

Access Bank Plc

**Financial Statements – 31 March 2007
Together with Directors' and Auditors' Reports**

Corporate Governance

To align the standards of Corporate Governance Practices in the Banking Industry with international best practice, the Central Bank of Nigeria introduced a new Code of Corporate Governance for Nigerian Banks in April 2006, which was a vast improvement on the former Code of Corporate Governance.

A fundamental difference of the new code, when compared with the previous code, is that compliance with its provisions is now mandatory.

New provisions governing Equity Ownership, Organisational Structure, Industry Transparency, and Disclosure Requirements, Roles of Auditors have been introduced into the Code.

Some of the major principles of the Code are stated below:

- 1 Government direct and indirect equity holding in any bank shall be limited to 10% by end of 2007
- 2 The responsibilities of the head of the Board, that is the Chairman, should be clearly separated from that of the head of Management, i.e. MD/CEO, such that no one individual/related party has unfettered powers of decision making by occupying the two positions at the same time.
- 3 No two members of the same extended family should occupy the position of the Chairman and that of Chief Executive Officer or Executive Director of a bank at the same time.
- 4 Institutions should be headed by an effective Board composed of qualified individuals that are conversant with its oversight functions.
- 5 At least two (2) non-executive board members should be independent directors (who do not represent any particular shareholder interest and hold no special business interest with the Bank) appointed on merit.
- 6 Any director whose facility or that of his/her related interests remains non-performing for more than one year should cease to be on the board of the Bank and could be blacklisted from sitting on the board of any other bank.

The directors have considered the implications of the CBN guideline and are of the opinion that Access Bank Plc has, in all material respect, complied with the requirements of the CBN guideline of April 2006, during the 2006/2007 financial year.

Board of Directors

The Board of Directors consists of 12 members; a Chairman, Managing Director, Deputy Managing Director and 3 Executive Directors plus 6 Non-Executive Directors out of which 2 are independent Directors. Appointment to the Board is made by shareholders at the Annual General Meeting upon the recommendation of the Board of Directors.

The oversight functions of the Board are performed through its various committees namely: The Board Credit Committee, Board Committee on Human Resources, Board Audit Committee and the Board Risk Management Committee.

These Committees are constituted as follows:

Board Credit Committee

The Committee is composed of 9 Members as follows:

- | | | |
|----|----------------------------|----------|
| 1. | Dr Cosmas Maduka | Chairman |
| 2. | Mr. Mahmoud Isa-Dutse | Member |
| 3. | Mr. Oritsedere Otubu | Member |
| 4. | Mr. Emmanuel Chiejina | Member |
| 5. | Mr. Tunde Folawiyo | Member |
| 6. | Mr. Aigboje Aig-Imoukhuede | Member |
| 7. | Mr. Herbert Wigwe | Member |
| 8. | Mr. Okey Nwuke | Member |
| 9. | Mr. Obeahon Ohiwerei | Member |

The Committee considers and approves credits above the highest limit approved for management as well as has oversight responsibility for ensuring the quality of the Bank's risk asset. The Committee meets quarterly.

Board Committee on Human Resources

The Committee is composed of 4 members as follows:

- | | | |
|----|----------------------------|----------|
| 1. | Mr. Emmanuel Chiejina | Chairman |
| 2. | Mr. Oritsedere Otubu | Member |
| 3. | Mr. Aigboje Aig-Imoukhuede | Member |
| 4. | Mr. Herbert Wigwe | Member |

The Committee reviews the Bank's human resources policy and is tasked with the management of the Bank's staff welfare. The Committee meets quarterly.

Board Audit Committee

The committee is composed of 5 members as follows:

- | | | |
|----|-----------------------------|----------|
| 1. | Mr. Oritsedere Samuel Otubu | Chairman |
| 2. | Mr. Mahmoud Isa-Dutse | Member |
| 3. | Mr. Aigboje Aig-Imoukhuede | Member |
| 4. | Mr. Herbert Wigwe | Member |
| 5. | Mr. Taukeme Koroye | member |

This Committee is responsible for ensuring compliance with the Bank's accounting and reporting policies; legal and ethical practices; reviewing the scope and planning of audit requirements; making recommendation to the Board on appointment, removal and remuneration of external auditors; regularly reviewing the effectiveness of the Bank's system of accounting and internal control.

Board Risk Management Committee

The committee is composed of 7 members as follows:

- | | |
|-------------------------------|----------|
| 1. Mr. Mahmoud Isa-Dutse | Chairman |
| 2. Mr. Tunde Folawiyo | Member |
| 3. Mr. Aigboje Aig-Imoukhuede | Member |
| 4. Mr. Herbert Wigwe | Member |
| 5. Mr. Okey Nwuke | Member |
| 6. Mr. Taukeme Koroye | member |
| 7. Mr. Obeahon Ohiwerei | Member |

The Committee assists the Board in fulfilling its oversight responsibility relating to the establishment of policies, standards and guidelines for risk management, and compliance with legal and regulatory requirements in the Bank.

Shareholders' Audit Committee

In compliance with Section 359 of the Company and Allied Matters Act, 1990, the Bank has a standing Shareholders Audit Committee constituted by 5 members made up of 2 Directors and 3 shareholders namely:

- | | |
|-------------------------------|----------|
| 1. Mr. Kayode Ayeni | Chairman |
| 2. Mr. Emmanuel Eleoramo | Member |
| 3. Mr. Idaere Gogo Ogan | Member |
| 4. Mr Oritsedere Samuel Otubu | Member |
| 5. Dr Cosmas Maduka | Member |

Remuneration of Directors

The shareholders at the Bank's Annual General Meeting set and approve the annual remuneration of the members of the Board of Directors. The annual emoluments of the Directors are stated in the Bank's Annual Report.

General Meeting of Shareholders

A general meeting of shareholders is held once a year. An Extraordinary General Meeting of Shareholders may also be convened upon the request of the Board or shareholders holding not less than 10% of the paid up capital of the Bank.

Capital and Shares

The authorised share capital of the Bank is N10 billion divided into 18,000,000,000 ordinary shares of 50 kobo each and 2,000,000,000 preference shares of 50k out of which N3,489,081,000 divided into 6,978,160,860 ordinary shares of 50k each have been issued and fully paid. The shares are held by about 102,000 shareholders and are quoted on the floor of the Nigerian Stock Exchange.

Internal Audit

The Bank has an Internal Audit Charter for its internal audit exercise. The Charter isolates and insulates the Internal Audit Department from the control and influence of the Executive Management and also frees staff within the internal audit from operational and management responsibility that could impair their ability to make independent review of the Bank's operations. Under the Charter, the Internal Auditors report directly to the Board Audit Committee.

Management Committees

There are basically 3 standing committees composed of senior management of the Bank. The committees' main functions are to identify, analyse, synthesise and make recommendations on risks arising from day to day activities of the Bank and ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. The committees further provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as risk issues occur to immediately take actions and decisions within the confines of their powers. The 3 standing committees are Management Credit Committee, Assets and Liability Committee and Enterprise Risk Management Committee.

Management Credit Committee

This committee reviews and approves credit facilities between N200 million and N500 million and recommends credits above N500 million to the Board for approval. It is comprised of Executive Management, Head of Credit Risk Management, the Company Secretary and all Group Heads. The Committee meets weekly or on a need basis.

Assets and Liability Committee

This Committee meets monthly to consider the financial position of the Bank. It manages the assets and liabilities of the Bank, measures the performance of same within budgetary limits and assesses regulatory compliance in this regard. It is comprised of Executive Management, Senior Management, Head of Risk Management, Head of Foreign Operations, Head of Remedial Assets and all Group Heads.

Enterprise Risk Management Committee

This Committee oversees the establishment of a formal written policy on the overall risk management system and provides guidelines and standards to administer the acceptance and on-going management of all risks. The committee also ensures compliance with established policies through periodic review of reports provided by management, internal and external (statutory) auditors and the supervisory authorities. On periodic basis, the committee re-evaluates the risk management policy of the Bank to accommodate major changes in the internal and external factors. It meets monthly and is comprised of Executive Management, Senior Management, Head of Risk Management, Head of Foreign Operations, Head of Remedial Assets and all Group Heads.

Fatai Oladipo

Risk Management

Risk Management Philosophy and Culture

Access Bank considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices characterizing how the Bank considers risk in everything it does, from strategy development and implementation to its day-to-day activities.

In this regard, the Bank's Risk Management philosophy is that moderate and guarded risk attitude will ensure sustainable growth in shareholder value and reputation. The Bank believes that enterprise risk management will provide the superior capabilities to identify and assess the full spectrum of risk and to enable staff at all levels to better understand and manage risks. This will ensure that:

- Risk acceptance is done in a responsible manner;
- The executive and the board of the Bank has adequate risk management support;
- Uncertain outcomes are better anticipated;
- Accountability is strengthened; and
- Stewardship is enhanced.

Risk Management Governance Framework

The risk management governance framework describes the risk governance structure and reporting responsibilities of the Risk Management and Compliance Division and the different management and board committees. Furthermore, the framework includes the roles of the Board, its committees and management committees.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank and to set appropriate risk limits and controls for monitoring these risks. These risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

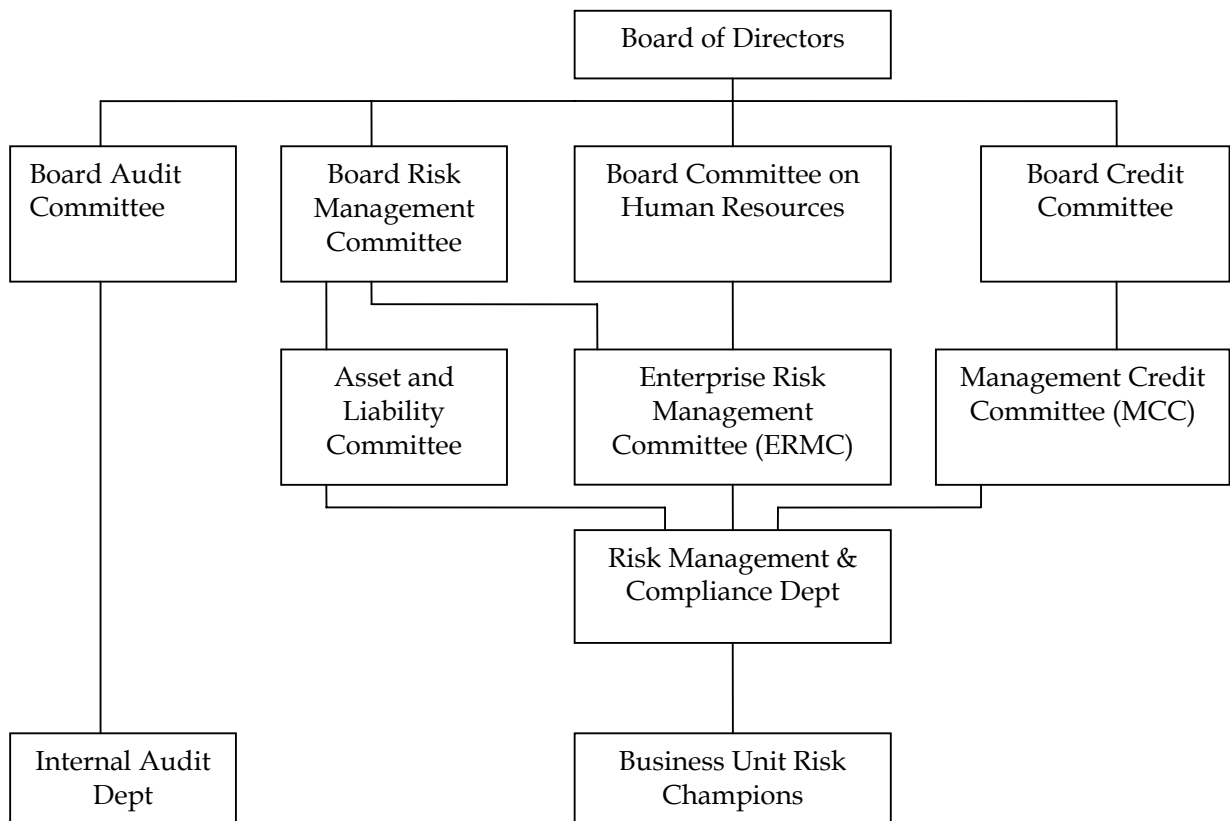
The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework via its committees – The Board Audit Committee, Board Risk Management Committee, Board Committee on Human Resources and Board Credit Committee. These committees are responsible for developing and monitoring risk policies in their specified areas and report regularly to the Board of Directors on their activities.

The Board Committees are assisted by the various management committees in identifying and assessing risks arising from day to day activities of the Bank. These committees are:

- Management Credit Committee (MCC)
- Asset and Liability Committee (ALCO)
- Enterprise Risk Management Committee (ERMC)

These committees meet on a regular basis while others meet on an ad-hoc basis as dictated by the circumstances. Membership of most committees includes senior management of the Bank.

Access Bank's risk management governance structure is depicted below:



Risk Management Methodology

Over the years the Bank has detailed its approach to risk through various policies and procedure documents which include but not limited to the following:

- Enterprise Risk Management Manual
- Credit Policy manual
- Asset and Liability Management Policy Manual
- Human Resources Policy Manual
- IT Policy Manual
- Quality Manual
- Standard Operating Procedures(SOPs)

To ensure adherence to the policies and procedures, several exception reports on customers and activities of the Bank are generated by the various control units for management's decision making. These exception reports include:

- Monthly Profitability Reports (MPR) for the marketing teams
- Monthly Operations Performance Reports (OPR) for the support teams
- Semi-Annual Bank-wide performance appraisal systems

Risk Management Outlook

The Bank has concluded immediate reforms to its Risk Management process to align with global Risk Management trends. The reforms include:

- Completion of an Enterprise Risk Policy manual to ensure the harmonization of all silos of risks under one umbrella.
- Inclusion of a Risk Management Committee, in view of the diverse functions being carried out by the committee
- Deployment of appropriate software to assist in data gathering on all risk areas
- Expansion of the Risk Management group to deepen its focus on market and operational risks.

Directors' Report

For the year ended 31 March 2007

The directors have pleasure in presenting their annual report on the affairs of Access Bank Plc (the "Bank"), together with the financial statements and auditors' report for the year ended 31 March 2007.

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.

Effective 1 November 2005, the Bank acquired two existing and functional banks in Nigeria; Capital Bank International Plc and Marina International Bank Limited through share exchange consideration and continued trading as Access Bank Plc.

The Bank established a foreign subsidiary known as Access Bank (Gambia) Limited on 27 June 2006 and the subsidiary commenced operations on 27 October 2006 on receipt of the Central Bank of Gambia's operating license. The financial results of Access Bank (Gambia) Limited have not been consolidated because the directors are of the opinion that it would be of no real value to the members, in view of the insignificant amounts involved. The subsidiary's year end is December and it has only traded for two months up to 31 December 2006.

In October 2006, the Bank carried out a share reconstruction exercise to reduce the number of issued and fully paid ordinary shares of the Bank by 50%. The restructured shares were allotted to shareholders as fully paid in the ratio of 1 ordinary share for 2 ordinary shares held. The new shares were revalued such that there was no loss of value to shareholders as a result of the share reconstruction.

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>2007</u> <u>N'000</u>	<u>2006</u> <u>N'000</u>
Profit before taxation	8,043,165	1,119,449
Taxation	(1,959,726)	(382,300)
Profit after taxation	<u>6,083,439</u>	<u>737,149</u>
Transfer to statutory reserve	(1,825,032)	(221,145)
Transfer to SMEEIS	(608,344)	(73,715)
Transfer to general reserve	<u>3,650,063</u>	<u>442,289</u>
Shareholders' funds	<u>28,384,891</u>	<u>28,893,886</u>
Earnings per share - Basic	<u>87k</u>	<u>7k</u>
- Adjusted	<u>87k</u>	<u>11k</u>

Dividend

The board of directors has recommended for the approval of the shareholders, the payment of a dividend of N2.79billion (40k per share). The dividends are subject to deduction of withholding tax.

Directors and their Interests

The following directors of the Bank held office during the year and had direct and indirect interests in the shares of the Bank as follows:

	<u>Number of Ordinary Shares of 50k each held as at</u>			
	<u>31 March 2007</u>		<u>31 March 2006</u>	
	<u>Direct</u>	<u>Indirect</u>	<u>Direct</u>	<u>Indirect</u>
G. Oyeboode (Chairman)	33,740,898	-	48,829,500	-
A.I Aig-Imoukhuede - (Managing Director)	44,256,614	362,681,828	88,513,227	391,298,399
H. O. Wigwe (Deputy Managing Director)	44,256,614	362,681,828	88,513,227	391,298,399
C. M. Maduka	514,286	200,719,003	1,028,571	401,438,013
O. S. Otubu	37,305,333	5,611,056	74,610,666	15,763,542
T. E. Koroye	6,729,972		13,091,330	-
M. Isa-Dutse	1,066,214		571,428	-
E. Chiejina	3,907,425		3,687,850	-
O. Nwuke	5,696,377		10,092,754	-
T. Folawiyo	3,377,342	157,283,350	6,754,684	34,285,714
A. Desalu	6,815,711		18,228,000	-
O. Ohiwerei (appointed 30/10/06)	-	-	-	-

As explained in the legal form and principal activities section above, the Bank carried out a share reconstruction exercise in November 2007 to reduce the number of issued and fully paid ordinary shares of the Bank by half from 13,956,321,723 to 6,978,160,860. This accounted for the reduction in the shareholdings of the directors as at 31 March 2007.

Retirement of Directors:

In accordance with the provisions of Section 259 of the Companies and Allied Matters Act, 1990, one third of the directors of the Company shall retire from office. The directors to retire every year shall be those who have been longest in office since their last election. In accordance with the provisions of this Section Messrs Gbenga Oyeboode and Cosmas Maduka retire by rotation and being eligible offer themselves for re-election.

Analysis of Shareholding:

Range	31 March 2007		31 March 2006	
	Number of Shareholders	% of Shareholding	Number of Shareholders	% of Shareholding
1-1,000	29,360	28.74	3,645	3.68
1,001-5,000	40,521	39.66	48,579	49.10
5,001-10,000	12,373	12.11	13,354	13.50
10,001-50,000	13,138	12.86	20,382	20.60
50,001- 100,000	3,370	3.30	5,835	5.90
100,001-500,000	2,477	2.42	5,435	5.49
500,001-1,000,000	441	0.43	678	0.69
1,000,001-5,000,000	346	0.34	791	0.80
5,000,001-10,000,000	53	0.05	77	0.08
10,000,001 and above	88	0.09	166	0.16
	102,167	100.00	98,942	100.00

The shareholding of the following company in the Bank as at 31 March 2007 in which some directors held interests is as follows:

<u>Directors</u>	<u>Shareholder</u>	31 March 2007		31 March 2006	
		Number of Shares held	% Shareholding	Number of Shares held	% Shareholding
Aigboje Aig-Imoukhuede	United Alliance Limited	362,681,828	}	391,298,399	}
Herbert Wigwe	United Alliance Limited	362,681,828	} 10.39	391,298,399	} 5.61

In addition to the above, Access Bank Staff Investment Scheme has 467,121,525 (2006: 644,308,547) shares of the Bank representing 6.69% (2006: 4.62%) of the Bank's issued share capital.

Except for the above, no individual shareholder held up to 5% of the issued share capital as at 31 March, 2007

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 March 2007

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 the profit 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 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 suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and all applicable accounting standards have been followed; and
- (d) it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Bank will not continue in business.

Fixed Assets:

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

Donations and Charitable Gifts:

The Bank identifies with the aspirations of the community and the environment in which it operates. The Bank made contributions to charitable and non-political organizations amounting to ₦45,362,000 (2006: ₦7,050,000) during the year, as listed below:

<u>Beneficiary</u>	₦'000
Beko Ransome Kuti Cancer treatment and research foundation	500
Master Kome Omuabor (Tumor operation)	250
Nigerian Stock Exchange	6,158
Kano State Economic Summit 2006 Bronze Category	1,050
World First Ever “Mothers’ Summit”	5,000
NUBIFIE National Delegates	1,000
Fate Foundation	129
Nigerian Economic Summit	500
Fraud detection and prevention in shares investment	100
The Nigerian Police Force	5,200
Friends of the Global Fund Africa	10,000
Oyo State Economic Summit	75
Utopia Group Charity Auction	300
36 th Annual Accountants’ Conference	1,000
75 th Anniversary of Igbobi College	500
5 th African Women Football Championship	5,000
Heart of Africa Project in London	7,500
University of Benin Alumni Association	100
Maritime Quality Service Award	250
Financial Correspondence Association of Nigeria (2006 Workshop)	200
Charitable end of year/xmas party for primary schools	100
Support for Women and Children living with HIV/AIDS	200
1 st PAN African Women Enterprise Achievers	250
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	45,362
	<hr/> <hr/>

Health and Safety at Work:

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

Employment of Disabled Persons:

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

As at 31 March 2007, the Bank had two people on the staff list with physical disability.

Employee Involvement and Training:

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

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

Post Balance Sheet Events:

There were no post balance sheet events which could have a material effect on the state of affairs of the Bank as at 31st March 2007 or the profit for the year ended on that date that have not been adequately provided for or disposed.

Audit Committee:

Pursuant to Section 359(3) of the Companies and Allied Matters Act, 1990, the Bank has an Audit Committee comprising two Directors and three shareholders as follows:

1.	Kayode Ayeni	Shareholder	Chairman
2.	Oritsedere Otubu	Director	Member
3.	Emmanuel Eleoramo	Shareholders	Member
4.	Cosmas Maduka	Director	Member
5.	Idaere Dagogo Ogan	Shareholder	Member

The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Act, 1990.

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.

Plot 1665 Oyin Jolayemi Street,
Victoria Island,
Lagos.

BY ORDER OF THE BOARD
Fatai Oladipo
Company Secretary

14 May 2007

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 2007 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 2007 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 ₦11,996,565,000 was outstanding as at 31 March 2007. See Note 35 for details.
- We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

Kayode Ayeni
Chairman, Audit Committee
14 May 2007

Members of the Audit Committee are:

Kayode Ayeni	Chairman
Oritsedere Otubu	Member
Emmanuel Eleoramo	Member
Cosmas Maduka	Member
Idaere Dagogo Ogan	Member

In attendance:
Fatai Oladipo – Secretary



KPMG Professional Services
22a Gerrard Road, Ikoyi
PMB 40014, Falomo
Lagos, Nigeria

Telephone 234(1)4632090-3
234(1)2694660-4
234(1)2696040-4
Fax: 234(1)2691248
234(1)2691775
Internet www.kpmg.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of **Access Bank Plc** ("the Bank"), which comprise the balance sheet as at 31 March, 2007, and the profit and loss account, statement of cash flow and value added statement for the year then ended, and the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 1 to 43.

Directors' Responsibility for the Financial Statements

The directors' are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 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 the auditor's judgment, 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 policies used and the reasonableness of accounting estimates made by the directors, 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 qualified audit opinion in the manner required by the Companies and Allied Matters Act and Statements of Accounting Standards applicable in Nigeria; and our unqualified audit opinion in accordance with the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.



Basis of qualified opinion in the manner required by the Companies and Allied Matters Act and Statement of Accounting Standards applicable in Nigeria

As disclosed in note 10(a), the Bank obtained the approval of the shareholders at the Annual General Meeting held on 31 August 2006 and the sanction of the Federal High Court Lagos on 27 September 2006 to create a special reserve account from its share premium account for the purpose of writing off the goodwill on the Company's balance sheet as at 31 March 2006. In line with the approval, an amount of ₦6.59 billion was set aside from the share premium into a special reserve account during the year and as at the balance sheet date goodwill of ₦6.59 billion had been written off directly against this reserve. The writing off of goodwill directly against the special reserve account is not in accordance with the Company's accounting policy and Section 21(2)(3) of Schedule II of the Companies and Allied Matters Act, 1990 which requires goodwill acquired by a company to be amortised systematically over a period of not more than 5 years. If the Bank had continued to amortise the goodwill balance over 5 years in accordance with its accounting policy and as allowed by the Company's Act, the profit before taxation of ₦8.04 billion would have been reduced by ₦1.65 billion; and the goodwill and the reserves balances would each have been increased by ₦4.94 billion.

Qualified opinion in the manner required by the Companies and Allied Matters Act and Statement of Accounting Standards applicable in Nigeria

In our opinion, except for the effects of the matter described in the Basis of qualified opinion paragraph, the financial statements give a true and fair view of the state of affairs of Access Bank Plc as at 31 March, 2007 and of its profit and cash flows for the year then ended in the manner required by the Companies and Allied Matters Act of Nigeria and Statement of Accounting Standards applicable in Nigeria.

Unqualified opinion in accordance with the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars.

In our opinion, the financial statements give a true and fair view of the state of affairs of Access Bank Plc as at 31 March, 2007 and of its profit and cash flows for the year then ended in the manner required by the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and the Bank's balance sheet and profit and loss account are in agreement with the books of accounts.

Compliance with Section 27 (2) of the Banks and Other Financial Institutions Act of Nigeria and Central Bank of Nigeria circular BSD/1/2004

- i. The Bank contravened the Banks and Other Financial Institutions Act during the year ended 31 March 2007. Details of the contravention and penalty paid is as disclosed in Note 34 to the financial statements.
- ii. Related party transactions and balances are disclosed in Note 35 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

KPMG

12 June 2007
Lagos, Nigeria



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) **Business combination**

With effect from 1 November 2005, Access Bank Plc combined its business with those of Capital Bank International Plc and Marina International Bank Limited under the merger and combination agreement dated 9 August 2005.

In accounting for the business combination, the Bank adopted the Purchase method with Access Bank Plc being the acquirer. Goodwill arising from the combination has been accounted for in accordance with the provision of Section 21(2)(3) of Schedule II of the Companies and Allied Matters Act, 1990 (see (c) below).

(c) **Goodwill**

The excess of the cost of the combination over the value of the net identifiable assets acquired is recognized as an asset in the Bank's balance sheet as goodwill arising on combination.

The Bank previously applied the provisions of Section 21(2)(3) of the Companies and Allied Matters Act, 1990 for the amortization of goodwill which requires that goodwill be amortised over a period not more than 5 years.

(d) **Recognition of interest income**

Credits to the profit and loss account are recognized as follows:

- (i) Interest income is recognised on an accrual basis and credited to income only when it has been irrevocably earned. Interest overdue for more than 90 days is suspended and recognised on a cash basis only. Lease finance income is amortised over the lease period to achieve a constant rate of return on the outstanding net investment.
- (ii) Credit related income is deferred and amortised over the life of the related credit risk.
- (iii) Non-credit related fee income is recognised at the time the service or the related transactions are effected.
- (iv) Gains and losses on investment securities are recorded in income upon the sale of the securities. Temporary fluctuations in the value of investment securities are not recognised.

(e) **Loans and advances**

Loans and advances are stated net of allowances. A specific risk allowance 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 allowance is made for each account that is not performing in accordance with the terms of the related facility. This is in accordance with the Statement of Accounting Standards for Banks and Non-Bank Financial institutions (SAS 10) issued by the Nigerian Accounting Standards Board and the Prudential Guidelines issued by the Central Bank of Nigeria in the manner stated below:

Number of days of outstanding Principal/interest	Classification	Required Allowance %
90 days but less than 180 days	Substandard	10
180 days but less than 360 days	Doubtful	50
Over 360 days	Lost	100

An allowance 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 allowance and subsequent recoveries are credited to the income statement.

(f) **Advances under finance lease**

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

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

(g) **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. The Bank's rates of depreciation are:

Freehold land and building	-	2%
Leasehold improvements	-	Over the period of the lease
Furniture, fixtures and equipment	-	20%
Computer Hardware	-	33.33%
Motor vehicles	-	25%
Capital work in progress	-	Not depreciated

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

(h) **Equipment on lease**

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

(i) **Taxation**

Income tax expenses/credits are recognized in the profit and loss account. Current income tax is the expected tax payable on the taxable income for the year, using statutory tax rates at the balance sheet date.

(j) **Deferred Taxation**

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal.

(k) **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.

(l) **Investments**

Investments in treasury bills are stated at face value as they are held until maturity. Unearned income is deferred and amortized as earned.

Investments in marketable securities held for trading are classified as short-term investments and stated at net realizable value with the resultant gain or loss recognized in the profit and loss account.

Investments in marketable government securities that are not held for trading are classified as long term investment and are stated at the lower of cost and net realizable value. Diminution in value of such securities is recognized in the profit and loss account.

Unquoted equity investment and other long term investments are stated at cost. Provisions are made for permanent diminution in the value of such investments as appropriate.

(m) **Trading securities**

Trading securities comprise of government bonds held primarily for trading purposes and are stated at net realisable value. Tradeable investments with a fixed redemption date, held as part of trading securities are stated at cost where applicable. Premiums and discounts arising on purchase are amortised on the yield to redemption.

(n) **Other Assets**

Prepayments, receivables and other sundry debit balances are classified as other assets and are stated net of allowances.

Allowances are made in line with the provisions of the CBN Prudential Guideline for receivables whose collection has been identified by management as doubtful.

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

(o) **Off Balance sheet transactions**

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

Acceptances:

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

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

Guarantees and performance bonds:

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

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

Letters of credit

The Bank provides letters of credit to guarantee the performance of customers to third parties. These are accounted for as off balance sheet. Commissions and fees charged to customers for services rendered are recognized at the time the services or transaction is effected.

(p) **Retirement benefits**

The Bank operates a defined contributory pension scheme. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic in line with the Pension Reform Act. The Bank and the employees' contributions are at the rate of 7.5% of basic salary, transport and rent allowances respectively. Employee contributions to the scheme are funded through payroll deductions while the Bank's contribution is charged to the profit and loss account.

(q) **Provisions**

A provision is recognized if, as a result of past event, the Bank 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

(r) **Cash and cash equivalents**

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

(s) **Repurchase Agreements**

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

Securities sold under repurchase agreements continue to be recognized in the balance sheet and the proceeds from the sale of the securities are reported as liabilities to either banks or customers. The net sale and repurchase consideration is recognized over the period of the transaction in the profit and loss account.

(t) **Forward Contracts**

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

Balance Sheet

As at 31 March 2007

	<u>Notes</u>	<u>31 March 2007</u>	<u>31 March 2006</u>
		N'000	N'000
ASSETS:			
Cash and short-term funds	1	158,433,251	46,263,777
Short-term investments	2	39,011,418	38,242,133
Loans and advances	3	107,750,578	54,111,173
Other facilities	4	3,256,564	1,634,579
Advances under finance lease	5	1,024,185	295,834
Other assets	6	5,521,365	16,611,122
Long-term investments	7	4,384,982	5,724,873
Fixed assets	8	8,161,511	3,953,161
Equipment on lease	9	1,071,340	1,124,780
Goodwill	10	-	6,592,434
TOTAL ASSETS		<u>328,615,194</u>	<u>174,553,866</u>
LIABILITIES:			
Deposits and other accounts	11	205,234,734	110,879,330
Due to banks	12	6,616,718	7,210,170
Other facilities	13	3,289,458	1,651,090
Other liabilities	14	82,821,752	24,939,089
Taxation payable	15	1,751,833	699,109
Deferred taxation	15	515,808	281,192
TOTAL LIABILITIES		<u>300,230,303</u>	<u>145,659,980</u>
NET ASSETS		<u>28,384,891</u>	<u>28,893,886</u>
CAPITAL AND RESERVES:			
Share capital	17	3,489,081	6,978,161
Capital reserve	20	3,489,080	-
Share premium	21	13,684,952	20,277,386
Statutory reserve	22	2,684,417	859,385
Small and medium industries reserve	23	945,009	336,665
General reserve	24	4,092,352	442,289
SHAREHOLDERS' FUNDS		<u>28,384,891</u>	<u>28,893,886</u>
Acceptances, bonds, guarantees and other obligations for the account of customers	25	80,130,170	30,090,825
TOTAL ASSETS AND CONTINGENCIES		<u>408,745,364</u>	<u>204,644,691</u>

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

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

Approved by the Board of Directors on 14 May 2007

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

Profit and Loss Account

For the year ended 31 March 2007

	<u>Notes</u>	<u>31 March 2007</u> N'000	<u>31 March 2006</u> N'000
GROSS EARNINGS		27,881,451	13,360,358
INTEREST AND DISCOUNT INCOME	26	16,893,897	8,732,783
INTEREST EXPENSE	27	(4,951,906)	(2,471,509)
INTEREST MARGIN		11,941,991	6,261,274
Allowance for risk assets	28	(1,775,456)	(1,385,593)
NET INTEREST MARGIN		10,166,535	4,875,681
OTHER INCOME	29	10,987,554	4,627,575
Operating expenses	30(b)	21,154,089 (13,110,924)	9,503,256 (8,383,807)
PROFIT BEFORE TAXATION	30(a)	8,043,165	1,119,449
Taxation	15(c)	(1,959,726)	(382,300)
PROFIT AFTER TAXATION		6,083,439	737,149
APPROPRIATIONS:			
Transfer to statutory reserve	22	(1,825,032)	(221,145)
Transfer to small and medium industries reserve	23	(608,344)	(73,715)
Transfer to general reserve	24	(3,650,063)	(442,289)
		-	-
Earnings per share - Basic	31	87k	7k
- Adjusted		87k	11k

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

Statement of Cash Flows

For the year ended 31 March 2007

	<u>Notes</u>	<u>31 March 2007</u> N'000	<u>31 March 2006</u> N'000
Operating Activities:			
Net cash flow from operating activities			
before changes in operating assets	32	10,991,142	4,805,702
Changes in operating assets	33	105,896,140	28,726,464
Income tax paid	15(a)	(672,386)	(208,531)
Net cash inflow from operating activities		<u>116,214,896</u>	<u>33,323,635</u>
Investing Activities:			
Purchase of fixed assets		(5,575,910)	(1,351,812)
Proceeds from sale of fixed assets		536,330	729,926
Purchase of equipment on lease		(345,733)	(266,536)
Proceeds from disposal of long term investments		2,052,000	25,000
Purchase of long term investments		(712,109)	(5,075,000)
Cash acquired from business combination		-	5,124,214
Net cash outflow from investing activities		<u>(4,045,422)</u>	<u>(814,208)</u>
Financing Activities:			
Proceeds from share issue		-	1,942,500
Net cash inflow from financing activities		<u>-</u>	<u>1,942,500</u>
Net increase in cash and cash equivalents		112,169,474	34,451,927
Cash and cash equivalents, beginning of year		46,263,777	11,811,850
Cash and cash equivalents, end of year	1	<u>158,433,251</u>	<u>46,263,777</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 2007

1. Cash and Short-term Funds:

(a) Cash and short-term funds comprise:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Cash on hand	3,868,938	2,219,175
Balances held with the Central Bank of Nigeria:		
- Current account	22,825,290	19,084,081
- Cash reserve	3,876,543	3,702,419
- Investment account (see note (b))	65,518	65,518
Balances held with other banks and financial institutions in Nigeria:		
- Clearing settlement account	691,019	1,303,988
- Placements (see note (c) below)	106,346,450	5,200,000
Balances held with banks outside Nigeria:		
- Other accounts (see note (d) below)	19,383,028	14,665,337
- Placements with foreign Banks (see note (e))	1,515,880	104,792
	158,572,666	46,345,310
Allowances for doubtful bank balances (see note (f))	(139,415)	(81,533)
	158,433,251	46,263,777

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

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Under 1 month	105,346,450	3,000,000
Call	1,000,000	2,200,000
	106,346,450	5,200,000

(ii) Included in placements is an amount of N44,690,000,000 secured by treasury bills

(d) Included in balances held with banks outside Nigeria is the naira value of foreign currencies held on behalf of customers in various foreign accounts amounting to ₦6,909,665,000 (2006: ₦3,809,131,000) to cover letters of credit transactions. The corresponding liability for this amount is included in other liabilities (see Note (14)).

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

	31 March 2007	31 March 2006
	₦'000	₦'000
Under 1 month	1,515,880	104,792
	1,515,880	104,792

(f) The movement on the allowances for doubtful bank balances during the year is as follows:

	31 March 2007	31 March 2006
	₦'000	₦'000
Beginning of year	81,533	81,533
Allowance during the year (see note 28)	57,882	-
End of year	139,415	81,533

2. Short Term Investments:

(a) Short-term investments comprise:

	31 March 2007	31 March 2006
	₦'000	₦'000
Nigerian Government Treasury Bills (see note (b) below)	32,832,623	34,248,474
Trading securities (see note (c) below)	2,435,136	-
Federal Government Bonds	-	250,000
Investment in Special Securities (see note (e) below)	3,743,659	3,743,659
	39,011,418	38,242,133

(b) Treasury Bills valued at ₦11.5 billion and ₦1.35 billion have been pledged by the Bank as collateral with the Central Bank of Nigeria and the Nigerian Inter-Bank Settlement System Plc respectively for its participation as a settlement bank.

(c) Trading securities comprise:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
12.5% 3 rd Federal Government Bond Series 11 (2009)	25,000	-
12.99% 3 rd Federal Government Bond Series 13 (2011)	550,000	-
10.98% 3 rd Federal Government Bond Series 15 (2013)	500,000	-
10.75% 4 th Federal Government Bond Series 1 (2010)	250,686	-
9.5% 4 th Federal Government Bond Series 2 (2012)	600,000	-
10.75% 4 th Federal Government Bond Series 3 (2014)	500,000	-
13.5% FGN Contractor Bond (2011)	9,450	-
	2,435,136	-
	2,435,136	-

(d) The net realizable value of the trading bonds as at year end was not materially different from the cost and hence no gain or loss was recognized on valuation.

(e) The Central Bank of Nigeria in its circular dated 1 December 2005 reduced the cash reserve ratio of banks in Nigeria from 11% to 5%. The amount of N3,743,659,000 represents the excess fund that Access Bank Plc had in its account as a result of the reduction, which the Central Bank of Nigeria has invested in a special instrument with a tenor of 91 days at a rate of 3% in line with its circular.

3. Loans and Advances:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Secured against real estate	33,359,624	27,777,240
Otherwise Secured	84,935,266	33,063,743
Unsecured	1,759	100,000
	118,296,649	60,940,983
Allowances:		
- Specific (see note (b) below)	(5,467,836)	(4,488,653)
- Interest-in-suspense (see note (c) below)	(3,946,391)	(1,799,333)
- General (see note (d) below)	(1,131,844)	(541,824)
	107,750,578	54,111,173
	107,750,578	54,111,173

(b) The movement on specific allowance for bad and doubtful loans during the year is as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	4,488,653	1,174,912
Acquired from business combination	-	2,565,584
Allowance during year (see note 28)	983,762	788,389
Written-off during the year	(4,579)	(40,232)
End of year	<u>5,467,836</u>	<u>4,488,653</u>

(c) The movement in the interest-in-suspense allowance during the year is as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	1,799,333	421,540
Acquired from business combination	-	891,438
Suspended during the year	2,621,050	777,883
Recovered during the year	(473,751)	(291,528)
Written-off during the year	(241)	-
End of year	<u>3,946,391</u>	<u>1,799,333</u>

(d) The movement on the general allowance for bad and doubtful loans during the year is as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	541,824	161,896
Allowance during the year (see note 28)	590,020	379,928
End of year	<u>1,131,844</u>	<u>541,824</u>

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Under 1 month	73,011,254	26,207,777
1 - 3 months	21,007,399	17,651,954
3 - 6 months	4,120,514	3,880,507
6 - 12 months	4,843,329	5,204,792
Over 12 months	15,314,153	7,995,953
	<u>118,296,649</u>	<u>60,940,983</u>

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Non-performing:		
Substandard	767,951	2,207,591
Doubtful	2,014,849	1,574,925
Lost	7,958,648	4,309,896
	<u>10,741,448</u>	<u>8,092,412</u>
Performing	107,555,201	52,848,571
	<u>118,296,649</u>	<u>60,940,983</u>

4. Other Facilities:

(a) This represents amounts received from the European Investment Bank for on-lending to customers (see Note 13).

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Gross loans	3,289,458	1,651,090
General allowance (see note (b) below)	(32,894)	(16,511)
	<u>3,256,564</u>	<u>1,634,579</u>

(b) The movement on the general allowance for other facilities during the year is as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	16,511	-
Allowance during the year (see note 28)	16,383	16,511
End of year	<u>32,894</u>	<u>16,511</u>

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Over 12 months	<u>3,289,458</u>	<u>1,651,090</u>

(d) The analysis of other facilities by performance is as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Performing	<u>3,289,458</u>	<u>1,651,090</u>

5. Advances under finance lease:

(a) Advances under finance lease comprise:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Gross investment in finance leases	1,201,011	376,594
Unearned income	(166,481)	(63,897)
Net investment in finance leases	<u>1,034,530</u>	<u>312,697</u>
Specific allowance (see note (b) below)	-	(13,875)
General allowance (see note (c) below)	(10,345)	(2,988)
	<u>1,024,185</u>	<u>295,834</u>

(b) The movement on specific allowance for advances under finance leases during the year is as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	13,875	13,875
Allowance no longer required (see note 28)	(13,875)	-
End of year	-	13,875

(c) The movement on general allowance for advances under finance leases during the year is as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	2,988	1,261
Allowance during the year (see note 28)	7,357	1,727
End of year	10,345	2,988

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Under 1 month	319	4,965
1-3 months	8,113	2,509
3-6 months	30,377	29,358
6 - 12 months	97,086	28,542
Over 12 months	898,635	247,323
	1,034,530	312,697

(e) The analysis of advances under finance lease by performance is as follows.

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Non-performing:		
Lost	-	13,875
	-	13,875
Performing	1,034,530	298,822
	1,034,530	312,697

6. Other Assets:

(a) Other assets comprise:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Treasury Bills on open buy back (see note (b) below)	-	10,500,000
Prepaid interest and discounts	739,104	380,576
Interest receivable	289,613	495,728
Prepayments	2,256,836	1,062,476
Deferred business combination expenses (see note (c))	-	907,922
Other receivables	2,590,874	3,643,963
	5,876,427	16,990,665
Allowance on other assets (see (d) below)	(355,062)	(379,543)
	5,521,365	16,611,122

(b) OBB Treasury Bills represent treasury bills pledged as security against open buy back inter-bank takings (see note 14).

(c) The movement on the deferred business combination expenses during the year is as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	907,922	-
Arising during the year	-	1,361,883
Charge for the year (see note 30(b))	(907,922)	(453,961)
	-	907,922
	-	907,922

(d) The movement on the allowance on other assets during the year is as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	379,543	180,505
Allowance during the year (see note 28)	133,927	199,038
Written off during the year	(158,408)	-
	355,062	379,543
	355,062	379,543

7. Long-term Investments:

(a) Long-term investments comprise:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Quoted:		
₦15 billion Second Lagos State Government Floating Rate Redeemable Bond 2006/2009 (see note (b) below)	182,000	234,000
9% Federal Government Bond Series I 2008 (see note (c) below)	-	2,000,000
8.5% Federal Government Bond Series II 2008 (see note (d) below)	3,000,000	3,000,000
	3,182,000	5,234,000
Unquoted:		
Nigerian Inter-Bank Settlement System Plc (see (e) below)	46,588	14,000
Central Security Clearing System Limited (see note (f) below)	175,000	175,000
IBTC Investment Managers (see note (g) below)	75,000	75,000
Marina Securities Limited (see note (h) below)	72,500	70,000
Consolidated Discount House (see (i) below)	10,000	10,000
Valucard Nigeria Plc (see note (j) below)	368,257	2,257
Access Bank Gambia (see note (k) below)	206,531	-
Access Investment and Securities (see(l) below)	4,490	-
Small & Medium Scale Investment (see note (m) below)	244,616	144,616
	1,202,982	490,873
Total value of investment	4,384,982	5,724,873

- (b) This represents the Bank's investment in 1,820,000 units of ₦100 each in the ₦15 billion Second Lagos State Government Floating Rate Redeemable Bond 2005/2009.
- (c) This represents the Bank's investment in 2,000,000 units of N1,000 each in the 9% Federal Government Bond Series I 2008.
- (d) This represents the Bank's investment in 3,000,000 units of N1,000 each in the 8.5% Federal Government Bond Series II 2008.
- (e) This represents the Bank's investment in Nigerian Inter-Bank Settlement System Plc. The Banker's Committee at its meeting of 13 June 2006 approved that all banks increase their investment in the company. Accordingly, Access Bank took up additional 32,588,000 ordinary shares of N1.00 each.

- (f) This represents the Bank's investment in 50,000,000 ordinary shares of ₦1 each in Central Securities Clearing System.
- (g) This represents the Bank's 15% equity investment in IBTC Investment Managers.
- (h) This represents the Bank's 29% equity investment in Marina Securities Limited (see Note (o) below).
- (i) This represents the Bank's 5% equity investment in Consolidated Discount House Limited.
- (j) This represents the Bank's 10% equity investment in Valucard Nigeria Plc. During the year the company did a right issue at ₦8 per share and Access Bank took up additional shares amounting to ₦366 million.
- (k) This represents the Bank's 75% interest in Access Bank (Gambia) Limited. The Bank obtained the approval of the Central Bank of Nigeria to operate a subsidiary in Gambia. The subsidiary commenced operation on the 27 October 2006.

The Bank did not consolidate its investment in Access Bank Gambia. The subsidiary had only traded for five months as at the parent company's year end, and the directors are of the opinion that the investment is not material and its consolidation will be of no real value to the shareholders of the Bank.

- (l) This represents the Bank's 100% equity investment in Access Investments and Securities Limited (see Note (o) below).
- (m) This represents the Bank's investment in small & medium scale companies under the SMEEIS scheme. The companies are as follows:

	Value of Shares ₦'000
First SMI Consortium Company	13,750
Midland Sugar Limited	21,991
Channel House Limited	15,000
Masdeladel Industries	30,600
Radmed Diagnostics	37,100
Vic Lawrence Associates	26,175
Tinapa Business Resort	100,000
	244,616
	244,616

- (n) The Bank's investment of ₦3 billion in 8.5% Federal Government Bond Series II 2008 have been pledged as collateral with Central Bank of Nigeria by the Bank for its participation as settlement Bank.

- (o) The financial results of Marina Securities Limited, Access Investment and Securities Limited and SMEEIS companies where the Bank's investment are in excess of 20% have not been consolidated because the directors are of the opinion that their consolidation would be of no real value to the members, in view of the insignificant amounts involved. Furthermore, the business of Access Bank Plc and that of the SMEEIS is so different that they cannot reasonably be treated as a single entity.

In the opinion of the directors, the market value of these investments is not lower than their cost.

8. Fixed Assets:

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

	<u>Capital work in progress</u> N'000	<u>Freehold land, & Building and leasehold imp.</u> N'000	<u>Furniture fixtures & Equipment</u> N'000	<u>Computer hardware</u> N'000	<u>Motor vehicles</u> N'000	<u>Total</u> N'000
COST:						
Beginning of year	604,518	1,608,237	2,494,608	1,277,880	1,404,456	7,389,699
Additions	1,246,944	2,378,027	853,083	267,327	830,529	5,575,910
Disposals	-	(125,441)	(92,810)	-	(288,969)	(507,220)
Transfers	(110,416)	73,071	25,907	4,618	6,820	-
End of year	<u>1,741,046</u>	<u>3,933,894</u>	<u>3,280,788</u>	<u>1,549,825</u>	<u>1,952,836</u>	<u>12,458,389</u>
ACCUMULATED DEPRECIATION:						
Beginning of year	-	385,137	1,405,815	983,756	661,830	3,436,538
Charge for the year	-	137,969	468,959	199,723	385,635	1,192,286
Disposals	-	(19,928)	(78,901)	-	(233,117)	(331,946)
End of year	<u>-</u>	<u>503,178</u>	<u>1,795,873</u>	<u>1,183,479</u>	<u>814,348</u>	<u>4,296,878</u>
NET BOOK VALUE:						
End of year	<u>1,741,046</u>	<u>3,430,716</u>	<u>1,484,915</u>	<u>366,346</u>	<u>1,138,488</u>	<u>8,161,511</u>
Beginning of year	<u>604,518</u>	<u>1,223,100</u>	<u>1,088,793</u>	<u>294,124</u>	<u>742,626</u>	<u>3,953,161</u>

- (b) No leased movable assets are included in the above fixed assets.
- (c) Authorised and contracted capital commitments as at the balance sheet date amounted to ₦482,335,634 (2006: ₦124,528,842).

9. Equipment on lease:

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

	<u>Motor Vehicle</u>	<u>Equipment</u>	<u>Total</u>
	N'000	N'000	N'000
Cost:			
Beginning of year	141,958	2,732,326	2,874,284
Additions	34,600	311,133	345,733
End of year	<u>176,558</u>	<u>3,043,459</u>	<u>3,220,017</u>
Accumulated Depreciation:			
Beginning of year	110,450	1,639,054	1,749,504
Charge for the year	27,280	371,893	399,173
End of year	<u>137,730</u>	<u>2,010,947</u>	<u>2,148,677</u>
Net book value:			
End of year	<u>38,828</u>	<u>1,032,512</u>	<u>1,071,340</u>
Beginning of year	<u>31,508</u>	<u>1,093,272</u>	<u>1,124,780</u>

10 Goodwill:

(a) Effective 1 November 2005, Access Bank Plc acquired the entire business of Capital Bank International Plc and Marina International Bank Limited through a business combination. Goodwill represents the excess of the cost of the combination over the value of the net identifiable assets acquired. Goodwill arising from the combination was computed as follows:

	N'000
Value of shares issued	12,142,315
Net assets acquired	(3,901,772)
Goodwill from combination	<u>8,240,543</u>

In prior year, the Bank applied the provisions of Section 21(2)(3) of the Companies and Allied Matters Act, 1990 for the amortization of Goodwill. Goodwill was to be amortised over five years in five equal annual installments commencing in the accounting year ended 31 March 2006. However, the directors by a resolution passed on 26 July 2006 and pursuant to the special resolution stated above, resolved that the goodwill balance of N6,592,434,000 as at 31 March, 2006 should be written off against the special reserve account. Furthermore, at the Annual General Meeting of the Bank held on 31 August 2006, the Bank obtained shareholders' approval to create a special reserve account from the share premium account for the purpose of writing off the outstanding balance on the goodwill account. The Federal High Court, Lagos, subsequently sanctioned the reduction of the Bank's share premium on 27 September 2006. Also, the Central Bank of Nigeria in its circular number BSD/24/2006 dated 17 October 2006 instructed banks desiring to pay dividends to apply for its approval to enable them to fully write off such goodwill assets in their accounts from either their share premium or general reserve accounts.

Accordingly, the goodwill balance stated above has been written off in the current year.

(b) The movement on the goodwill account during the year is as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	6,592,434	-
Arising during the year	-	8,240,543
Charge for the year (see note 30(b))	-	(1,648,109)
Transfer to special reserve (see note 19)	(6,592,434)	
End of year	<u>-</u>	<u>6,592,434</u>

11 Deposits and Other Accounts:

(a) Deposits and other accounts comprise:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Demand	98,980,303	70,903,250
Savings	3,910,854	2,203,370
Term and call	102,343,577	37,772,710
	<u>205,234,734</u>	<u>110,879,330</u>

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Under 1 month	154,652,846	95,179,698
1 - 3 months	49,567,389	14,739,320
3 - 6 months	901,112	954,799
6 - 12 months	113,387	5,513
	<u>205,234,734</u>	<u>110,879,330</u>

12. Due to banks:

(a) Balances due to banks comprise:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Foreign borrowing (see note (b) below)	6,616,718	7,210,170
	<u>6,616,718</u>	<u>7,210,170</u>

The maturity profile of foreign borrowing is as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Under 1 month	6,616,718	7,210,170
	<u>6,616,718</u>	<u>7,210,170</u>

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

13. Other Facilities:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Due to European Investment Bank	3,289,458	1,651,090
	<u>3,289,458</u>	<u>1,651,090</u>

- (b) The maturity profile of amounts received from European Investment Bank stated above for on-lending is as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Over 12 months	3,289,458	1,651,090

14. Other Liabilities:

- (a) Other liabilities comprise:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Foreign currency denominated liabilities in respect of customers' obligations (see Note 1(d))	6,909,665	3,809,131
OBB Takings (see note (b))	58,500,000	10,500,000
Interest payable	282,020	102,904
Accrued expenses	484,201	383,918
Managers' cheques	3,762,595	1,255,301
Unearned income	1,373,521	2,302,666
Staff Pension Fund	6,265	70,127
Others	11,503,485	6,515,042
	82,821,752	24,939,089

- (b) The OBB takings of N58.5 billion is secured on a secondary pledge of treasury bills received on OBB placement by the Bank.

15. Taxation Payable:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	699,109	216,284
Acquired from business combination	-	243,107
Charge for the year (see note (c) below)	1,725,110	448,249
Payments during the year	(672,386)	(208,531)
End of year	1,751,833	699,109

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	281,192	275,263
Acquired from business combination	-	71,878
Charge /(reversal) for the year	234,616	(65,949)
End of year	<u>515,808</u>	<u>281,192</u>

(ii) Deferred tax liability is analyzed as follows:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Fixed assets	868,334	449,589
General provision	(352,526)	(168,397)
End of year	<u>515,808</u>	<u>281,192</u>

(c) The tax charge for the year comprises:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Income tax	1,528,766	381,332
Education tax	162,891	37,550
Capital gains tax	33,453	29,367
	<u>1,725,110</u>	<u>448,249</u>
Deferred tax charge	234,616	(65,949)
	<u>1,959,726</u>	<u>382,300</u>

The current tax charge has been computed at the current company income tax rate of 30% (2006: 30%) plus 2% (2006: 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.

16 Dividend payable:

Statement of Accounting Standard No. 23 (SAS 23) on provisions, contingent liabilities and contingent assets was issued by the Nigerian Accounting Standards Board on 1 June, 2006 and became applicable for financial statements covering periods ending on or after December 31, 2006. Based on this standard, provision can only be recognized in the financial statements when an entity has a present obligation arising from a past event. Accordingly, proposed dividends will now only be recognized in the year in which they were declared

The Board of Directors has proposed a dividend of 40k per share on the issued share capital of 6,978,160,860 ordinary shares of 50k each subject to approval by the shareholders at the next annual general meeting. The dividend will be subject to deduction of withholding tax at the appropriate tax rate at the time of payment.

17. Share Capital:

Share capital comprises:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
(a) Authorised:		
Ordinary shares:		
18,000,000,000 ordinary shares of 50k each		
(2006: 15,000,000,000 ordinary shares of 50k each)	9,000,000	7,500,000
 Preference shares:		
2,000,000,000 preference shares of 50k each		
(2006: Nil)	1,000,000	-
	10,000,000	7,500,000
 Issued and fully paid:		
6,978,160,860 ordinary shares of 50k each		
(2006: 13,956,321,723 of 50k each)	3,489,081	6,978,161

In October 2006, the Bank carried out a share reconstruction exercise to reduce the number of issued and fully paid ordinary shares of the Bank by 50%. The restructured shares were allotted to shareholders as fully paid in the ratio of 1 ordinary share for 2 ordinary shares held. The nominal value per share remained the same and the surplus in the nominal value was transferred to a capital reserve account. The percentage shareholding of each shareholder remained unchanged after the share reconstruction.

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	6,978,161	4,055,607
Bonus issue capitalized (see note 18)	-	579,373
Offer for subscription	-	249,679
Share exchange	-	2,093,502
Arising from share reconstruction (see note 20)	(3,489,080)	-
	3,489,081	6,978,161

18. Bonus Issue Reserve:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	-	579,373
Transfer to paid-up share capital (see note 17(b))	-	(579,373)
	-	-

19. Special reserve:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Transfer from share premium (see note 21)	6,592,434	-
Goodwill written off during the year (see note 10(b))	(6,592,434)	-
	-	-

20. Capital reserve:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Arising from share reconstruction (see note 17(b))	3,489,080	-
	3,489,080	-

21. Share premium:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	20,277,386	8,535,754
Premium from share issue	-	1,692,821
Premium arising from business combination	-	10,048,811
Transfer to special reserve (see note 10(b) and 19)	(6,592,434)	-
End of year	<u>13,684,952</u>	<u>20,277,386</u>

22. Statutory reserve:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	859,385	638,240
Transfer from profit and loss account	1,825,032	221,145
End of year	<u>2,684,417</u>	<u>859,385</u>

In accordance with existing legislation, the Bank transferred 30% (2006: 30%) of its profit after taxation to statutory reserve.

23. Small and Medium Industries reserve:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	336,665	262,950
Transfer from profit and loss account	608,344	73,715
End of year	<u>945,009</u>	<u>336,665</u>

In accordance with Monetary, Credit, Foreign Trade & Exchange Policy Guidelines for 2001 fiscal year of the Central Bank of Nigeria, 10% of profit after taxation for the period ended 31 March 2007 (2006: 10%) has been transferred to small and medium scale industries reserve.

24. General reserve:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Beginning of year	442,289	-
Transfer from profit and loss account	3,650,063	442,289
	4,092,352	442,289

25. Acceptances, Bonds, Guarantees and Other Obligations:

These comprise:

(a) Amounts for the account of customers

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Guaranteed BAs/CPs	11,064,157	6,039,735
Transaction-related bonds and guarantees (see note (b) below)	24,045,843	12,342,880
Letters of Credit	45,020,170	11,606,410
Guaranteed Facilities (see note (c) below)	-	101,800
	80,130,170	30,090,825

(b) Included in transaction related bonds are cash collateralised bonds and guarantees amounting to N13,705,934,075 (2006: N2,127,953,100).

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

26. Interest and Discount Income:

Interest and discount income comprise:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Source:		
Lending to financial institutions	184,765	14,563
Lending to non-bank customers	10,630,899	5,957,732
Interest income on treasury bills & securities trading	6,078,233	2,760,488
	16,893,897	8,732,783

Geographical location:		
Earned in Nigeria	16,500,373	8,703,174
Earned outside Nigeria	393,524	29,609
	<u>16,893,897</u>	<u>8,732,783</u>

27. Interest Expense:

Interest expense comprises:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Source:		
Borrowing from financial institutions	41,804	91,191
Borrowing from non-bank depositors	2,306,305	1,528,407
Interest expense on securities trading	2,603,797	851,911
	<u>4,951,906</u>	<u>2,471,509</u>
Geographical location:		
Paid in Nigeria	4,907,880	2,427,211
Paid outside Nigeria	44,026	44,298
	<u>4,951,906</u>	<u>2,471,509</u>

28. Allowance:

Allowance for risk assets comprise:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Loans and advances:		
- Specific (see note 3(b))	983,762	788,389
- General (see note 3(d))	590,020	379,928
Other facilities:		
- General (see note 4(b))	16,383	16,511
Advances under finance leases:		
- No longer required (see note 5(b))	(13,875)	-
- General (see note 5(c))	7,357	1,727
	<u>1,583,647</u>	<u>1,186,555</u>
Allowance for other assets (see note 6(d))	133,927	199,038
	<u>1,717,574</u>	<u>1,385,593</u>
Allowance for doubtful bank balances (see note 1(f))	57,882	-
	<u>1,775,456</u>	<u>1,385,593</u>

29 Other Banking Income:

(a) This comprises:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Income from foreign exchange transactions (see note (b) below)	618,063	872,188
Commissions and similar income	5,283,494	1,919,665
Fees	4,486,191	943,934
Lease rental	150,475	423,616
Other income	449,331	468,172
	10,987,554	4,627,575

(b) Income from foreign exchange transactions comprise:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Net transaction difference	618,063	872,188
	618,063	872,188

30. Profit before Taxation

(a) General:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Depreciation on fixed assets	1,192,286	759,282
Depreciation on equipment on lease	399,173	331,036
Auditors' remuneration	30,000	21,000
Deposit insurance premium	563,671	233,318
Profit on disposal of fixed assets	(361,056)	(437,767)
Amortization of goodwill	-	1,648,109
	-	-

(b) Analysis of operating expenses:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Staff salaries and allowances	1,843,458	1,138,919
Depreciation	1,591,459	1,090,799
Administration and general expenses	4,073,067	927,175
Repairs and maintenance	508,529	355,219
Insurance	727,717	321,039
Professional fees	608,429	233,318
Rent and rates	320,858	414,955
Travelling	389,378	236,793
Business combination expenses (see note 6(c))	907,922	453,961
Other operating expenses	2,140,107	1,563,520
	13,110,924	6,735,698
Goodwill amortization (see note 10(b))	-	1,648,109
	13,110,924	8,383,807

(c) Staff and executive directors' costs:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Wages and salaries	1,790,949	1,101,176
Pension costs	52,509	37,743
	1,843,458	1,138,919
	1,843,458	1,138,919

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	Number	Number
Managerial	74	125
Other staff	655	359
	729	484
	729	484

- iii. Employees, other than directors, earning more than ₦610,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	Number	Number
₦ 610,001 - ₦ 620,000	-	6
₦ 910,001 - ₦ 1,000,000	-	15
₦ 1,540,001 - ₦ 1,550,000	230	2
₦ 1,650,001 - ₦ 1,660,000	-	76
₦ 2,610,001 - ₦ 2,620,000	138	108
₦ 3,300,001 - ₦ 3,300,000	111	94
₦ 3,910,001 - ₦ 3,920,000	85	58
₦ 4,300,001 - ₦ 4,310,000	56	-
₦ 4,740,001 - ₦ 4,750,000	35	39
₦ 5,430,001 - ₦ 5,440,000	-	28
₦ 6,740,001 - ₦ 6,750,000	55	-
₦ 7,420,001 - ₦ 7,430,000	-	25
₦ 7,870,001 - ₦ 7,880,000	-	13
₦ 8,740,001 - ₦ 8,750,000	8	-
₦ 9,180,001 - ₦ 9,190,000	-	9
₦10,800,001 - ₦10,810,000	10	-
₦11,350,001 - ₦11,360,000	1	10
₦13,250,001 - ₦13,260,000	-	1
	729	484
	729	484

- (d) Directors' remuneration:

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	₦'000	₦'000
Fees as directors	6,250	536
Other emoluments:		
Executive directors	53,132	47,848
Other directors	30,110	15,668
	97,492	64,052
	97,492	64,052

The directors' remuneration shown above includes:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Chairman	5,989	2,759
Highest paid director:	15,691	14,715

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

	<u>31 March 2007</u>	<u>31 March 2006</u>
	Number	Number
N2,000,001 - N2,500,000	-	6
N4,000,001 - N9,000,000	7	-
N9,000,001 - N9,500,000	-	1
N10,000,001 - N13,000,000	2	-
N14,000,001 - N14,500,000	-	1
N14,500,001 - N16,000,000	1	1
	-	-

31. Earnings per Share:

Unadjusted earnings per share is based on the profit after taxation and the number of ordinary shares outstanding during the year ended 31 March 2007 of 6,978,160,860 (2006: 11,139,385,237).

Adjusted earnings per share is based on the profit after taxation and the reconstructed number of ordinary shares outstanding during the year ended 31 March 2007 of 6,978,160,860 (2006: 6,978,160,860).

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

This comprises:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
Profit before taxation	8,043,165	1,119,449
Adjustments to reconcile profit before taxation to net cash flow from operations:		
- depreciation on fixed assets (see note 8(a))	1,192,286	759,282
- depreciation on equipment on lease (see note 9)	399,173	331,036
- profit on disposal of fixed assets	(361,056)	(437,767)
- provision for risk assets (see note 28)	1,717,574	1,385,593
- Goodwill amortization (see note 10(b))	-	1,648,109
Net cash flow from operating activities	10,991,142	4,805,702

33. Changes in operating assets:

This comprises:

	<u>31 March 2007</u>	<u>31 March 2006</u>
	N'000	N'000
(Increase)/decrease in operating assets:		
- Short-term investments	(769,285)	(29,298,572)
- Loans and advances	(55,213,187)	(28,425,458)
- Other facilities	(1,638,368)	(1,634,579)
- Advances under finance lease	(721,833)	38,472
- Other assets	10,955,830	12,965,544
 Increase/(decrease) in operating liabilities:		
- Deposits and other accounts	94,355,404	65,501,397
- Due to banks	(593,452)	4,419,851
- Other facilities	1,638,368	1,651,090
- Other liabilities	57,882,663	3,508,719
	<u>105,896,140</u>	<u>28,726,464</u>

34. Contraventions of the Banks and other Financial Institutions Act, 1991 and CBN Circulars:

During the year, the Bank contravened the provisions of the following Central Bank of Nigeria Circulars/guidelines;

<u>Section/ Circular</u>	<u>Nature of Contravention</u>	<u>Number of Times</u>	<u>Penalty</u>
20(2)(d)	Failure to obtain CBN approval for investment.	1	3,000,000

35. 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 ₦11,996,565,000 (2006: ₦8,944,807,000) was outstanding on these various facilities at the end of the year, of which ₦378,088,000 (2006: ₦265,796,000) were non-performing. Details of the non performing credits are on note 33(i)

36. Claims and Litigation:

There are litigation claims against the Bank as at 31 March 2007 amounting to ₦6,492,072,609 (2006: ₦4,109,413,419). These claims arose in the normal course of business and are being contested by the Bank. The Directors sought the advice of professional legal counsel and are of the opinion based on the advice received that no significant liability will crystallize from these cases. No provisions are therefore deemed necessary for these claims.

37. Prior-year Comparatives

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

Statement of Value Added

	31 March <u>2007</u>		31 March <u>2006</u>	
	N'000	%	N'000	%
Gross earnings	27,881,451		13,360,358	
Interest expense:				
- Local	(4,907,880)		(2,427,211)	
- Foreign	(44,026)		(44,298)	
	<u>22,929,545</u>		<u>10,888,849</u>	
Loan loss expense	(1,583,647)		(1,186,555)	
Allowance on other assets	(133,927)		(199,038)	
Allowance on doubtful bank balances	(57,882)		-	
Goodwill amortization	-		(1,648,109)	
Bought-in materials and services				
- Local	(9,673,855)		(4,389,522)	
- Foreign	-		(116,939)	
	<u>11,480,234</u>	<u>100</u>	<u>3,348,686</u>	<u>100</u>
Applied to pay:				
Employee costs	1,845,610	16	1,138,919	34
Government as taxes	1,959,726	17	382,300	11
Retained in the business:				
- Depreciation - Fixed asset	1,192,286	10	759,282	23
- Equipment on lease	399,173	3	331,036	10
- Profit for the year (including statutory and small and medium scale industries reserves)	6,083,439	54	737,149	22
	<u>11,480,234</u>	<u>100</u>	<u>3,348,686</u>	<u>100</u>

Five-Year Financial Summary

	2007	2006	2005	2004	2003
	N'000	N'000	N'000	N'000	N'000
ASSETS:					
Cash and short-term funds	158,433,251	46,263,777	11,811,850	5,527,375	7,682,782
Short-term investments	39,011,418	38,242,133	7,990,980	7,777,742	1,859,887
Loans and advances	107,750,578	54,111,173	16,183,353	11,461,571	6,505,420
Other facilities	3,256,564	1,634,579	-	463,790	-
Advances under finance lease	1,024,185	295,834	150,188	45,437	2,874
Other assets	5,521,365	16,611,122	27,213,502	2,898,153	4,468,327
Long-term investments	4,384,982	5,724,873	394,500	307,000	257,000
Fixed assets	8,161,511	3,953,161	2,417,425	1,843,687	1,400,052
Equipment on lease	1,071,340	1,124,780	756,517	1,016,752	405,698
Goodwill	-	6,592,434	-	-	-
	<u>328,615,194</u>	<u>174,553,866</u>	<u>66,918,315</u>	<u>31,341,507</u>	<u>22,582,040</u>
LIABILITIES:					
Deposits and other accounts	205,234,734	110,879,330	32,607,703	22,724,035	9,308,990
Due to banks	6,616,718	7,210,170	2,790,319	849,947	1,356,799
Other facilities	3,289,458	1,651,090	-	468,475	-
Other liabilities	82,821,752	24,939,089	16,956,822	3,854,666	9,148,258
Taxation payable	1,751,833	699,109	216,284	215,335	153,519
Deferred taxation	515,808	281,192	275,263	226,219	114,117
	<u>300,230,303</u>	<u>145,659,980</u>	<u>52,846,391</u>	<u>28,338,677</u>	<u>20,081,683</u>
NET ASSETS:	<u>28,384,891</u>	<u>28,893,886</u>	<u>14,071,924</u>	<u>3,002,830</u>	<u>2,500,357</u>
CAPITAL AND RESERVES:					
Share capital	3,489,081	6,978,161	4,055,607	1,500,000	1,350,000
Bonus issue reserve	-	-	579,373	500,000	150,000
Capital reserve	3,489,080	-	-	-	-
Share premium	13,684,952	20,277,386	8,535,754	-	329,536
Statutory reserves	2,684,417	859,385	638,240	487,785	296,543
Small and medium industries reserve	945,009	336,665	262,950	187,847	92,672
General reserve	4,092,352	442,289	-	327,198	281,606
	<u>28,384,891</u>	<u>28,893,886</u>	<u>14,071,924</u>	<u>3,002,830</u>	<u>2,500,357</u>
Commitments and Contingencies	<u>80,130,170</u>	<u>30,090,825</u>	<u>14,763,107</u>	<u>13,393,640</u>	<u>6,376,970</u>
Total Assets and Contingencies	<u>408,745,364</u>	<u>204,644,691</u>	<u>81,681,422</u>	<u>44,735,147</u>	<u>28,959,010</u>
Gross earnings	<u>27,881,451</u>	<u>13,360,358</u>	<u>7,494,855</u>	<u>5,515,086</u>	<u>4,367,887</u>
Profit on ordinary activities before exceptional charge	8,043,165	1,119,449	751,033	951,750	1,010,805
Exceptional charge	-	-	-	-	(200,166)
Profit before taxation	8,043,165	1,119,449	751,033	951,750	810,639
Profit after taxation	6,083,439	737,149	501,515	637,473	556,573
Dividend paid	-	-	300,000	135,000	-
Unadjusted Earnings per share	87k	7k	12k	21k	21k
Adjusted Earnings per share	87k	11k	9k	16k	14k
Dividend per share	-	-	-	10k	5k
Number of ordinary shares of 50k	6,978,161	13,956,322	8,111,215	3,000,000	2,700,000