, the members of the Audit Committee of Access Bank Plc hereby report on the financial statements for the year ended 31 March 2004 as follows:

- We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act 1990 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Bank are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 March 2004 were satisfactory and reinforce the Bank's internal control systems.
- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks". We hereby confirm that an aggregate amount of ₦767,281,000 was outstanding as at 31 March 2004 all of which are performing.
- We have deliberated the findings of the auditors who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

Oritsedere Otubu
Chairman, Audit Committee

19 May 2004

Members of the Audit Committee are:

Oritsedere Otubu	Chairman
Kayode Ayeni	Member
Ibrahim H. Dankwanbo	Member
Cosmas Maduka	Member
Gbenga Oyeboode	Member
Kunle Disu	Member

In attendance:

Aluko & Oyeboode - Secretary

To the Members of Access Bank Plc:

We have audited the balance sheet of **Access Bank Plc** (“the Bank”) as at 31 March 2004 and the related profit and loss account and statement of cash flows for the year then ended set out on pages 4 to 27, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 1 to 3.

Respective responsibilities of directors and auditors

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

Basis of opinion

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

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

Banks and Other Financial Institutions Act (BOFIA) 1991

To the best of our knowledge and based on the representation we received, the Bank paid penalties for contraventions of BOFIA in 2001 during the year. Details of these are stated in Note 32 of the financial statements.

Opinion

In our opinion,

- i. the Bank’s books of account have been properly kept;
- ii. the financial statements referred to above, which are in agreement with the books of account, give a true and fair view of the state of affairs of the Bank as at 31 March 2004 and of its profit and cash flow for the year then ended and comply with the Banks and Other Financial Institutions Act, 1991, relevant circulars issued by the Central Bank of Nigeria, relevant Statements of Accounting Standards in Nigeria and the Companies and Allied Matters Act, 1990.

18 May 2004

Statement of Accounting Policies

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

(a) **Basis of accounting**

The financial statements are prepared under the historical cost convention.

(b) **Recognition of interest income**

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

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

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

(d) **Loans and advances**

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

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

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

(e) **Advances under finance lease**

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

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

(f) **Fixed assets**

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write-off fixed assets over their estimated useful lives at the following annual rates:

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

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

(g) **Equipment on lease**

Equipment on lease is stated at cost less accumulated depreciation. Depreciation on the equipment on lease is at the same rate of the Bank's class of fixed assets in compliance with the Statement of Accounting Standards 11 - Accounting for leases.

(h) **Taxation**

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

Deferred tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

(i) **Foreign currency items**

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

(j) **Investments**

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

(k) **Performance bonds and guarantees**

Performance bonds and guarantees are accounted for as off-balance sheet items and disclosed as contingent liabilities.

(l) **Guaranteed commercial papers and Banker's Acceptances**

These are third party instruments for which the Bank merely intermediates between the investors and the issuers. These are accounted for as off-balance sheet items and disclosed as contingent liabilities. Only the related commission is recognised as income in the year.

(j) **Retirement benefits**

The Bank operates a defined contribution pension scheme. Employees are entitled to join the scheme on confirmation of their employment. The employees' and the Bank's contributions are 2.5% and 7.5.% of employees' annual basic salary respectively. Employee benefits under this scheme are paid as a lump sum on retirement based on the employees' years of service.

Balance Sheet

At 31 March 2004

	<u>Notes</u>	<u>2004</u> N'000	<u>2003</u> N'000
ASSETS:			
Cash and short-term funds	1	5,527,375	7,682,782
Short-term investments	2	7,777,742	1,859,887
Loans and advances	3	11,461,571	6,505,420
Other facilities	4	463,790	-
Advances under finance lease	5	45,437	2,874
Other assets	6	2,898,153	4,468,327
Long-term investments	7	307,000	257,000
Fixed assets	8	1,843,687	1,400,052
Equipment on lease	9	1,016,752	405,698
TOTAL ASSETS		<u>31,341,507</u>	<u>22,582,040</u>
LIABILITIES:			
Deposits and other accounts	10	22,724,035	9,308,990
Due to banks	11	849,947	1,356,799
Other facilities	12	468,475	-
Other liabilities	13	3,854,666	9,148,258
Taxation payable	14	215,335	153,519
Dividend payable	15	300,000	135,000
Deferred taxation	14	226,219	114,117
TOTAL LIABILITIES		<u>28,638,677</u>	<u>20,216,683</u>
NET ASSETS		<u>2,702,830</u>	<u>2,365,357</u>
CAPITAL AND RESERVES:			
Share capital	16	1,500,000	1,350,000
Bonus issue reserve	17	500,000	150,000
Share premium	18	-	329,536
Statutory reserve	19	487,785	296,543
Small and medium industries reserve	20	187,847	92,672
General reserve	21	27,198	146,606
SHAREHOLDERS' FUNDS		<u>2,702,830</u>	<u>2,365,357</u>
Acceptances, bonds, guarantees and other obligations for the account of customers	22	13,125,940	6,376,970

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Aigboje Aig-Imoukhuede _____)
 _____) Directors
 Mr. Gbenga Oyeboade _____)

Approved by the Board of Directors on 18 May 2004.
 The accompanying notes form an integral part of these balance sheets.

Profit and Loss Account

For the year ended 31 March 2004

	<u>Notes</u>	<u>2004</u> N'000	<u>2003</u> N'000
GROSS EARNINGS		5,515,086	4,367,887
INTEREST AND DISCOUNT INCOME	23	2,745,858	2,529,643
INTEREST EXPENSE	24	(1,445,333)	(1,183,006)
Provision for risk assets	25	1,300,525 (357,658)	1,346,637 (360,446)
NET INTEREST MARGIN		942,867	986,191
(Provision)/write back on other assets and long-term investments	25	(28,253)	32,545
OTHER INCOME	26	2,769,228	1,838,244
Operating expenses		3,683,842 (2,732,092)	2,856,980 (1,846,175)
Profit on ordinary activities before exceptional charge and taxation		951,750	1,010,805
Exceptional charge	27	-	(200,166)
PROFIT BEFORE TAXATION	27	951,750	810,639
Taxation	14	(314,277)	(254,066)
PROFIT AFTER TAXATION		637,473	556,573
APPROPRIATIONS:			
Transfer to statutory reserve	19	(191,242)	(166,972)
Transfer to small and medium industries reserve	20	(95,175)	(81,064)
Dividend	15	(300,000)	(135,000)
Transfer to general reserve	21	(51,056)	(173,537)
		-	-
Earnings per share - unadjusted		21k	21k
- adjusted		21k	19k
Dividend per share - unadjusted		10k	5k
- adjusted		10k	4.5k

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

Statement of Cash Flows

For the year ended 31 March 2004

	<u>Notes</u>	<u>2004</u> N'000	<u>2003</u> N'000
Net cash flow from operating activities before changes in operating assets	29	1,851,061	1,444,588
Changes in operating assets	30	(2,101,732)	3,872,755
Income tax paid	14	(140,359)	(63,789)
Net cash (out)/in flow from operating activities		<u>(391,030)</u>	<u>5,253,554</u>
Investing Activities:			
Purchase of fixed assets	8	(771,960)	(686,991)
Proceeds from sale of fixed assets		9,045	24,773
Purchase of lease equipment		(816,462)	(453,140)
Purchase of investments		(50,000)	(250,000)
Net cash out flow from investing activities		<u>(1,629,377)</u>	<u>(1,365,358)</u>
Financing Activities:			
Dividend paid		(135,000)	-
Cash out flow from financing activities		<u>(135,000)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(2,155,407)	3,888,196
Cash and cash equivalents, beginning of year		7,682,782	3,794,586
Cash and cash equivalents, end of year		<u><u>5,527,375</u></u>	<u><u>7,682,782</u></u>

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

Notes to the Financial Statements

For the year ended 31 March 2004

1. Cash and Short-term Funds:

(a) Cash and short-term funds comprise:

	2004	2003
	N'000	N'000
Cash	851,050	514,258
Balances held with the Central Bank of Nigeria:		
- Current account	622,671	1,480,568
- Cash reserve	921,656	556,102
- Investment account (see note (d))	11,608	-
Balances held with other banks and financial institutions in Nigeria:		
- Current account	725	2,938
- Placements with other banks and discount houses	1,165,829	130,000
Balances held with banks outside Nigeria	1,953,836	4,998,916
	5,527,375	7,682,782

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

	2004	2003
	N'000	N'000
Under 1 month	1,165,829	130,000
	1,165,829	130,000

(c) Included in balances held with banks outside Nigeria are balances held on behalf of customers to cover letter of credit transactions of ₦1,168,232,739 (2003: ₦3,969,061,000). The corresponding liability for this amount is included in other liabilities (see Note 13).

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

2. **Short-term Investments:**

Short-term investments represent:

	2004	2003
	N'000	N'000
Nigerian Government Treasury Bills	7,777,742	1,859,887
	7,777,742	1,859,887

3. **Loans and Advances:**

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

	2004	2003
	N'000	N'000
Secured against real estate	4,429,837	4,043,746
Otherwise Secured	7,336,767	2,719,679
Unsecured	574,438	371,246
	12,341,042	7,134,671
Provisions:		
- Specific	(569,996)	(451,490)
- General	(114,737)	(63,598)
- Interest in suspense	(194,738)	(114,163)
	11,461,571	6,505,420

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

	2004	2003
	N'000	N'000
Specific provision:		
Beginning of year	451,490	500,556
Transfer to other assets (see note 6b)	-	(94,637)
Provision no longer required	(143,635)	(37,607)
Provisions during the year	429,939	377,357
Provisions on loans written-off during the year	(167,798)	(294,179)
	569,996	451,490

	2004	2003
	N'000	N'000
General provision:		
Beginning of year	63,598	42,503
Provision during the year	51,139	21,095
End of year	114,737	63,598

	2004	2003
	N'000	N'000
Interest in suspense:		
Beginning of year	114,163	187,932
Interest suspended during the year	181,374	87,358
Interest recovered	(46,393)	(22,838)
Interest written-off	(54,406)	(138,289)
End of year	194,738	114,163

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

	2004	2003
	N'000	N'000
Under 1 month	6,218,318	3,070,536
1 - 3 months	1,110,496	641,091
3 - 6 months	1,795,355	159,724
6 - 12 months	1,625,880	896,665
Over 12 months	1,637,899	2,366,655
	12,387,948	7,134,671

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

	2004	2003
	N'000	N'000
Performing	11,473,734	6,359,797
Non-performing	914,214	774,874
	12,387,948	7,134,671

4. **Other Facilities:**

- (a) The Bank acts as an intermediary for Africa Export-Import Bank (Afrexim) in respect of credits disbursed (see Note 12). The classification of the outstanding balance by type as at year-end is as follows:

	2004	2003
	N'000	N'000
Loans	468,475	-
General provision	(4,685)	-
	463,790	-

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

	2004	2003
	N'000	N'000
Over 12 months	468,475	-
	468,475	-

- (d) All the facilities were performing as at the balance sheet date.

5. **Advances under finance lease:**

- (a) Advances under finance lease comprise:

	2004	2003
	N'000	N'000
Gross investment	55,153	3,275
Unearned income	(9,257)	(372)
	45,896	2,903
Less general provisions	(459)	(29)
	45,437	2,874

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

	2004	2003
	N'000	N'000
General provision:		
Beginning of year	29	428
Provision/(write-back) during the year	430	(399)
End of year	459	29

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

	2004	2003
	N'000	N'000
Under 1 month	247	-
1-3 months	4,239	-
3-6 months	17,047	-
6 - 12 months	15,373	2,903
Over 12 months	8,990	-
	45,896	2,903

- (d) All advances under finance lease were performing as at the end of the year.

6. Other Assets:

- (a) Other assets comprise:

	2004	2003
	N'000	N'000
OBB Treasury Bills (see note (c) below)	1,900,000	4,100,000
Prepaid interest and discounts	123,293	64,032
Interest receivable	74,723	27,602
Prepayments	385,836	218,806
Other receivables	476,284	104,287
	2,960,136	4,514,727
Provision	(61,983)	(46,400)
	2,898,153	4,468,327

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

	2004	2003
	N'000	N'000
Beginning of year	46,400	106,068
Transfer from loan loss provision (see note 3.6)	-	94,637
Write back during the year	(9,578)	(33,353)
Provision during the year	37,831	-
Provision written off during the year	(12,670)	(120,952)
End of year	61,983	46,400
	61,983	46,400

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

7. **Long-term Investments:**

(a) Long-term investments comprise:

	2004	2003
	N'000	N'000
Nigerian Automated Clearing System (see (c) below)	7,000	7,000
N15 billion Second Lagos State Government Floating Redeemable Bond 2005/2009 (see note (d) below)	250,000	250,000
17.75% N30 billion First Federal Government Bond 2006 (see note (e) below)	50,000	-
	307,000	257,000
	307,000	257,000

- (b) The movement on the provision on long-term investments during the year was as follows:

	2004	2003
	N'000	N'000
Beginning of year	-	8,232
Provisions during the year	-	808
Transfer to accumulated depreciation:		
Leasehold land and Improvement	-	(9,040)
End of year	-	-
	-	-

- (c) This represents the Bank's investment in Nigerian Automated Clearing System.
- (d) This represents the Bank's investment of 2,500,000 units of N100 each in the N15 billion Second Lagos State Government Floating Rate Redeemable Bond 2005/2009.
- (e) This represents the Bank's investment of 50,000 units of N1,000 each in the 17.75% Federal Government of Nigeria Bond 2006.

8. Fixed Assets:

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

	Construction in progress	Freehold, leasehold land and improvement	Furniture Fittings & Equipment	Motor vehicles	Total
	N'000	N'000	N'000	N'000	N'000
COST:					
Beginning of year	300,445	509,425	830,235	377,586	2,017,691
Additions	125,131	304,988	279,825	62,016	771,960
Disposals	-	-	(5,145)	(24,650)	(29,795)
Reclassification to Other Assets	(11,288)	-	-	-	(11,288)
End of year	414,288	814,413	1,104,915	414,952	2,748,568
ACCUMULATED DEPRECIATION:					
Beginning of year	-	108,607	379,016	130,016	617,639
Charge for the year	-	46,213	179,213	86,488	311,914
Disposals	-	-	(3,927)	(20,745)	(24,672)
End of year	-	154,820	554,302	195,759	904,881
NET BOOK VALUE:					
End of year	414,288	659,593	550,613	219,193	1,843,687
Beginning of year	300,445	400,818	451,219	247,570	1,400,052

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

(c) Authorised and contracted capital commitments as at the balance sheet date amounted to ₦59,097,452 (2003: ~~₦6,291,576~~).

9. Equipment on lease:

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

	2004 ₦'000	2003 ₦'000
Cost:		
Beginning of year	453,140	-
Additions	816,462	453,140
End of year	1,269,602	453,140
Accumulated depreciation:		
Beginning of year	47,442	-
Charge for the year	205,408	47,442
End of year	252,850	47,442
Net book value:		
End of year	1,016,752	405,698

10. Deposits and Other Accounts:

(a) Deposits and other accounts comprise:

	2004 ₦'000	2003 ₦'000
Demand	15,011,490	5,263,552
Savings	654,712	627,172
Term and call	7,057,833	3,418,266
	22,724,035	9,308,990

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

	2004	2003
	N'000	N'000
Under 1 month	21,293,426	8,408,358
1 - 3 months	1,395,628	878,610
3 - 6 months	31,694	19,953
6 - 12 months	3,287	2,069
	22,724,035	9,308,990

11. **Due to banks:**

Balances due to banks comprise:

	2004	2003
	N'000	N'000
Secured interbank takings	849,947	1,356,799
	849,947	1,356,799

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

	2004	2003
	N'000	N'000
Under 1 month	849,947	1,356,799
	849,947	1,356,799

12. **Other Facilities:**

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

	2004	2003
	N'000	N'000
Due to African Export-Import Bank (Afrexim)	468,475	-
	468,475	-

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

	2004	2003
	N'000	N'000
Over 12 months	468,475	-
	468,475	-

13. **Other Liabilities:**

Other liabilities comprise:

	2004	2003
	N'000	N'000
Foreign currency denominated liabilities in respect of customers' obligations (see Note 1(c))	1,168,233	3,969,061
OBB Takings (see note 6(c))	1,900,000	4,100,000
Interest payable	14,080	23,824
Accrued expenses	17,240	53,370
Managers' cheques	186,447	637,506
Unearned income	128,997	134,752
Others	439,669	229,745
	3,854,666	9,148,258

14. **Taxation Payable:**

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

	2004	2003
	N'000	N'000
Beginning of year	153,519	69,249
Payments during the year	(140,359)	(63,789)
Current year charge (see Note (c) below)	202,175	148,059
	215,335	153,519

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

	2004	2003
	N'000	N'000
Beginning of year	114,117	8,110
Charge for the year	112,102	106,007
End of year	226,219	114,117

(c) The tax charge for the year comprises:

	2004	2003
	N'000	N'000
Income tax	168,581	124,580
Education tax	33,594	23,479
Deferred tax charge	202,175 112,102 314,277	148,059 106,007 254,066

The current tax charge has been computed at the current company income tax rate of 30% (2003: 30%) plus 2% (2003: 2%) Education Levy for the year on the profit for the year after adjusting for certain items of income and expenditure which are not deductible or chargeable for tax purposes.

15. Dividend Payable:

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

	2004	2003
	N'000	N'000
Beginning of year	135,000	-
Proposed dividend	300,000	135,000
Payments during the year	(135,000)	-
End of year	300,000	135,000

The proposed dividend of 10 kobo per 50k share (2003: 5k per share) is payable on 3 billion ordinary shares of 50k each issued as at 31 March 2004, net of applicable withholding tax, in accordance with prevailing legislation. The tax withheld will be paid over to the relevant tax authorities.

16. Share Capital:

Share capital comprises:

	2004	2003
	N'000	N'000
Authorised:		
4,000,000,000 (2003: 4,000,000,000 ordinary shares of 50k each	2,000,000	2,000,000
Issued and fully paid:		
3,000,000,000 (2003: 2,700,000,000) ordinary shares of 50k each	1,500,000	1,350,000

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

	2004	2003
	N'000	N'000
Beginning of year	1,350,000	1,350,000
Bonus issue capitalized (See note 17)	150,000	-
End of year	1,500,000	1,350,000

17. Bonus Issue Reserve:

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

	2004	2003
	N'000	N'000
Beginning of year	150,000	-
Transfer from share premium (see note 18)	329,536	150,000
Transfer to paid up share capital (See note 16)	(150,000)	-
Transfer from general reserve	170,464	-
End of year	500,000	150,000

The Directors of the Bank have proposed a bonus issue of 1,000,000,000 ordinary shares of 50k each to the existing shareholders in the ratio of one new share for every three shares held. Accordingly, an amount of ₦500,000,000 has been transferred to the Bonus Issue Reserve account.

18. Share premium:

	2004	2003
	₦'000	₦'000
Beginning of year	329,536	479,536
Transfer to bonus issue reserve (see note 17)	(329,536)	(150,000)
End of year	-	329,536

19. Statutory reserve:

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

	2004	2003
	₦'000	₦'000
Beginning of year	296,543	129,571
Transfer from profit and loss account	191,242	166,972
End of year	487,785	296,543

In accordance with existing legislation, 30% (2003: 30%) of profit after taxation of the Bank has been transferred to statutory reserve.

20. Small and medium Industries reserve:

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

	2004	2003
	₦'000	₦'000
Beginning of year	92,672	11,608
Transfer from profit and loss account	95,175	81,064
End of year	187,847	92,672

In accordance with Monetary, Credit, Foreign Trade & Exchange Policy Guidelines for 2001 fiscal year of the Central Bank of Nigeria, 10% of profit before taxation for the year ended 31 March 2004 (2003: 10%) has been transferred to small and medium industries reserve.

21. **General reserve:**

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

	2004	2003
	N'000	N'000
Beginning of year	146,606	(26,931)
Transfer from profit and loss account	51,056	173,537
Transfer to bonus issue reserve (see note 17)	(170,464)	-
	27,198	146,606

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

These comprise:

(a) Amounts for the account of customers

	2004	2003
	N'000	N'000
Guaranteed BAs/CPs	2,670,937	4,403,988
Transaction-related bonds and guarantees	3,572,667	1,649,414
Letters of Credit	6,882,336	323,568
	13,125,940	6,376,970

(b) Litigation

There are litigation claims against the Bank as at 31 March 2004 amounting to N805 million (2003: N384.7 million). These claims arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional legal counsel, are of the opinion that no significant liability will crystallise from these cases.

No provisions are therefore deemed necessary for these claims.

23. **Interest and Discount Income:**

Interest and discount income comprise:

	2004	2003
	N'000	N'000
Source:		
Lending to banks and other financial institutions	50,794	48,841
Lending to non-bank customers	1,893,938	1,929,852
Interest Income on Securities trading	801,126	550,950
	2,745,858	2,529,643

	2004	2003
	N'000	N'000
Geographical location:		
Earned in Nigeria	2,752,029	2,525,630
Earned outside Nigeria	4,359	4,013
	2,756,388	2,529,643
24. Interest Expense:		
Interest expense comprises:		
	2004	2003
	N'000	N'000
Source:		
Borrowing from banks	129,937	145,822
Borrowing from non-bank depositors	800,556	501,380
Interest expense on Securities trading	514,840	535,804
	1,445,333	1,183,006
Geographical location:		
Paid in Nigeria	1,427,045	1,168,037
Paid outside Nigeria	18,288	14,969
	1,445,333	1,183,006
25. Provision:		
(a) Provision for risk assets comprise:		
	2004	2003
	N'000	N'000
Loans and advances:		
- Specific	286,304	339,750
- General	51,139	21,095
	337,443	360,845
Other facilities	4,685	-
Provision/(Write back) for advances under finance lease	430	(399)
Loan amount written off	15,100	-
	357,658	360,446

(b) Provision for other assets and long-term investments comprise:

	2004	2003
	N'000	N'000
Other assets (see note 6(b))		
- Write back during the year	(9,578)	(33,353)
- Provision during the year	37,831	-
	28,253	(33,353)
Long-term investments (see note 7(b))	-	808
	28,253	(32,545)
	28,253	(32,545)

26. **Other Income:**

Other income comprises:

	2004	2003
	N'000	N'000
Income from foreign exchange transactions	391,749	178,848
Commissions	1,092,655	821,966
Fees	725,208	584,550
Lease rental	517,076	228,554
Other income	42,540	24,326
	2,769,228	1,838,244
	2,769,228	1,838,244

27. **Profit before Taxation**

(a) General:

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

	2004	2003
	N'000	N'000
Depreciation on fixed assets	311,914	247,333
Depreciation on equipment on lease	205,408	47,442
Auditors' remuneration	14,000	11,000
Deposit insurance premium	90,538	58,426
(Profit)/loss on disposal of fixed assets	(3,922)	11,273
	317,938	375,474
	317,938	375,474

The auditors' remuneration for the year is for two audits – half year and full year audits of the Bank.

(b) Exceptional charge

The exceptional charge in the prior year related to restructuring costs.

(c) Staff and directors' costs:

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

	2004	2003
	N'000	N'000
Wages and salaries	885,843	729,395
Other pension costs	10,450	6,140
	896,293	735,535

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

	2004	2003
	Number	Number
Managerial	60	69
Other staff	256	258
	316	327

- iii. Employees, other than directors, earning more than N60,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	2004	2003
	Number	Number
N 110,001 - N 120,000	-	6
N 240,001 - N 250,000	6	-
N 610,001 - N 620,000	2	2
N 900,001 - N 910,000	-	82
N1,190,001 - N1,200,000	104	-
N1,390,001 - N1,400,000	-	71
N1,830,001 - N1,840,000	-	80
N1,890,001 - N1,900,000	49	-
N2,200,001 - N2,210,000	-	31
N2,390,001 - N2,400,000	54	-
N2,880,001 - N2,890,000	-	16

N 2,840,001 - N 2,850,000	30	-
N 3,440,001 - N 3,450,000	24	-
N 3,670,001 - N 3,680,000	-	18
N 3,940,001 - N 3,950,000	16	-
N 3,980,001 - N 3,990,000	-	5
N 5,390,001 - N 5,400,000	10	11
N 5,990,001 - N 6,000,000	12	-
N 6,590,001 - N 6,600,000	-	1
N 6,990,001 - N 7,000,000	4	-
N 7,550,001 - N 7,560,000	-	2
N 8,640,001 - N 8,650,000	1	-
N 9,090,001 - N 9,100,000	-	2
N10,090,001 - N10,100,000	2	-
N 10,100,001 - N10,110,000	2	-
	316	327

(c) Directors' remuneration:

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

	2004	2003
	N'000	N'000
Fees as directors	359	471
Other emoluments:		
Executive directors	28,610	28,610
Other directors	13,216	20,850
	42,185	49,931

The directors' remuneration shown above includes:

	2004	2003
	N'000	N'000
Chairman	2,250	2,141
Highest paid director:	14,555	14,555

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

	2004	2003
	Number	Number
₦2,500,001 - ₦3,000,000	6	10
₦3,000,001 - ₦3,010,000	-	-
₦14,050,001 - ₦14,060,000	2	2

28. Earnings and Dividend per Share:

Adjusted earnings and dividend per share are based on the profit after taxation and the dividend for the year respectively and on 3,000,000,000 ordinary shares in issue during the year.

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

This comprises:

	2004	2003
	₦'000	₦'000
Profit before taxation	951,750	810,639
Adjustments to reconcile profit before taxation to net cash flow from operations:		
- depreciation on fixed assets	311,914	247,333
- depreciation on equipment on lease	205,408	47,442
- (profit)/loss on disposal of fixed assets	(3,922)	11,273
- provision for risk assets	357,658	360,446
- provision/(write-back) on other assets and long-term investments	28,253	(32,545)
Net cash flow from operating activities	1,851,061	1,444,588

30. **Changes in operating assets:**

This comprises:

	2004	2003
	N'000	N'000
(Increase)/decrease in operating assets:		
- Short-term investments	(5,917,855)	(190,397)
- Loans and advances	(5,308,694)	(2,617,568)
- Advances under finance lease	(42,993)	39,976
- Other assets	1,541,921	(3,851,505)
- Reclassification to other assets	11,288	-
Increase/(decrease) in operating liabilities:		
- Deposits and other accounts	13,415,045	2,833,654
- Due to banks	(506,852)	1,356,799
- Other liabilities	(5,293,592)	6,301,796
	(2,101,732)	3,872,755

31. **Related Party Transactions:**

During the year, the Bank granted various credit facilities to companies whose directors are also directors of Access Bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of N 767,281,000 as at 31 March 2004 (2003: N1,440,333,474) was outstanding on these various facilities at the end of the year, all of which were performing.

32. **Contraventions:**

The Bank paid penalties in the year in respect of 2001 contraventions of the Banks and Other Financial Institutions Act 1991.

Nature of Contravention	Penalty paid N'000
Forfeiture of the undeserved gains made from ineligible foreign exchange transactions in 2001	16,828
Non-disclosure of the nostro account the bank used for the ineligible foreign exchange transactions in 2001	1,000
	17,828

33. **Prior-year Comparatives**

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

Statement of Value Added

	<u>2004</u>		<u>2003</u>	
	N'000	%	N'000	%
Gross earnings	5,515,086		4,367,887	
Interest expense	(1,445,333)		(1,183,006)	
	<u>4,069,753</u>		<u>3,184,881</u>	
Provision on risk assets	(357,658)		(360,446)	
(Provision)/write back on other assets and investments	(28,253)		32,545	
Bought-in materials and services	(1,318,477)		(1,016,031)	
	<u>2,365,365</u>	<u>100</u>	<u>1,840,949</u>	<u>100</u>
Applied to pay:				
Employee costs	896,293	38	735,535	40
Government as taxes	314,277	13	254,066	14
Shareholders as dividend	300,000	13	135,000	7
Retained in the business:				
- Depreciation	517,322	22	294,775	16
- Profit for the year (including statutory and small and medium industries reserves)	337,473	14	421,573	23
	<u>2,365,365</u>	<u>100</u>	<u>1,840,949</u>	<u>100</u>

Five-Year Financial Summary

	2004	2003	2002	2001	2000
	N'000	N'000	N'000	N'000	N'000
ASSETS:					
Cash and short-term funds	5,527,375	7,682,782	3,794,586	2,133,916	3,215,513
Short-term investments	7,777,742	1,859,887	1,669,490	1,532,444	534,952
Loans and advances	11,461,571	6,505,420	4,248,697	2,794,614	3,127,024
Other facilities	463,790	-	-	-	-
Advances under finance lease	45,437	2,874	42,451	-	36,349
Other assets	2,898,153	4,468,327	583,469	708,516	865,431
Long-term investments	307,000	257,000	114,018	122,250	115,250
Fixed assets	1,843,687	1,400,052	890,230	736,217	540,041
Equipment on lease	1,016,752	405,698			
	<u>31,341,507</u>	<u>22,582,040</u>	<u>11,342,941</u>	<u>8,027,957</u>	<u>8,434,560</u>
LIABILITIES:					
Deposits and other accounts	22,724,035	9,308,990	6,475,336	4,859,315	4,400,596
Due to banks	849,947	1,356,799	-	563,357	151,000
Other facilities	468,475	-	-	-	-
Other liabilities	3,854,666	9,148,258	2,846,462	1,627,886	2,906,394
Taxation payable	215,335	153,519	69,249	57,906	44,820
Dividend payable	300,000	135,000	-	-	90,000
Deferred taxation	226,219	114,117	8,110	-	-
	<u>28,638,677</u>	<u>20,216,683</u>	<u>9,399,157</u>	<u>7,108,464</u>	<u>7,592,810</u>
NET ASSETS:	<u>2,702,830</u>	<u>2,365,357</u>	<u>1,943,784</u>	<u>919,493</u>	<u>841,750</u>
CAPITAL AND RESERVES:					
Share capital	1,500,000	1,350,000	1,350,000	600,000	600,000
Bonus issue reserve	500,000	150,000	-	150,000	-
Share premium	-	329,536	479,536	-	115,882
Statutory reserves	487,785	296,543	129,571	129,571	106,248
Small and medium industries reserve	187,847	92,672	11,608	11,608	-
General reserve	27,198	146,606	(26,931)	28,314	19,620
	<u>2,702,830</u>	<u>2,365,356</u>	<u>1,943,784</u>	<u>919,493</u>	<u>841,750</u>
Commitments and Contingencies	13,125,940	6,376,970	2,735,705	1,318,690	1,410,698
Total Assets and Contingencies	<u>44,467,447</u>	<u>28,959,010</u>	<u>14,078,646</u>	<u>9,346,647</u>	<u>9,845,258</u>
Gross earnings	5,515,086	4,367,887	2,604,378	1,589,555	1,195,616
Profit/(loss) on ordinary activities before exceptional charge	951,750	1,010,805	(17,947)	116,081	166,594
Exceptional charge	-	(200,166)	-	-	-
Profit/(loss) before taxation	951,750	810,639	(17,947)	116,081	166,594
Profit/(loss) after taxation	637,473	556,573	(55,245)	77,743	130,079
Dividend	300,000	135,000	-	-	90,000
Earnings/(loss) per share	21k	21k	(2k)	6k	11k
Dividend per share	10k	5k	-	-	7.5k
Number of ordinary shares of 50k	3,000,000	2,700,000	2,700,000	1,200,000	1,200,000