ACCESS BANK PLC

Consolidated financial statements for the period ended 31 December 2009.

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CORPORATE GOVERNANCE

Introduction

Access Bank Plc ('the Bank') recognises that good corporate governance is fundamental to earning and retaining the confidence and trust of its stakeholders. It provides the structure through which the objectives of the Bank are set and the means of attaining those objectives and monitoring and procedures are determined.

The Codes of Corporate Governance for Banks in Nigeria Post Consolidation issued by the Central Bank of Nigeria, the Securities and Exchange Commission's Code of Best Practice and Access Bank's Principles of Corporate Governance collectively provide the basis for promoting sound corporate governance in the Bank. The Bank's subsidiary entities are guided by these principles in their governance frameworks and also meet the requirements of their respective jurisdictions to ensure local compliance. The Group's governance framework helps the Board to discharge its role of providing oversight and strategic counsel in balance with its responsibility to ensure conformity with regulatory requirements and acceptable risk.

Compliance with all applicable legislation, regulations, standards and codes is an essential characteristic of the Bank's culture. The Board monitors compliance with these by means of management reports, which include information on any significant interaction with key stakeholders.

Governance structure

Shareholders' Meeting

Shareholders meetings are duly convened and held in line with the Bank's Article's of Association and existing statutory and regulatory regimes in an open manner, for the purpose of deliberating on issues affecting the Bank's strategic direction. This occurs through a fair and transparent process and also serves as medium for fostering interaction between the Board, Management and Shareholders. Attendance at the Annual General Meeting is open to shareholders or their proxies while proceedings at such meetings are usually monitored by members of the press, representatives of the Nigerian Stock Exchange, Central Bank of Nigeria and Securities and Exchange Commission. The Board ensures that shareholders are provided with adequate notice of the meeting. An Extraordinary General Meeting may also be convened at the request of the Board or Shareholders holding not less than 10% of the Bank's paid- up capital.

The Board: Composition and Role

The Board is comprised of fourteen members, which include the Chairman and seven non-Executive Directors, the Group Managing Director/CEO; Group Deputy Managing Director and four Executive Directors. In line with best practice, there is separation of powers between the Chairman and Managing Director. The Board is able to reach impartial decisions as its Non-Executive Directors are a blend of Independent and Non-Independent Directors with no shadow or alternate Directors, which ensures that independent thought, is brought to bear on decisions of the Board. The effectiveness of the Board derives from the diverse range of skills, competences of the executive and non-executive directors who have exceptional degrees of banking, financial and broader entrepreneurial experiences.

The Board is responsible for ensuring the creation and delivery of sustainable value to the Bank's stakeholders through its management of the Bank's business. The Board is accountable to the shareholders and is responsible for the management of the Bank's relationship with its various stakeholders. The Board ensures that the activities of the Bank are at all times executed within the applicable and regulatory framework. The Bank's Principles of Corporate Governance which is a set of principles which have been adopted by the Board as a definitive statement of Corporate Governance defines such matters which have been reserved for the Board. The matters reserved for the Board include but are not limited to defining the Bank's business strategy and objectives, formulating risk policies and making decisions on the establishment of foreign subsidiaries. Executive Management is accountable to the Board for the development and implementation of strategy and policies.

The Board meets quarterly and emergency meetings are convened as may be required by circumstances. The annual calendar of the Board and Committee meetings are approved in advance and all directors are expected to attend each meeting. The annual calendar of board meetings includes a board retreat at an offsite location over three days to consider strategic matters and review the opportunities and challenges facing the Bank. . All directors are provided with notice, agenda and meeting papers in advance of each meeting and where a director is unable to attend a meeting he/she is still provided with the relevant papers for the meeting while such director reserve the right to discuss with the Chairman the matters he/she may wish to raise at the meeting. Decisions are also taken between meetings via written resolutions circulated to all directors in accordance with the Articles of Association of the Bank. The Board met three times during the course of the 2009 financial period.

The Company Secretary and his team continue to provide dedicated support to the Board ensuring that directors receive timely and accurate information required to fulfil their roles. Directors may at the company's expense take independent professional advice on matters pertaining to their role as directors. In addition, the directors receive monthly update on development in the business and regulatory environment. The Board ensures the regular training and education of board members on issues pertaining to their oversight functions.

The Standing Committees

The Board carries out its oversight function through its standing committees each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board does not sit on any of the committees. The Board's four standing committees are: the Board Risk Management Committee, the Board Audit Committee, the Board Human Resources Committee and the Board Credit & Finance Committee. The composition and responsibilities of the Committees are set out below:

Name	Board Audit Comittee	Board Risk Management Committee	Board Credit & Finance Committee	Board Human Resources Committee
Mr. Gbenga Oyebode[1]	-	-	-	-
Dr Cosmas Maduka[1]	-	-	C	-
Mr Oritsedere Otubu[1]	C	-	M	M
Dr.Mahmoud Isa-Dutse[2]	M	C	M	-
Mr. Emmanuel Chiejina[2]	-	-	M	C
Dr. Adewunmi Desalu[1]	-	-	M	-
Mr. Tunde Folawiyo[1]	-	M	M	M
Mrs. Mosun Belo-Olusoga[1]	-	M	M	M
Mr. Aigboje Aig- Imoukhuede[3]	M	M	M	M
Mr. Herbert Wigwe[3]	M	M	M	M
Mr. Taukeme Koroye[3]	M	M	-	-
Mr. Okey Nwuke[3]	-	M	M	-
Mr. Obeahon Ohiwerei[3]	-	M	M	-
Mr Ebenezer Olufowose[3]	-	M	M	-

Keys

C Chairman of Committee
M Member
- Not a member
1 Non- Executive
2 Independent Non-Executive
3 Executive

Board Credit and Finance Committee

The Committee considers and approves loan applications above certain limits (as defined by the Board from time to time) which have been approved by the Management Credit Committee. It also acts as a catalyst for credit policy changes. Given the number of credit requests requiring the Committee's approval and the need for expeditious approval of credits, credits are circulated amongst the members for consideration and approval between Board Committee Meetings. The Committee met three times during the 2009 financial period.

Board Human Resources Committee

The Committee advises the Board on its oversight responsibilities in relation to compensation, benefits and all other human resource matters affecting the directors and employees of the Bank. Specifically, the committee is responsible for determining and executing the processes for board appointments, recommending appropriate remuneration for directors (both executive and non-executive) and approving remuneration for all other members of staff. The objectives of the Committee include ensuring that the Bank's human resources are maximised to support the long term success of the Bank and to protect the welfare of all employees. The Committee met three times during the 2009 financial period.

Board Risk Management Committee

The Committee assists the Board in fulfilling its oversight responsibility relating to establishment of policies, standards and guidelines for risk management, and compliance with legal and regulatory requirements in the Bank. In addition, it oversees the establishment of a formal written policy on the overall risk management system. The Committee also ensures compliance with established policies through periodic reviews of reports provided by management and ensures the appointment of qualified officers to manage the risk function. The Committee evaluates the Bank's risk policies on a periodic basis to accommodate major changes in internal or external environment. The Committee met three times during the 2009 financial period.

Board Audit Committee

The Committee assists the Board in fulfilling its oversight responsibility relating to the integrity of the Bank's financial statements and the financial reporting process; the independence and performance of the Bank's internal and external auditors; and the Bank's system of internal control and mechanism for receiving complaints regarding the Bank's accounting and operating procedures. The Bank's Chief Internal Auditor and Chief Compliance Officer have access to the Committee and make quarterly presentations to the Committee. The Committee met three times during the 2009 financial period.

Attendance at Board Committee meetings

During the period ended 31 December 2009, the various committees of the Board of Directors held three meetings each and the attendance at these meetings were as shown below:

	NAMES OF DIRECTORS	Meeting BOD	BRM	BCF	BHR	BAC
1	Mr. Gbenga Oyebode	3	N/A	N/A	N/A	N/A
2	Dr. Cosmas Maduka	3	N/A	2	N/A	N/A
3	Dr. Mahmoud Isa –Dutse	3	3	3	N/A	3
4	Dr. Adewunmi Desalu	3	N/A	3	N/A	N/A
5	Mr. Oritsedere Otubu	3	N/A	3	3	3
6	Mr. Emmanuel Chiejina	3	N/A	3	3	N/A
7	Mr. Tunde Folawiyo	3	3	3	3	N/A
8	Mrs. Mosunmola Belo-Olusoga	3	3	3	3	N/A
9	Mr. Aigboje Aig-Imoukhuede	3	3	3	3	3
10	Mr. Herbert Wigwe	3	3	3	3	3
11	Mr. Taukeme Koroye	3	3	N/A	N/A	3
12	Mr. Okey Nwuke	3	3	3	N/A	N/A
13	Mr. Obeahon Ohiwerei	3	3	3	N/A	N/A
14	Mr. Ebenezer Olufowose	3	3	3	N/A	N/A

Key

BOD – Board of Directors' meeting
BRM – Board Risk Management Committee meeting
BCF – Board Credit and Finance Committee meeting
BHR – Board Human Resources Committee meeting
BAC – Board Audit committee meeting

Executive committee

The Executive Committee (EXCO) is made up of the Group Managing Director as Chairman, the Group Deputy Managing Director and all the Executive Directors as members. The Committee meets to deliberate and take policy decisions on the management of the Bank. It is primarily responsible for the implementation of strategies approved by the Board and ensuring the efficient deployment of the Bank's resources.

Management committees

These are standing committees made up of senior management of the Bank. The Committees are also risk driven and are set up to identify, analyse and make recommendations on risk pertaining to the Bank's day to day activities. They ensure that the risk limits set by the Board and the regulatory bodies are complied with and also provide inputs to the various Board Committees in addition to ensuring the effective implementation of risk polices. They meet as frequently as risk issues occur and take actions and decisions within the confines of their respective powers.

The management committees include: Management Credit Committee, Asset and Liabilities Committee, Enterprise Risk Management Committee, Criticized Assets Committee and IT Steering Committee.

Statutory audit committee
In compliance with Section 359 of the Companies and Allied Matters Act 1990, the Bank constituted a Standing Shareholders Audit Committee made up of three non-executive directors and three shareholders. The composition of the Committee is as set out below

1.	Mr. Oluwatoyin Eleoramo	(Shareholder)	Chairman
2.	Mr. Idaere Gogo Ogan	(Shareholder)	Member
3.	Mr. Alashi Steven Ola	(Shareholder)	Member
4.	Dr. Cosmas Maduka	(Director)	Member
5.	Mr. Oritsedere Otubu	(Director)	Member
6.	Mrs. Mosunmola Belo-Olusoga	(Director)	Member

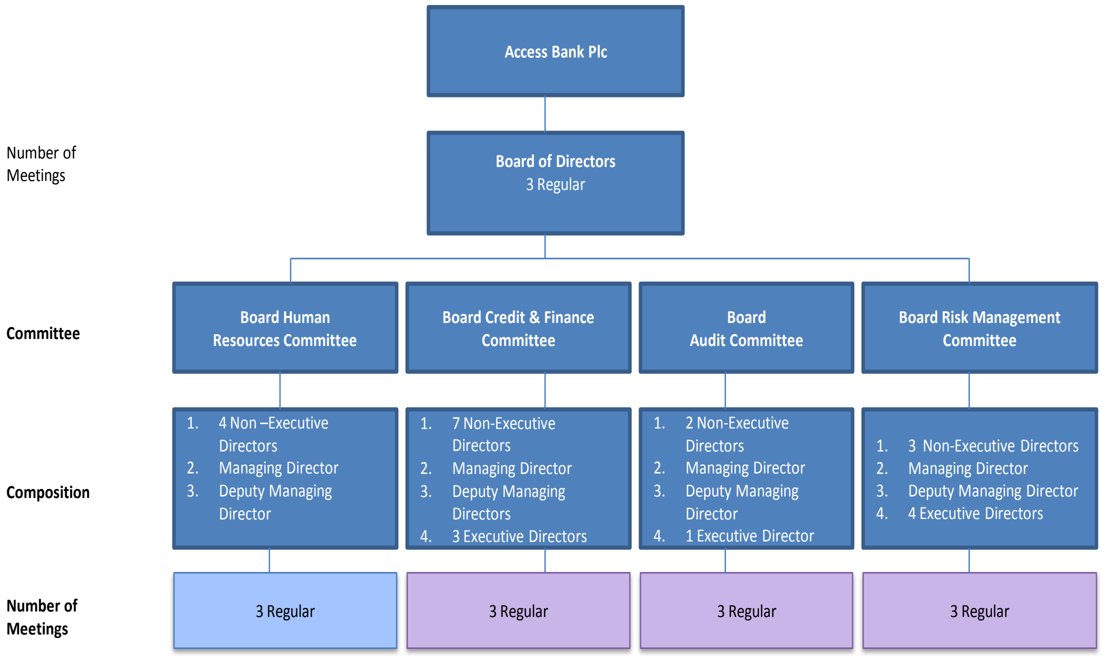
Succession planning
The Bank has a Succession Planning Policy which was approved by the Board at its 112th meeting held on November 16, 2007. Succession planning is aligned to the Bank's performance management process. The policy identifies eleven (11) key positions, including Country Managing Director positions for all Access Bank operating entities in respect of which there will be formal succession planning. The Bank's policy provides that potential candidates for the other positions shall be identified at the beginning of each financial year by the Group Human Resources Head, based on performance and competencies.

Code of ethics
The Bank has articulated a Code of Conduct which specifies expected behaviour of its staff. The Code requires that each Bank staff shall read the Code of Conduct document and sign a confirmation that they have read and understood the document upon employment. In addition, there is a re- affirmation process that requires each member of staff to confirm understanding of and compliance with the Code of Conduct at least once in each year. The Bank has a Compliance Manual which provides guidelines for addressing violations/breaches and ensuring enforcement of discipline with respect to staff conduct. The Bank also has a Disciplinary Guide which provides sample offences/violations and prescribes disciplinary measures to be adopted in various cases. The Head of Human Resources is responsible for the design and implementation of the Code of Conduct while the Chief Compliance Officer is responsible for monitoring and ensuring compliance.

Whistle blowing
The Bank has a whistle-blowing policy which provides the procedure for reporting suspected breaches of the Bank's internal policies, laws and regulations. There is a special e-mail address and telephone hotline dedicated for whistle blowing. The Bank's Chief Compliance Officer (CCO) is responsible for monitoring and reporting on whistle blowing.

Ratings
In recognition of the Bank's compliance with Corporate Governance Best Practice, in 2009 Financial Year, Pharez Business Day Ratings assigned an A* rating to the Bank. Pharez Business Day Rating is one of the country's leading Governance Rating Agencies. An A* rating indicates the achievement of world class corporate governance standard and connotes the existence of strong corporate governance processes, a strong ability to meet financial obligation and stakeholder expectation and a strong governance process for risk management. In arriving at the rating score, key indices evaluated by the Agency include: the Board of Directors, risk management, relationship with shareholders and other stakeholders and market discipline and disclosures.

The Bank on June 4th 2009 became the first Nigeria Bank to sign on to the Equator Principles. The Equator Principles represent a set of global social and environmental guidelines for providing project finance in all industry sectors. The principles were developed as a banking framework to address social and environmental risk and increase the transparency of project finance decisions. By this, the Bank stands to benefit from improved risk management in project finance transactions and enhanced access to global financing opportunities to arrange syndicated loans.



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

We have audited the accompanying consolidated financial statements of Access Bank Plc and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2009, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 116.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Access Bank Plc and its subsidiaries ("the Group) as at 31 December 2009, and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards**.**

Emphasis of Matter
We draw attention to the fact that these consolidated financial statements are prepared in addition to the Group's statutory consolidated financial statements as described in Note 2 to the consolidated financial statements.

24 August 2011
Lagos, Nigeria.

Consolidated statement of financial position

As at 31 December 2009

In thousands of Naira	***Notes***	**December 2009**	**March 2009**
Assets			
Cash and cash equivalents	5, 8 18	155,076,424	145,484,481
Non pledged trading assets	8, 19	11,563,193	10,557,205
Pledged assets	8, 20	7,591,114	7,825,488
Derivative financial instruments	8, 21	3,002,720	3,033,817
Loans and advances to banks	5, 8, 22	70,526	-
Loans and advances to customers	5, 8, 23	385,313,186	410,835,629
Investments in equity accounted investee	8, 24	300,156	650,547
Investment securities	5, 8, 25	73,745,086	70,472,788
Investment properties	26	1,404,000	-
Property and equipment	27	27,680,220	23,462,849
Intangible assets	28	2,880,706	2,402,718
Deferred tax assets	29	3,779,129	-
Other assets	30	16,927,332	25,489,809
Total assets		**689,333,792**	**700,215,331**
Liabilities			
Deposits from banks	5, 8, 31	43,216,841	30,296,711
Deposits from customers	5, 8, 32	442,334,863	426,395,491
Derivative financial instruments	5, 8, 21	1,833,327	1,959,759
Debt securities issued	5, 8, 33	2,604,276	9,207,423
Current tax liabilities		6,982,030	6,586,353
Deferred tax liabilities	29	-	720,169
Other liabilities	5, 8, 34	28,723,169	44,604,505
Interest-bearing loans and borrowings	5, 8, 35	3,376,945	5,193,083
Total liabilities		**529,071,451**	**524,963,494**
Equity			
Share capital and share premium	36	154,291,861	154,553,963
Retained earnings	36	(9,980,792)	(3,204,362)
Other components of equity	36	15,092,981	22,873,703
Total equity attributable to owners of the Bank		159,404,050	174,223,304
Non controlling interest	36	858,291	1,028,533
Total equity		**160,262,341**	**175,251,837**
Total liabilities and equity		**689,333,792**	**700,215,331**

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

Director	**Director**
Aigboje Aig-Imoukhuede	**Herbert Wigwe**

The notes on pages 15 to 116 are an integral part of these consolidated financial statements..

Consolidated statement of comprehensive income

For the year ended 31 December 2009

In thousands of Naira	***Notes***	**December 2009 9 months**	**March 2009 12 months**
Interest income	9	67,914,101	56,691,693
Interest expense	9	(30,142,095)	(15,638,210)
Net interest income		37,772,006	41,053,483
Fee and commission income	10	10,330,688	14,652,815
Fee and commission expense		-	-
Net fee and commission income		10,330,688	14,652,815
Net trading income	11	7,311,132	13,891,867
Net income/(loss) from other financial instruments at fair value through profit or loss	21	113,900	(1,378,253)
Other operating income	12	1,861,329	1,249,104
		9,286,361	13,762,718
Operating income		**57,389,055**	**69,469,016**
Net impairment loss on financial assets	13	(23,964,884)	(15,379,723)
Net operating income after net impairment loss on financial assets		**33,424,171**	**54,089,293**
Personnel expenses	14	(11,364,635)	(9,886,109)
Operating lease expenses		(1,132,348)	(778,960)
Depreciation and amortization	27, 28	(3,912,049)	(3,922,484)
Other operating expenses	15	(20,194,833)	(21,630,224)
Total expenses		(36,603,865)	(36,217,777)
Share of profit of equity accounted investee		(775,431)	65,789
(Loss)/Profit before income tax		**(3,955,124)**	**17,937,305**
Income tax expense	16	1,867,090	(6,646,568)
(Loss)/Profit for the year		**(2,088,034)**	**11,290,737**

The notes on pages 15 to 116 are an integral part of these consolidated financial statements.

In thousands of Naira	***Notes***	**December 2009 9 months**	**March 2009 12 months**
Other comprehensive income net of income tax:			
Foreign currency translation differences for foreign operations		(685,735)	1,377,979
Fair value gains/(losses) on available-for-sale investments recognized in equity		(3,492,375)	1,954,872
Fair value gains/(losses) on properties and equipment		538,909	-
Income tax relating to component of other comprehensive income	16	-	164,527
Other comprehensive income for the period/year, net of tax		**(3,639,201)**	**3,497,378**
Total comprehensive (loss)/income for the period/year		**(5,727,235)**	**14,788,115**
(Loss)/Profit attributable to:			
Owners of the Bank		(1,880,450)	11,510,668
Non-controlling interest		(207,584)	(219,931)
(Loss)/Profit for the period/year		**(2,088,034)**	**11,290,737**
Earnings per share – Basic	17	(12k)	71k
Diluted	17	(12k)	71k
Total comprehensive income attributable to:			
Owners of the Bank		(5,519,651)	15,008,046
Non-controlling interest		(207,584)	(219,931)
Total comprehensive income for the year		**(5,727,235)**	**14,788,115**

The notes on pages 15 to 116 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

In thousands of Naira

	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury Shares	Capital Reserve	Fair value reserve	Bonus Reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total Equity
Balance at 1April 2009	8,107,130	146,446,833	6,169,708	15,406,481	(6,050,132)	3,489,080	2,503,296	-	1,355,270	(3,204,362)	1,028,533	**175,251,837**
Adjustment to opening balance	-	-	-	-	-	-	-	-	-	2,022,609	(282,295)	**1,740,314**
Opening balance restated	**8,107,130**	**146,446,833**	**6,169,708**	**15,406,481**	**(6,050,132)**	**3,489,080**	**2,503,296**	**-**	**1,355,270**	**(1,181,752)**	**746,238**	**176,992,152**
												-
Total comprehensive income for the year:												-
(Loss)/ Profit for the period	-	-	-	-	-	-	-	-	-	(1,880,450)	(207,584)	**(2,088,034)**
												-
Other comprehensive income, net of tax												-
Foreign currency translation difference	-	-	-	-	-	-	-	-	(685,735)	-		**(685,735)**
Net changes in fair value of AFS financial instruments							(3,492,375)	-	-	-	-	**(3,492,375)**
Net change on revaluation of property and equipment	-	-	-	-	-	-	538,909	-	-	-	-	**538,909**
Total other comprehensive income	-	-	-	-	-	-	**(2,953,466)**	-	**(685,735)**	-	-	**(3,639,201)**
Total comprehensive income	-	-	-	-	-	-	**(2,953,466)**	-	**(685,735)**	**(1,880,450)**	**(207,584)**	(5,727,235)
Transactions with equity holders, recorded directly in equity:												
Bonus shares issued during the period	-	(813,102)	-	-	-	-	-	13,102	-	-	-	-
Transfers for the year	-	-	(4,286,777)	(144,616)	-	-	-	-	-	4,431,393	-	-
New issue from convertible debt	23,894	527,106	-	-	-	-	-	-	-	-	-	**551,000**
Newly acquired subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Capital paid by non-controlling interest	-	-	-	-	-	-	-	-	-	-	606,264	**606,264**
Dilution in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(123,168)	**(123,168)**
Translation reserve	-	-	-	-	-	-	-	-	-	-	(163,459)	**(163,459)**
Acquisition/disposal of own shares	-	-	-	-	(523,231)	-	-	-	-	-	-	**(523,231)**
Dividend to equity holders	-	-	-	-	-	-	-	-	-	(11,349,982)	-	**(11,349,982)**
Dividend on own share adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders	**23,894**	**(285,996)**	**(4,286,777)**	**(144,616)**	**(523,231)**	**-**	**-**	**813,102**	**-**	**(6,918,589)**	**319,637**	**(11,002,576)**
Balance at 31 December 2009	**8,131,024**	**146,160,837**	**1,882,931**	**15,261,865**	**(6,573,363)**	**3,489,080**	**(450,169)**	**813,102**	**669,535**	**(9,980,792)**	**858,291**	**160,262,341**

Consolidated Statement of Changes in Equity

In thousands of Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury Shares	Capital Reserve	Fair value reserve	Property revaluation Reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total Equity
Balance at 1 April 2008	8,071,252	146,047,149	9,503,442	8,540,743	(3,175,061)	3,489,080	383,896	0	(22,709)	(1,011,478)	56,137	**171,882,451**
Total comprehensive income for the year:												
Profit /(loss) for the year	-	-	-	-	-		-	-	-	11,510,668	(219,931)	**11,290,737**
Other comprehensive income, net of tax												
Foreign currency translation difference	-	-	-	-	-	-	-	-	1,377,979	-	-	**1,377,979**
Fair value reserve	-	-	-	-	-	-	2,119,399	-	-	-	-	**2,119,399**
Total other comprehensive income	-	-	-	-	-	-	**2,119,399**	-	**1,377,979**	-	-	**3,497,378**
Total comprehensive income	-	-	-	-	-	-	**2,119,399**	-	**1,377,979**	**11,510,667**	**(219,931)**	**14,788,115**
Transactions with equity holders, recorded directly in equity:												
Bonus shares issued during the period	-	-	-	-	-	-	-	-	-	-	-	-
Transfers for the year	-	-	(3,333,734)	6,865,738	-	-	-	-	-	(3,532,004)	-	-
New issue	35,878	399,684	-	-	-	-	-	-	-	-	-	**435,562**
Non-controlling interest in previously unconsolidated subsidiaries	-	-	-	-	-		-	-	-	-	925,378	**925,378**
Capital paid by non-controlling interest	-	-	-	-	-	-	-	-	-	-	266,949	**266,949**
Dilution in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition/disposal of own shares	-	-	-	-	(2,875,071)	-	-	-	-	-	-	**(2,875,071)**
Dividend to equity holders	-	-	-	-	-	-	-	-	-	(10,492,625)	-	**(10,492,625)**
Dividend on own share adjusted	-	-	-	-	-	-	-	-	-	321,078	-	**321,078**
Total contributions by and distributions to equity holders	**35,878**	**399,684**	**(3,333,734)**	**6,865,738**	**(2,875,071)**	-	-	-	-	**(13,703,551)**	**1,192,327**	**(11,418,729)**
Balance at 31 March 2009	**8,107,130**	**146,446,833**	**6,169,708**	**15,406,481**	**(6,050,132)**	**3,489,080**	**2,503,295**	-	**1,355,270**	**(3,204,362)**	**1,028,533**	**175,251,837**

Consolidated statement of cash flows
For the period ended 31 December 2009

In thousands of Naira	**Notes**	**December 2009**	**March 2009**
Cash flows from operating activities		(2,088,034)	11,290,737
(Loss)/profit for the period/year			
Adjustments for:			
Depreciation of property and equipment and amortization	27, 28	3,912,049	3,922,484
Gain on disposal of property and equipment		(124,840)	57,392
Net impairment loss on financial assets	13	23,964,884	15,379,723
Property and equipment written off	27	668,368	1,494
Revaluation (gain)/loss		(113,900)	1,342,360
Share of profit/(loss) of equity accounted investee		775,431	(65,789)
Interest paid on borrowings and finance lease		605,526	-
Dividend received		(184,955)	-
Income tax expense	16	(1,867,090)	6,646,568
		25,547,440	38,574,969
Change in trading assets		(1,005,988)	3,236,177
Change in pledged assets		234,374	905,044
Change in derivative assets		31,097	1,378,255
Change in loans and advances to banks and customers		6,391,268	(210,830,715)
Change in other assets		7,082,473	1,642,341
Change in deposits from banks		11,785,939	(39,575,329)
Change in deposits from customers		(6,810,369)	92,621,164
Change in interest bearing loans and borrowings		(1,816,138)	(2,224,687)
Change in derivative financial instruments- liabilities		(126,432)	-
Change in other liabilities		5,734,213	(390,333,517)
		47,047,877	(504,606,298)
Income tax paid		(2,097,088)	(2,113,559)
Net (used in)/cash provided by operating activities		44,950,789	(506,719,857)

Cash flows from investing activities			
Net sale/(purchase) of investment securities		(8,964,917)	61,696,003
Interest and dividends received		184,955	56,691,693
Purchase of property and equipment	27	(7,728,880)	(10,966,342)
Proceeds from the sale of property and equipment		311,697	457,990
Purchase of intangible assets	28	(676,404)	(419,185)
Acquisition of subsidiaries, net of cash acquired		-	(1,307,034)
Purchase of investment properties	26	(1,404,000)	-
Net cash provided by/(used in) investing activities		(18,277,549)	106,153,125
Cash flows from financing activities			
Repayment of long term borrowings		(5,700,565)	(5,255,254)
Interest paid on long term borrowings		(605,526)	(2,134,341)
Increase in long term borrowings		-	(2,986,311)
Dividends paid to owners	36	(11,349,982)	(10,492,625)
Increase in non-controlling interest	36	606,264	266,949
Net cash provided by financing activities		(17,049,809)	(20,601,582)
Net (decrease) /increase in cash and cash equivalents		9,623,431	(421,168,314)
Cash and cash equivalents at beginning of period/year	18	145,484,481	566,718,251
Effect of exchange rate fluctuations on cash held		(31,488)	(65,456)
Cash and cash equivalents at end of period/year	19	155,076,424	145,484,481

The notes on pages 15 to 116 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Reporting entity

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

2. Statement of compliance with international financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). They have been prepared in addition to the Group's statutory financial statements (not included herein), which were prepared in accordance with Statements of Accounting Standards applicable in Nigeria (Nigerian GAAP).

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

3. Basis of preparation

(a) Reporting period

The 31 December 2009 consolidated financial statements have been prepared for a 9 month period as a result of the change in accounting year end of the Bank from 31 March to 31 December. However the corresponding consolidated financial statements was prepared for a year ended 31 March 2009. The change in accounting year end was due to the adoption of the 31 December mandatory year end for banks in Nigeria and to align the Bank's accounting year end with that of its subsidiaries.

(b) Functional and presentation currency

These consolidated financial statements are presented in Naira, which is the Bank's functional currency; except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(c) Basis of measurement

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

- derivative financial instruments are measured at fair value.
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- Available-for-sale financial assets are measured at fair value.
- liabilities for cash-settled share-based payment arrangements are measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation less the total of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses.

Notes to the consolidated financial statements

(d) Use of estimates and judgements

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

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

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 5 and 6.

(e) Changes to accounting policies

Effective 1 January 2009 the Group has adopted the following:

- IFRS 7 – Improving disclosures about financial instruments, an amendment to IFRS 7 – Financial instruments disclosures which has resulted in additional disclosures being made regarding liquidity risk and the fair value measurement in respect of financial instruments.

- IAS 1 – Presentation of financial statements (revised), which has resulted in the reformatting of the statement of recognised income and expense into the statement of comprehensive income and the addition of a statement of changes in equity. This does not change the recognition, measurement or disclosure of specific transactions and events required by IFRS.

- IFRS 8 – The Group determines and presents operating segments based on the information that internally is provided to the Executive Management Committee, which is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 Operating segments. Previously operating segments were determined and presented in accordance with IAS 14 Segment reporting. The new accounting policy in respect of operating segment disclosures is presented as follows.

  Comparative segment information has been re-presented in conformity with the transitional requirements of this standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

  An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Management Committee to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Executive Management Committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

Notes to the consolidated financial statements

4. Significant accounting policies

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

The accounting policies have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(ii) Special purpose entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective. A SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE:

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

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

(iii) Accounting method of acquisition

The acquisition method of accounting is used to account for the purchase of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, plus any costs directly related to the acquisition. The excess of the cost of an acquisition over the Group's share of the fair value of the identifiable net assets acquired is recorded as goodwill. See accounting policy on goodwill.

Notes to the consolidated financial statements

(iv) Funds management
The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity.

(v) Transactions eliminated on consolidation
Intra-group balances, and income and expenses (except for foreign currency translation gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

(ii) Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Naira at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Naira at exchange rates at the dates of the transactions or at average rates of exchange where these approximate to actual rates.

Foreign currency differences on the translation of foreign operations are recognised in other comprehensive income. Since 1 April 2006, the Group's date of transition to IFRS, such differences have been recognised in the foreign currency translation reserve. However, if the operation is not wholly owned the relevant proportionate share of the difference is allocated instead to the non-controlling interest. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised in other comprehensive income and foreign currency translation reserve.

Notes to the consolidated financial statements

(c) Interest
Interest income and expense are recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

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

Interest income and expense presented in the statement of comprehensive income include:

- interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.

- interest on available-for-sale investment securities calculated on an effective interest basis

Interest income and expense on all trading assets and liabilities are recognized as interest in profit or loss account.
Fair value changes on trading assets and liabilities carried at fair value through profit or loss, are presented in net trading income through profit or loss.

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

Other fees and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

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

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

(f) Net income from other financial instruments at fair value through profit or loss
Net income from other financial instruments at fair value through profit or loss relates to derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss, and include all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

Notes to the consolidated financial statements

(g) Dividends
Dividend income is recognised when the right to receive income is established. Dividends on trading equities are reflected as a component of net trading income. Dividend income on available-for-sale securities are recognised as a component of other operating income.

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

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

(i) Income tax expense
Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

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

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

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

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

Notes to the consolidated financial statements

(j) Financial assets and liabilities

(i) Recognition

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification

See accounting policies 4(l), (m), (n) and (o).

(iii) De-recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group enters into transactions whereby it transfers assets recognised on its financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.
The Group writes off certain loans and investment securities when they are deemed to be uncollectible (see note 23).

(iv) Offsetting

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

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

(v) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') remain on the statement of financial position; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or

Notes to the consolidated financial statements

deposits due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos') are recorded as money market placement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

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

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

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

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

If a market for a financial instrument is not active, the Group establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, and discounted cash flow analysis. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.
The best evidence of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (.i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the instrument is closed out.

(viii) Identification and measurement of impairment
At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably. The Group considers evidence of impairment for loans and advances and held-to-maturity investments at both a specific asset and collective

Notes to the consolidated financial statements

level. Assets showing signs of deterioration are assessed for individual impairment. All individually significant loans and advances and held-to maturity investments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the obligor, default or delinquency by a borrower resulting in a breach of contract, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment.

In assessing collective impairment the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

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

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

(ix) Designation at fair value through profit or loss
The Group designates financial assets and liabilities at fair value through profit or loss in the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Note 8 sets out the amount of each class of financial asset or liability that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

Notes to the consolidated financial statements

(k) Cash and cash equivalents

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

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(l) Trading assets and liabilities

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

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition, as non-derivative financial assets, other than those designated at fair value through profit or loss (i.e. trading) category are reclassified if they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met:

- If the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held for trading at initial recognition), then it may be reclassified if the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity.

- If the financial asset would not have met the definition of loans and receivable, then it may be reclassified out of the trading category only in rare circumstances.

(m) Loans and advances

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

When the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease and recognised and presented within loans and advances.

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

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

Notes to the consolidated financial statements

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

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

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

- Sales or reclassification that are so close to maturity that changes on the market rate of interest would not have a significant effect on the financial asset's fair value.

- Sales or reclassification after the Group has collected substantially all the asset's original principal.

- Sales or reclassification attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

(ii) Fair value through profit or loss
The Group designates some investment securities at fair value with fair value changes recognised immediately in profit or loss as described in accounting policy (k) (ix).

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

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

Other fair value changes are recognised directly in other comprehensive income until the investment is sold or impaired whereupon the cumulative gains and loses previously recognised in other comprehensive income are recognised to profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivable category if it otherwise would have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

Notes to the consolidated financial statements

(o) Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value with changes in fair value recognised in profit or loss.

(p) Investment properties

An investment property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the Group. An occupation of more than 15% of the property is considered substantial. Investment properties are carried in the balance sheet at their market value and revalued yearly on a systematic basis at least once in every three years. Investment properties are not subject to periodic charge for depreciation.

When there has been a decline in value of an investment property, the carrying amount of the property is written down to recognize the loss. Such a reduction is charged to the profit and loss account. Reductions in carrying amount are reversed when there is an increase, following a revaluation in accordance with the Group's policy, in the value of the investment property, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of investment property is credited to equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilized, it is charged against that revaluation surplus rather than the profit and loss account.

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account, is credited to profit and loss account to the extent that it offsets the previously recorded decrease. On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account. Investment properties are disclosed separately from the property and equipment used for the purposes of the business.

(q) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

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

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(iii) Depreciation
Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

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

Leasehold improvements	Over the shorter of the useful life of the item or lease term
Buildings	50 years
Computer hardware	3 years
Furniture and fittings	5 years
Motor vehicles	4 years

Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

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

(r) Intangible assets

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

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

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

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

Notes to the consolidated financial statements

software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

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

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

(s) Leased assets – lessee

Leases in terms of which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Group's statement of financial position.

(t) Impairment of non-financial assets

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

The recoverable amount of goodwill is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(u) Deposits and debt securities issued

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

Notes to the consolidated financial statements

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

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

(v) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(w) Financial guarantees
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

(x) Employee benefits

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

(ii) Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Notes to the consolidated financial statements

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

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

(iv) Share-based payment transactions
The Bank operates a cash-settled share based compensation plan (i.e. share appreciation rights - SARs) for its management personnel. The management personnel are entitled to the share appreciation rights at a pre-determined price after spending five years in the Bank.

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

(y) Share capital and reserves

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

(ii) Dividend on the Bank's ordinary shares
Dividends on the Bank's ordinary shares are recognised in equity when approved by the Bank's shareholders.

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

(ab) Earnings per share
The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

Notes to the consolidated financial statements

(z) Operating segment
An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Management Committee to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

(aa) New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2009, and have not been applied in preparing these consolidated financial statements:

- Revised IFRS 3 *Business Combinations* (2008) incorporates the following changes that are likely to be relevant to the Group's operations:
- The definition of a business has been broadened, which may result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes in fair value recognised in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in an acquiree will be measured at fair value, with the related gain or loss recognised in profit or loss.
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2011 consolidated financial statements.

- Amended IAS 27 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests in a subsidiary that occur without loss of control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2011 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

- IFRS 9 *Financial Instruments,* published on 12 November 2009 as part of phase 1 of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of *held to maturity, available for sale* and *loans and receivables.* For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment on other comprehensive income. No amount recognised in other

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comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

The Group is currently in the process of evaluating the potential effect of t his standard. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendments will become mandatory for the Group's 2011 consolidated financial statements, with retrospective application required. The amendments are not expected to have a significant impact on the consolidated financial statements.

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5. Financial risk management

(a) Introduction and overview

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

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

This note which presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital, are detailed in the enterprise risk management framework.

Risk management architecture

Access Bank Plc ("the Bank") and its subsidiary companies ("the Group") has established a comprehensive risk management framework to monitor, evaluate and manage principal risks it assumes in the conduct of its activities. These risks include credit, market, liquidity, operational, compliance, legal and reputational exposures.

Access Bank's risk management architecture is carefully crafted to balance corporate oversight with well-defined risk management functions which fall into one of three categories where risk must be managed: lines of business, governance & control and corporate audit.

The board of directors and management of the Bank are committed to constantly establishing, implementing and sustaining tested practices in risk management to match those of leading international banks. We are convinced that the long-term sustainability of our franchise depends critically on the proper governance and effective management of our business. As such, risk management occupies a significant position of relevance and importance in the Bank.

To this end, Access Bank operates a centralised risk management and compliance division, with responsibility to ensure that the risk management processes are implemented in compliance with policies approved by the board of directors.

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

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

Notes to the consolidated financial statements

monitoring by the risk management and compliance division, in conjunction with internal audits; and through independent evaluation by external auditors, examiners or consultants.

The chief risk and compliance officer has primary responsibility for risk management and for the review of the ERM Framework. All amendments to the Bank's ERM Framework require board approval. The risk management division is responsible for the enforcement of the Bank's risk policy by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

To ensure that the decision making process within Access Bank is regulated and that the boundaries set by the board of directors and regulatory authorities are complied with, our risk management division regularly reviews and reports risk exposures, usage of limits and any special concerns to senior management and the board of directors.

Substantial enhancements were made to the risk management framework in 2009 based on the guidelines of the Basel II Capital Accord:

- ✓ design of risk capital model to evaluate risks;
- ✓ a defined risk appetite that is aligned with business strategy optimization;
- ✓ risk decisions based on accurate, transparent and rigorous analytics;
- ✓ stress tests to measure the potential impact to the Bank of very large changes in various types of key risk factors (e.g. interest rates, liquidity, non-performing loans) as well as several potential impact of a number of historical and hypothetical forward-looking systemic stress scenarios;
- ✓ accountability through common framework to manage risks;
- ✓ empowering risk managers to make decision and escalate issues; and
- ✓ expertise, authority and independence of risk managers.

Basel II implementation

The Basel II Accord is a set of new, more risk-sensitive rules for capital requirement calculations, which came into effect on January 1, 2007. The Basel II rules define the minimum capital a financial institution should hold for unexpected events. They also provide sets of minimum qualitative standards and risk management practices that a financial institution should have in place. The current Basel II rules include capital requirements for operational risk, in addition to credit and market risk, which are already covered in the current Basel I.

The Basel II rules are represented by three pillars: Pillar I addresses the calculation of minimum regulatory capital requirements for credit, market and operational risk. Pillar II addresses the supervisory review process, the financial institution's capital adequacy assessment including other risks not addressed under Pillar I and the strategy for maintaining capital levels. Finally, Pillar III addresses market discipline and requirements regarding market disclosure of risk-related information.

At Access Bank, we are committed to the implementation of Basel II in the medium term. To this end, a standing steering committee leads the Bank's Basel II effort, with the full support of the management of the Bank and the board of directors.

In 2009, the Bank developed several policies covering the first two (2) pillars of the Accord and a well-articulated implementation plan that was approved by the Board of Directors.

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Risk definition, philosophy, culture and objectives

Risk definition

Risk is the level of exposure – opportunity, threat and uncertainty – that Access Bank identifies, measures, understands and effectively manages, as it executes its strategies to achieve its business objectives and create value.

For Access Bank to be successful over the long term, we have to manage opportunity, threat and uncertainty effectively.

Risk management philosophy and culture

Access Bank considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices that characterise 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 a moderate and guarded risk attitude ensures sustainable growth in shareholder value and reputation.

The Bank believes that enterprise risk management provides the superior capabilities to identify and assess the full spectrum of risks 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 have adequate risk management support
- Uncertain outcomes are better anticipated
- Accountability is strengthened
- Stewardship is enhanced

The Bank identifies the following attributes as guiding principles for its risk culture.

a) Management and staff:

- Consider all forms of risk in decision-making
- Create and evaluate business-unit and Bank-wide risk profile to consider what is best for their individual
- business units/department and what is best for the Bank as a whole
- Adopt a portfolio view of risk in addition to understanding individual risk elements
- Retain ownership and accountability for risk and risk management at the business unit or other point of influence level
- Accept that enterprise risk management is mandatory, not optional
- Strive to achieve best practices in enterprise risk management
- Document and report all significant risks and enterprise-risk management deficiencies
- Adopt a holistic and integrated approach to risk management and bring all risks together under one or a limited number of oversight functions
- Empower risk officers to perform their duties professionally and independently without undue interference
- Ensure a clearly defined risk management governance structure
- Ensure clear segregation of duties between market facing business units and risk management/control functions
- Strive to maintain a conservative balance between risk and profit considerations

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- Continue to demonstrate appropriate standards of behaviour in development of strategy and pursuit of objectives

b) Risk officers work as allies and thought partners to other stakeholders within and outside the Bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties
c) Risk management is a shared responsibility. Therefore, the Bank aims to build a shared perspective on risks that is based on consensus
d) Risk management is governed by well-defined policies, which are clearly communicated across the Bank
e) Equal attention is paid to both quantifiable and non-quantifiable risks
f) The Bank avoids products and businesses it does not understand

Risk appetite

Risk appetite is defined as the level of risk the Bank is prepared to accept (tolerate) to achieve its objectives. The Bank's risk appetite can be expressed in terms of how much variability of return the Bank is prepared to accept in order to achieve a desired level of result. It is determined by considering the relationship between risk and return.

The Bank also needs to consider its capacity for risk. Risk capacity is the level of risk the Bank is not prepared to exceed. This can be assessed by estimating the maximum loss the Bank can endure in one year without endangering the survival of the Bank. This estimate serves as a proxy for the Bank's risk capacity.

The Bank's risk appetite is always set at a level that minimises erosion of earnings or capital due to avoidable losses in the banking and trading books or from frauds and operational inefficiencies.

The following factors govern the Bank's risk appetite:

Financial

a) Losses due to frauds and operational lapses as a percentage of shareholders' fund
b) Maintenance of sustainable returns

Reputational

a) Favourable reports from the auditors, regulatory bodies and external rating agencies
b) Top-five market position based on all ratios
c) Financial and prudential ratios at a level more conservative than regulatory requirements and better than the average of benchmark banks
d) Minimal reputational damage from adverse publicity in local and international press
e) Zero appetite for association with disreputable elements

Credit

The Bank's appetite for credit risk is governed by high quality risk assets measured by the following key performance indicators:

- Ratio of non-performing loans to total loans
- Ratio of loan loss expenses to total revenue
- Ratio of loan loss expense to interest income
- Ratio of loan loss provision to gross non-performing loans
- Concentration of portfolio by industry, product and geographical regions

Notes to the consolidated financial statements

Customer service

a) Below industry average level of customer attrition

Regulatory

a) Zero tolerance to payment of fines and other regulatory penalties

Risk management objectives

The broad risk management objectives of the Bank are:

- To identify and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost
- To protect against unforeseen losses and ensure stability of earnings
- To maximise earnings potential and opportunities
- To maximise share price and stakeholder protection
- To enhance credit ratings and depositor, analyst, investor and regulator perception
- To develop a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective actions

Risk management strategy

The strategy for the management of risk is to empower all our staff actively to identify, control, monitor, and regularly report risk issues to management.

Risk oversight

The Bank's risk management and compliance division provides a central oversight of risk management across the Bank to ensure that the full spectrum of risks facing the Bank are properly identified, measured, monitored and controlled in order to minimise adverse outcomes.

The division is complemented by the financial control and regulatory/reputation risk group in the management of strategic and reputational risks respectively.

The risk management and compliance division coordinates the process of monitoring and reporting risks across the Bank.

Without prejudice to the above, internal audit has the responsibility of auditing the risk management and control function to ensure that all units charged with risk management perform their roles effectively on a continuous basis. Audit also tests the adequacy of internal control and makes appropriate recommendations where there are weaknesses.

Responsibilities and functions

The responsibilities of the Risk Management and Compliance Division, the Financial Control and Strategy Group, Regulatory/Reputation Risk Group with respect to risk management are highlighted below:

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Risk Management and Compliance Division

a) Champion the implementation of the ERM Framework across the Bank and subsidiaries
b) Develop risk policies, principles, process and reporting standards that define the Bank's risk strategy and appetite in line with the Bank's overall business objectives
c) Ensure that controls, skills and systems are in place to enable compliance with the Bank's policies and standards
d) Facilitate the identification, measurement, assessment, monitoring and control of the level of risks in the Bank
e) Collect, process, verify, monitor and distribute risk information across the Bank and other material risk issues to senior management, the Board and regulators
f) Monitor compliance with bank-wide risk policies and limits
g) Provide senior management with practical, cost effective recommendations for improvement of risk management
h) Act as a key contact for senior management who may wish to request ad hoc reviews/investigations
i) Ensure that laws, regulations and supervisory requirements are complied with including consequence management
j) Champion the implementation of Basel II
k) Promote risk awareness and provide education on risk
l) Provide assurance on compliance with internal and external policies with respect to risk management

Financial Control and Strategy

a) Prepare and monitor the implementation of the Bank's strategic plan
b) Conduct strategic and operational review of the Bank's activities
c) Conduct regular scanning of the Bank's operating environment
d) Coordinate and monitor the Bank's rating exercises by external rating agencies
e) Prepare business intelligence reports for the Bank's management
f) Prepare periodic management reports on subsidiaries and associates
g) Perform competitive analysis in comparison with industry peers
h) Conduct strategic/operational review of branches

Risk management governance framework

The framework details Access Bank's risk universe and governance structure comprising three distinct layers:

1. The enterprise-wide risk management and corporate governance committee forums
2. The executive management committees
3. Risk management responsibilities per risk area

Risk Management Governance Structure

Access Bank's Risk Management Governance Structure is depicted below:

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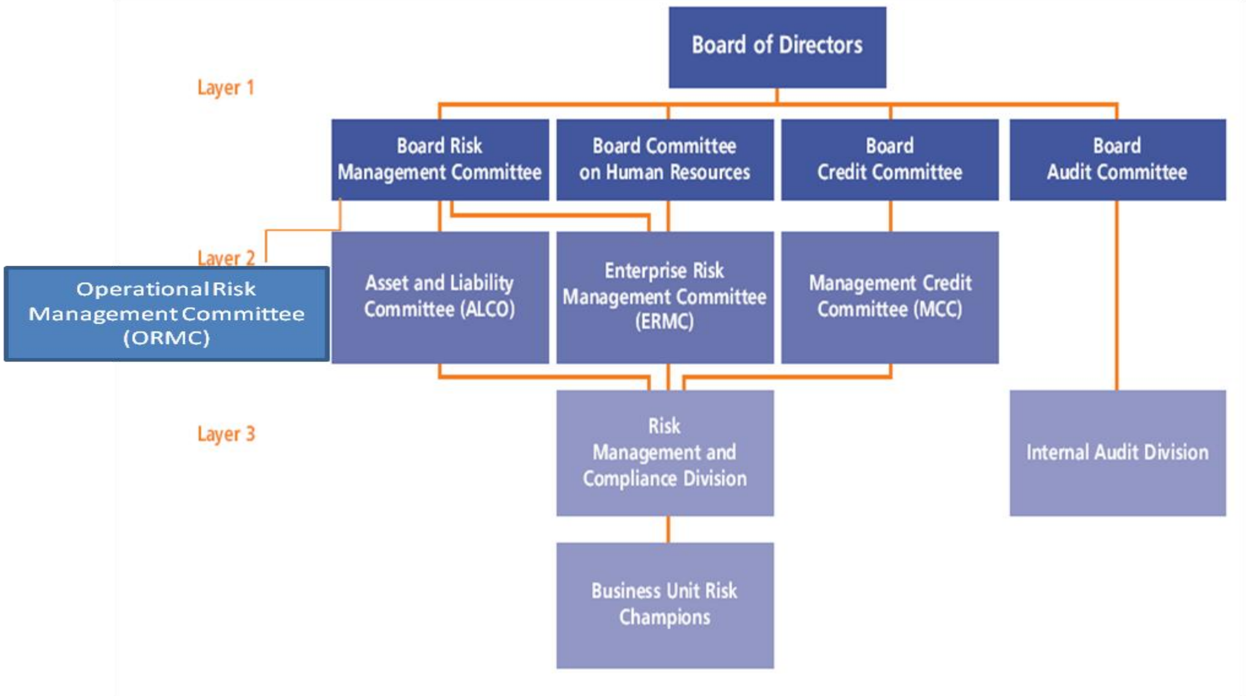

Roles of the board of directors
The board of directors' role as it relates to risk management is divided into six areas: general; credit; market; compliance; operational and reputational risks. Specific roles in these areas are further defined below:

General
a) Develop a formal enterprise-risk management framework
b) Review and approve the establishment of a risk management function that would independently identify, measure, monitor and control risks inherent in all risk-taking units of the Bank
c) Ratify the appointment of qualified officers to manage the risk management function
d) Approve and periodically review the Bank's risk strategy and policies
e) Approve the Bank's risk appetite and monitor the Bank's risk profile against this appetite
f) Ensure that the management of the Bank has an effective ongoing process to identify risk, measure its potential impact and proactively manage these risks
g) Ensure that the Bank maintains a sound system of risk management and internal control with respect to:

- Efficiency and effectiveness of operations
- Safeguarding of the Banks assets (including information)
- Compliance with applicable laws, regulations and supervisory requirements
- Reliability of reporting
- Behaving responsibly towards all stakeholders

h) Ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually
i) Ensure that management maintains an appropriate system of internal control and review its effectiveness
j) Ensure risk strategy reflects the Bank's tolerance for risk

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k) Review and approve changes/amendments to the risk management framework
l) Review and approve risk management procedures and control for new products and activities
m) Periodically receive risk reports from management highlighting key risk areas, control failures and remedial action steps taken by management

Credit risk

a) Approve the Bank's overall risk tolerance in relation to credit risk based on the recommendation of the chief risk and compliance officer
b) Ensure that the Bank's overall credit risk exposure is maintained at prudent levels and consistent with the available capital through quarterly review of various types of credit exposure
c) Ensure that top management as well as individuals responsible for credit risk management possess the requisite expertise and knowledge to accomplish the risk management function
d) Ensure that the Bank implements a sound methodology that facilitates the identification, measurement, monitoring and control of credit risk
e) Ensure that detailed policies and procedures for credit risk exposure creation, management and recovery are in place
f) Appoint credit officers and delegate approval authorities to individuals and committees

Operational risk

a) Oversee the overall governance of the Bank's operational risk management process
b) Set the Bank's operational risk strategy and direction in line with the Bank's corporate strategy
c) Approve the Bank's operational risk management framework
d) Periodically review the framework to ensure its relevance and effectiveness
e) Ensure that senior management is performing their risk management responsibilities
f) Ensure that the Bank's operational risk management framework is subject to effective and comprehensive internal audit by operationally independent, appropriately trained and competent staff

Market and liquidity risk

a) Define the Bank's overall risk appetite in relation to market risk
b) Ensure that the Bank's overall market risk exposure is maintained at levels consistent with the available capital
c) Ensure that top management as well as individuals responsible for market risk management possess sound expertise and knowledge to accomplish the risk management function
d) Approve the Bank's strategic direction and tolerance level for liquidity risk
e) Ensure that the Bank's senior management has the ability and required authority to manage liquidity risk
f) Approve the Bank's liquidity risk management framework
g) Ensure that liquidity risk is identified, measured, monitored and controlled

Legal and compliance risk

a) Approve the Bank's code of conduct and ethics;
b) Monitor the Bank's compliance with laws and regulations, its code of conduct and ethics and Corporate governance practices
c) Ensure that the Bank has a process for ensuring new and changed legal and regulatory requirements are identified monitored and reflected in Bank processes
d) Approve the compliance structure, mechanisms and processes established by management to ensure compliance with current laws, regulations and supervisory requirements
e) Ensure the Bank has a compliance culture that contributes to the overall objective of risk management

Notes to the consolidated financial statements

Reputational risk

a) Set an appropriate tone and guidelines regarding the development and implementation of effective reputation risk management practices, including an explicit statement of a zero tolerance policy for all unethical behaviour
b) Approve the Bank's framework for the identification, measurement, control and management of reputational risk
c) Monitor the Bank's compliance with its reputational risk management policies and recommend sanctions for material breaches of internal policies
d) Review all exception reports by external parties such as regulators and auditors; ensure that appropriate sanctions are applied to erring officers; demand from management appropriate explanations for all exceptional items; ensure that management puts in place effective and remedial actions and reports on progress to the Board on an ongoing basis
e) Ensure that Board members do not compromise their fit and proper status with regulators. They shall ensure that only board members who do not tarnish the Bank's image and reputation remain as members
f) Ensure that only fit and proper persons are appointed to senior management positions in the Bank.

Board committees

The board's risk management oversight roles and responsibilities are delegated to the following committees:

- Board risk management committee
- Board audit committee
- Board credit committee
- Board committee on human resources

Without prejudice to the roles of these committees, the full board shall retain ultimate responsibility for risk management.

Board risk management committee

The primary role of the committee is to report to the board and provide appropriate advice and recommendations on matters relevant to risk management. Specifically, the committee performs the following functions:

a) Oversee the establishment of a formal written policy on the Bank's overall risk management framework. The policy defines risks and risk limits that are acceptable and unacceptable to the Bank. It provides guidelines and standards to administer the acceptance and ongoing management of all risks
b) Ensure that adequate policies are in place to manage and mitigate the adverse effects of both business and control risks in its operations
c) Ensure compliance with established policy through periodic review of reports provided by management, internal and statutory auditors and the supervisory authorities
d) Approve the appointment of qualified officers to manage the risk function
e) Oversee the management of all risks except credit risk in the Bank
f) Re-evaluate the risk management policy of the Bank on a periodic basis to accommodate major changes in internal or external factors
g) Evaluate internal processes for identifying, assessing, monitoring and managing key risk areas, particularly:
   - important judgments and accounting estimates
   - business and operational risks in the areas of credit, market and operations

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- specific risks relating to outsourcing
- consideration of environmental, community and social risks

h) Evaluate the adequacy of the Bank's risk management systems and the adequacy of the Bank's control environment with management, and the internal and external auditors
i) Evaluate the Bank's risk profile, the action plans in place to manage risks, and monitors progress against plan to achieve these actions
j) Review the processes the Bank has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk
k) Approve the provision of risk management services by external providers

Board audit committee
The committee assists the board in ensuring the independence of the internal audit function of the Bank and that it performs the following functions:

a) Oversee the development of a procedure for the receipt, retention and treatment of complaints received by the Bank, regarding accounting, internal accounting controls, unethical activity/breach of the corporate governance code or audit matters, including a means for the Bank's stakeholders (employees, customers, suppliers, applicants and others) to submit such complaints in a confidential and anonymous manner
b) Investigate any matter brought to its attention within the scope of its duties with the authority to retain counsel or other advisors, if in its judgment that is appropriate, at the expense of the Bank
c) Submit meeting minutes and, as appropriate, discuss the matters deliberated upon at each Committee meeting with the board of directors
d) Annually review and reassess its responsibilities, functions, pre-approval policy for audit and non-audit services, and charter, making changes as necessary, and conduct an annual performance evaluation of its activities
e) Ensure that the Bank provides adequate funding, as determined by the committee, to the committee for payment and compensation for advisers engaged by the committee, and payment of ordinary administrative expenses incurred by the committee in carrying out its duties
f) Review the proposed audit plan(s) and review the results of internal audits completed since the previous committee meeting as well as the focus of upcoming internal audit projects
g) Approve the appointment and termination of the Chief Internal Auditor based on the recommendations of the Bank's executive management
h) Evaluate the process the Bank has in place for monitoring and assessing the effectiveness of the internal audit function
i) Monitor the progress of the internal audit programme and considers the implications of internal audit findings on the control environment
j) Monitor the implementation of agreed action plans by management
k) Review reports from the internal auditors detailing their key findings and agreed management actions
l) Review the appropriateness of the qualification of the internal audit personnel and work resources
m) Review the internal audit reporting lines and independence

Board credit committee

The board credit committee under delegated authority is responsible for the following:
a) Facilitate the effective management of credit risk by the Bank
b) Approve credit risk management policies, underwriting guidelines and standard proposals on the recommendation of the management credit committee

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c) Approve definition of risk and return preferences and target risk portfolio
d) Approve the Bank's credit rating methodology and ensure its proper implementation
e) Approve credit risk appetite and portfolio strategy
f) Approve lending decisions and limit setting
g) Approve new credit products and processes
h) Approve assignment of credit approval authority on the recommendation of the management credit committee
i) Approve changes to credit policy guidelines on the recommendation of the management credit committee
j) Approve credit facility requests and proposals within limits defined by Access Bank Plc's credit policy and within the statutory requirements set by the regulatory/ supervisory authorities
k) Recommend credit facility requests above stipulated limit to the board
l) Review credit risk reports on a periodic basis
m) Approve credit exceptions in line with board approval
n) Make recommendations to the board on credit policy and strategy where appropriate

Board committee on human resources

The board committee on human resources has responsibility for the following:

a) Ensure the right calibre of executive management is attracted, retained, motivated and rewarded
b) Make recommendations on the remuneration of the Chairman, non-executive directors and executive directors to the board for ratification
c) Approve remuneration levels for senior management and other Bank personnel
d) Review and approves remuneration policies and strategy
e) Monitor the Bank's people-risk universe

Roles of senior management in risk management

Executive committee
a) Implement risk strategy approved by the board of directors
b) Develop policies and procedures for identifying, measuring and controlling risks identified in the

Bank's risk universe
c) Provide appropriate resources to evaluate and control all identified risks
d) Review risk reports on a regular and timely basis
e) Review periodic risk reports for operational and other risks separate from credit and market risks
f) Provide all reports required by the Board and its committees for the effective performance of risk management oversight functions

The following management committees are directly responsible for risk management oversight:

Enterprise risk management committee

The Bank's enterprise risk management committee is responsible for managing all risks with the exception of credit, market and liquidity risks. The risks within the committee's purview include (but are not limited to) strategic, reputational, compliance and operational risks.

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The following are members of the committee:

- The Group Managing Director (Chairman)
- The Group Deputy Managing Director
- All Executive Directors
- Chief Risk and Compliance Officer
- Chief Financial Officer
- All ERM division heads
- Head, Corporate Affairs
- Head, Legal Department
- Head, Information Technology

The committee has the following responsibilities for all risks within its purview:

a) Formulate policies
b) Monitor implementation of risk policies
c) Review risk reports for presentation to the board/board committees
d) Implement board decisions across the Bank

Management credit committee

The management credit committee is responsible for managing credit risks in the Bank. The membership of the committee is as follows:

- Group Managing Director/Chief Executive Officer – Chairman
- Group Deputy Managing Director – Vice Chairman
- All Executive Directors
- Group Head, Credit Risk Management
- Team Leaders, Credit Risk Management
- Group Heads, Commercial Banking
- Group Heads, Institutional Banking
- Group Heads, Operations & IT
- Group Head, Compliance
- Group Head, Internal Audit
- Head of Legal (or his/her nominee as approved by the GMD/CEO)
- Other Group Heads

The committee has the following responsibilities:

- Review credit policy recommendations for board approval
- Approve individual credit exposure in line with its approval limits
- Agree on portfolio plan/strategy for the Bank
- Review monthly credit risk reports and remedial action plan
- Coordinate the Bank's response to material events that may have an impact on the credit portfolio

Notes to the consolidated financial statements

The committee is assisted by the credit risk management function, whose responsibilities are to:

- Establish and maintain effective credit risk management environment in the Bank
- Review proposals in respect of credit policies and standards and endorse to the board of directors for approval
- Define the Bank risk and return preferences and target risk portfolio
- Monitor on an ongoing basis the Bank's risk quality and performance, review periodic credit portfolio reports and assess portfolio performance
- Define credit approval framework and assign credit approval limits in line with Bank policy
- Review defined credit product programs on recommendation of the head of the credit risk management and endorse to the board of directors for approval
- Review credit policy changes initiated by management and endorse to the board of directors for approval
- Ensure compliance with the Bank's credit policies and statutory requirements prescribed by the regulatory/supervisory authorities
- Approve credit facility requests within limits defined by Access Bank's credit policy guideline (CPG), and within the statutory requirements set by the regulatory/ supervisory authorities
- Review and endorse credits approved by SBU heads
- Review and recommend to the board credit committee, credits beyond their approval limits
- Review periodic credit portfolio reports and assess portfolio performance
- Approve exceptions/write-offs, waivers and discounts on non-performing credit facilities within specified limit.

Group Asset & Liability Committee (GROUP ALCO)

The Group ALCO is responsible for the optimum management of the Bank's balance sheet and taking relevant decisions as well as recommending to the Board of Directors' prudent asset/liability management policies and procedures that enable the Bank to achieve its goals while operating in full compliance with all relevant laws and regulations.

Purpose

The purpose of the Group ALCO is to:

- monitor and control all market, liquidity and interest rate risks across the Access Bank Plc and its subsidiaries (hereinafter called the Group) in accordance with the risk appetite set by the Board of Directors;
- review limit, guideline or trigger breaches and agree remedial actions in order to align exposures with agreed appetite;
- approve market risk, liquidity risk and banking book interest rate risk policies for each of the banking subsidiaries;
- review and note the impact of internal and external factors on the net interest margin; and
- recommend to the Board, policies and guidelines under which the Bank will manage the matters listed below, and in so doing protect the Bank's capital base and reputation:
- balance sheet growth:
    - deposits, advances and investments;

Notes to the consolidated financial statements

- Non earning assets
- foreign exchange activities and positions; and
- market and liquidity management.
- Capital management

Responsibilities and authorities

- The ultimate responsibility for the proper management of the Bank's assets and liabilities lies with the Board of Directors.
- The Board of Directors may delegate that responsibility to Group ALCO and Group ALCO, through this mandate, is responsible for the establishment of appropriate policies and limits across the Group.
- Group ALCO is responsible for the implementation and monitoring of these policies and for the development of appropriate procedures and guidelines for adoption at Country ALCOs and specific ratification by the subsidiaries' Board of Directors.
- Country ALCO is responsible for providing the information input to Group ALCO to enable it to perform its function.
- Country ALCO is responsible for proposing amendments to Policies for approval and ratification by Group ALCO, such amendments having been first approved at the Country ALCO.
- Group ALCO reports to the Board of Directors through the Board Risk Management Committee detailing strategies, risk positions since the last report received. Any excesses during the period under review must be supported by details quoting the relevant authority for the excess i.e. Central Bank, ALCO etc.
- Group ALCO will delegate limits/authorities to line management to enable the smooth functioning of the Bank's day to day operations.
- In the event of a vote, majority will prevail with the Group ALCO chairman casting the deciding vote in the event of a tie.

Prudent management of market risk:

- To ensure the levels of market risk assumed by the Bank are effectively and prudently managed in accordance with the Market Risk Policy.
- To approve market risk limits and triggers in accordance with the risk appetite set by Group ALCO and the Group's Concentration Risk Policy
- To note compliance with all market risk limits and triggers, and ensure actions to address breaches are promptly executed and reported to authorised bodies.
- To manage all forms of market risk by firstly using the Alco's mandate to set exposure levels and stop-loss limits, and secondly, if necessary, by hedging any form of market risk.
- To review and approve all policies and procedures relating to market risk management.

Prudent management of liquidity risk:

- To ensure the levels of tactical and strategic liquidity risk assumed by the Bank are effectively and prudently managed in accordance with the Liquidity Risk Policy.
- To approve liquidity risk limits and guidelines in accordance with the risk appetite set by Group ALCO

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- To note compliance with all liquidity risk guidelines and limits, and ensure actions to address breaches are promptly executed and reported to authorising bodies.
- To ensure appropriate steps are taken where there is deterioration in liquidity.
- To approve funding and liquidity management strategies based on forecast balance sheet growth.
- To ensure the provision of standby funding facilities is kept within prudent levels.
- To review and approve all policies, procedures and contingency plans relating to liquidity risk management.
- To approve liquidity stress scenarios and associated contingency plans.

Prudent management of interest rate risk:

- To ensure that the level of interest rate risk assumed by the Bank is effectively and prudently managed.
- To note compliance with all guidelines and limits, and ensure actions to address breaches are promptly executed and reported to authorising bodies.
- To approve limits and guidelines in accordance with the risk appetite set by Group ALCO and the Group Market Risk.
- To approve the subsidiaries' market risk and hedging strategies on a case-by-case basis, or explicitly delegate the approval of such strategies to the Country ALCO.

Prudent margin management:

- To review and note the impact of internal and external factors on the Bank's current and forecasted net interest margin.
- To review and approve funds transfer pricing principles, methodologies and rates.
- To review and approve policies and procedures relating to margin management.

General:

- To monitor adherence to regulatory requirements.
- To delegate to the Group Asset and Liability Management team the responsibility of dealing with trigger, guideline or limit breaches across the Group on a day-to-day basis.

The Committee has the following as members:

- The Group Managing Director/Chief Executive Officer - Chairman
- The Group Deputy Managing Director
- The Group Executive Directors
- Chief Risk Officer
- Country Managing Directors
- Country Treasury Heads
- The Group Treasurer;
- Head, Financial Control – Domestic
- Head, Financial Control – International
- Head, Group Asset & Liability Management – Secretary

Notes to the consolidated financial statements

- Head, Group Market Risk
- Head, Credit Risk

Operational Risk Management Committee (ORMC)
The committee is responsible for the effectiveness of the operational risk management function within the Bank. All decisions and deliberations of the committee are reported to the Board Risk Management Committee.

The committee is comprised of the following members:

- Group Managing Director/Chief Executive (GMD) - Chairman
- Group Deputy Managing Director;
- All Division Heads / Executive Directors
- Chief Risk Officer
- Head, Operational Risk Management group
- Chief Information Officer
- Head, Group compliance and Internal Control
- Head, Group Internal Audit
- Head, Group HR
- Other Group Heads or persons to be designated by the committee from time to time

The committee has the following responsibilities:

- Review and recommend the Operational Risk Management (ORM) framework and any amendments or enhancements to the Board of Directors (BOD) for approval.
- Oversee the implementation of the Operational risk management framework across the enterprise.
- Review methodologies and tools for identification, assessment, monitoring and control of operational risks and maintaining the loss event databases;
- Ensure operational risk exposures are within the risk tolerance limits set under the policy;
- Review the reports from the Group Operational Risk Management (ORM) unit, business lines and their respective risk profiles to concur on areas of highest priority and put in place the related mitigation strategies;
- Ensure adequate resources are allotted at various levels to manage operational risk across the enterprise;
- Ensure adequate communication to the functional departments and emphasize on, the importance of operational risk management and assure adequate participation;
- Co-ordinate an ongoing appropriate awareness and education programme on operational risk in the Bank from top to bottom through the implementation of an enterprise wide operational risk approach;
- Set guidelines for identifying operational risk in all new products and processes.

Roles of risk champions in the business units

- Coordinate all risk management activities in the business unit, including compliance with risk policies
- and procedures
- Provide on-the-job training on risk management to other staff
- Liaise with risk management and compliance division to obtain new systems, approaches and methods for managing risks and advise staff within the unit appropriately

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- Coordinate the gathering of risk-related information, while ensuring the completeness and accuracy of the risk information gathered, analyse the information and periodically report to the group head and the risk management department in the agreed format
- In conjunction with other managers in the business unit, articulate risk management/optimisation strategies for managing risks, prepare a risk mitigation plan and communicate these to the risk management and compliance division
- Monitor and report on the effectiveness of risk mitigation plans in reducing risk incidence in the unit

Risk management and compliance division – relationship with other units

The relationships between risk management and compliance division (RMCD) and other units are highlighted below:

- RMCD sets policies and defines limits for other units in the Bank
- RMCD performs bank-wide risk monitoring and reporting
- Other units provide relevant data to RMCD for risk monitoring and reporting and identify potential risks in their line of business and RMCD provides a framework for managing such risks
- RMCD and market facing units collaborate in designing new products
- RMCD and internal audit co-ordinate activities to provide a holistic view of risks across the Bank
- RMCD makes recommendations with respect to capital allocation, pricing and reward/sanctions based on risk reports
- Information technology support group provides relevant user support to the RMCD function in respect of the various risk management software

Risk management and compliance division – relationship with other units

Notes to the consolidated financial statements

(b) Credit Risk Management

Credit risk is the current or potential risk to earnings and capital arising from the failure of an obligor of the Bank to repay principal or interest at the stipulated time or failure otherwise to perform as agreed. This risk is compounded if the assigned collateral only partly covers the claims made to the borrower, or if its valuation is exposed to frequent changes due to changing market conditions (i.e. market risk). Credit risk arises anytime the Bank commits its funds with the result that capital or earnings are dependent on borrower's performance.

The Bank's Risk Management philosophy is that moderate and guarded risk attitude will ensure sustainable growth in shareholder value and reputation. Extension of credit in Access Bank is guided by it's Credit Risk and Portfolio Management Plan, which sets out specific rules for risk origination and management of the loan portfolio.

The Plan also sets out the roles and responsibilities of different individuals and committees involved in the credit process.

We recognise the fact that our main asset is our loan portfolio. Therefore, we actively safeguard and strive to continually improve the health of our loan portfolio. We scrutinize all applications and weed out potential problem loans during the loan application phase, as well as constantly monitor existing loan portfolio.

The goal of the Bank is to apply sophisticated but realistic credit models and systems to monitor and manage credit risk. Ultimately these credit models and systems are the foundation for the application of internal rating-based approach to calculation of capital requirements. The development, implementation and application of these models are guided by the Bank's Basel II strategy.

The pricing of each credit granted reflects the level of risks inherent in the credit. Subject to competitive forces, Access Bank implements a consistent pricing model for loans to its different target markets. The client's interest is guarded at all times, and collateral quality is never the sole reason for a positive credit decision.

Provisions for credit losses meet prudential guidelines set forth by the Central Bank of the countries where we operate, both for loans for which specific provisions exist as well as for the portfolio of performing loans. Access Bank's credit process requires rigourous proactive and periodic review of the quality of the loan portfolio. This helps us to identify and remediate credit issues proactively.

The Criticized Assets Committee performs a quarterly review of loans with emerging signs of weakness; the Management Credit Committee and the Board Credit Committee also perform reviews of the quality of our loan portfolio on a quarterly basis. These are in addition to daily reviews performed by our Credit Risk Management department.

Principal Credit Policies

The following are the principal credit policies of the Bank

- ***Extension of credit:*** Every extension of credit must be approved by at least three officers; one of whom must be from Independent Credit Risk Management. The final approving officer must have a credit limit for the total facilities extending to the obligor (or group of related obligors).

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- ***Special Approvals:*** Extension of credit to certain sectors may require unique approvals or prohibited altogether
- ***Credit Analysis Policy:*** There are consistent standards of credit analysis across the Access Bank Group for approval of credit facilities
- ***Annual Review of facilities:*** All extension of credits must be reviewed at least once every 12 months
- ***Industry Limits:*** The Access Bank Group utilizes industry limits to maintain a diversified portfolio of risk assets
- ***Problem Recognition:*** There are uniform and consistent standards for recognition of credit migration and remediation across the Access Bank group

Credit process

The Bank's credit process starts with portfolio planning and target market identification. Within identified target markets, credits are initiated by relationship managers. The proposed credits are subjected to review and approvals by applicable credit approval authorities. Further to appropriate approvals, loans are disbursed to beneficiaries.

On-going management of loans is undertaken by both relationship management teams and our Credit Risk Management Group. The process is applied at the Head Office and in the subsidiaries.

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

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

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(i) Credit Risk Measurement

Risk Rating Methodology

The credit rating of the counterparty plays a fundamental role in final credit decisions as well as in the terms offered for successful loan applications.

Access Bank employs a robust credit rating system based on international best practices (including Basel II recommendations) in the determination of the Obligor and Facility risks and thus allows the Bank to maintain its asset quality at a desired level.

In Access Bank, the objective of the Risk Rating Policy is to ensure reliable and consistent Obligor Risk Ratings ('ORRs') and Facility Risk Ratings ('FRRs') throughout the Bank and to provide guidelines for risk rating for retail and non – retail exposures in the Bank.

The Risk rating policy incorporates credit risk rating models which estimate risk of obligor default and facility risks (covering both recovery as well as Exposure risk). These models are currently based on expert judgment for Retail and Non-Retail Exposures. Our long-term goal is to adopt the Internal Rating Based ("IRB") approach. The data required to facilitate the IRB approach are being gathered.

All Access Bank businesses that extend credit are subject to the Risk rating policy.

Credit Risk Rating Models

The following are the credit risk rating models deployed by Access Bank.

For Retail Exposures:

Obligor Risk Rating (ORR) Models have been developed for:

1. Personal Loans
2. Credit Cards
3. Auto Loans
4. Mortgage Loans

Facility Risk Rating (FRR) Models have been developed for:

1. Loss Given Default (LGD)
2. Exposure at Default (EAD)

For Non – Retail Exposures:

Obligor Risk Rating (ORR) Models have been developed for:

1. Sovereign (Approach to rating Sovereign Exposures using External ratings)
2. Bank and NBFIs
3. Corporate
   - Manufacturing Sector

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- Trading Sector
- Services Sector
- Real Estate Sector

4. Small and Medium Enterprises (SME) Without Financials

Facility Risk Rating (FRR) Models have been developed for

1. Loss Given Default (LGD)
2. Exposure at Default (EAD)

Risk Rating Process

In Access Bank, all businesses must have a documented and approved Risk Rating Process for deriving risk ratings for all obligors and facilities (including those covered under Credit Programs). The Risk Rating Process is the end-to-end process for deriving ORRs and FRRs and includes models, guidelines, support adjustments, collateral adjustments, process controls, as well as any other defined processes that a business undertakes in order to arrive at ORRs and FRRs. Risk rating process of each business must be in compliance with the Bank's Risk rating Policy and deviations must be explicitly approved.

Establishing the Risk Rating Process is the joint responsibility of the Business Manager and Independent Credit Risk Manager associated with each business. The process must be documented and must be approved by the Management Credit Committee.

The Risk Rating Process for each business must be reviewed and approved every three years, unless more frequent review is specified as a condition of the approvals. Interim material changes to the Risk Rating Process, as determined by the Independent Credit Risk Manager for the business, must be re-approved.

Responsibilities of Business Units and Independent Credit Risk Management

In Access Bank, Business units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities. Business Relationship Managers will be responsible for deriving the ORR and FRR using approved methodologies as set out in this policy, however independent credit risk management may also perform this function.

Notwithstanding who derives the risk rating, Independent Credit Risk Management is responsible for reviewing and ensuring the correctness of the ORR and FRR assigned to a borrower and facilities. This review includes ensuring the ongoing consistency of the business' Risk Rating Process with Access Bank Risk Rating Policy; ongoing appropriate application of the Risk Rating Process and tools; review of judgmental and qualitative inputs into the Risk Rating Process; ensuring the timeliness and thoroughness of risk rating reviews; and ensuring that the documentation of the Risk Rating Process is complete and current

Credit Risk Management has the final authority if there is a question about a specific rating.

Risk Rating Scale and external rating equivalent

Access Bank operates a 12-grade numeric risk rating scale. The risk rating scale runs from 1 to 8. Rating 1 represents the best obligors and facilities and rating 8 represents the worst obligors and facilities. The risk rating scale incorporates sub-grades and full grades reflective of realistic credit migration patterns.

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The risk rating scale and the external rating equivalent is detailed below

Access Bank Risk Rating	S&P Long term equivalent	Grade
1	AAA	Investment Grade
2+	AA	
2	A	
2-	BBB	
3+	BB+	Standard Grade
3	BB	
3-	BB-	
4	B	Non Investment Grade
5	B-	
6	CCC	
7	C	
8	D	

(ii) Credit Risk Control & Mitigation policy

Authority Limits on Credit

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

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

The credit approval limits of the principal officers of the Group are shown in the table below:

Authority	Approval Limit
Board of Directors	Limited to 20% of Shareholders' funds unimpaired by losses
Board Credit Committee	N6,000,000,000
Management Credit Committee	N 500,000,000
Group Managing Director	N 200,000,000
Group Deputy Managing Director	N 150,000,000
Group Executive Director	N 75,000,000
Managing Directors of the Bank's subsidiaries	N 25,000,000

Notes to the consolidated financial statements

(iii) Credit definitions

Impaired loans and securities
Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These are loans and securities specifically impaired and are graded 8 in the Group's internal credit risk grading system.

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

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

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

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

Credit Risk (Continued)

All loans and advances are categorise as either:
- Collectively impaired
- Past due but not impaired
- Individually impaired

The impairment allowance includes allowances against financial assets that have been individually impaired and those subject to collective impairment.

		Loans and advances to customers		Loans and advances to banks		Investment Securities	
In thousands of Naira	**Note**	**December 2009**	**March 2009**	**December 2009**	**March 2009**	**December 2009**	**March 2009**
Carrying amount	22, 23,25	385,313,186	410,835,629	70,526	-	73,745,086	70,742,788
Assets at amortised cost							
Individually impaired:							
Grade 6-8: Impaired		25,422,830	16,767,999	217,498	-	294,616	151,993
Gross amount		25,422,830	16,767,999	217,498	-	294,616	151,993
Allowance for impairment		(20,057,186)	(14,165,400)	(216,400)	-	(294,616)	(139,886)
Carrying amount		5,365,644	2,602,599	1,098		-	12,017
Assets at amortised cost							
Collectively impaired:							
Grade 1-3: Low-fair risk		295,595,461	361,612,279	70,134	-	-	-
Grade 4-5: Watch list		396,182	1,132,450	-	-	-	-
Grade 6-8: High risk		46,873,792	6,781,594	-	-	-	-
Gross amount		342,865,435	369,526,323	70,134	-		
Allowance for impairment		(6,138,743)	(993,487)	(706)	-	-	-
Carrying amount		336,726,692	368,532,836	69,428	-	-	-
Past due but not impaired:							
Grade 4-5: watchlist		44,599,672	40,256,983	-	-	-	-
Gross amount		44,599,672	40,256,983	-	-	-	-
Allowance for impairment		(1,378,822)	(556,789)	-	-	-	-
Carrying amount		43,220,850	39,700,194	-	-	-	-
Past due comprises:							
90 -180 days		44,599,672	40,256,983	-	-	-	-
Gross amount		44,599,672	40,256,983	-	-	-	-
Allowance for impairment		(1,378,822)	(556,789)	-	-	-	-
Carrying amount		43,220,850	39,700,194	-	-	-	-
Total carrying amount		385,313,186	410,835,629	70,526	-	-	-

In thousands of Naira	Note	Loans and advances to customers December 2009	 March 2009	Loans and advances to banks December 2009	 March 2009	Investment Securities December 2009	 March 2009
Available-for-sale assets:	25						
Grade 1-3: Low-fair risk		-	-	-	-	73,745,086	70,742,788
Total carrying amount		-	-	-	-	73,745,086	70,742,788

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

	Loans and advances to customers		Loans and advances to bank		Investment securities	
In thousands of Naira	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
December 2009						
Grade 6-8: Individually impaired	25,422,830	5,365,644	217,498	1,098	294,616	-
Total	25,422,830	5,365,644	217,498	1,098	294,616	-
March 2009						
Grade 6-8: Individually impaired	16,767,999	2,602,599	-	-	151,993	12,107
Total	16,767,999	2,602,599	-	-	151,993	12,107

(iv) Credit collateral

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure or transferring it to counterparty, at facility level, by a safety net of tangible and realizable securities including approved third-party guarantees/ insurance.

In Access Bank, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the Bank is the collateralization of the exposures by first priority claims or obtaining a third party guarantee. Other techniques include buying a credit derivative to offset credit risk at transaction level. At portfolio level, asset securitisation, credit derivatives etc. are used to mitigate risks in the portfolio.

However primary consideration when approving credits is always the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigant as incorporated in the guidance note of BCBS on "Principles for the Management of Credit Risk" (September 2000, Paragraph 34) are to be taken into consideration while using a credit risk mitigant to control credit risk.

> *"Bank can utilize transaction structure, collateral and guarantees to help mitigate risks (both identified and inherent) in individual credits but transactions should be entered into primarily on the strength of the borrower's repayment capacity. Collateral cannot be a substitute for a comprehensive assessment of the borrower or the counterparty, nor can compensate for the insufficient information. It should be recognized that any credit enforcement actions (e.g. foreclosure proceedings) can eliminate the profit margin on the transaction. In addition, Banks need to be mindful that the value of collateral may well be impaired by the same factors that have led to the diminished recoverability of the credit."*

The range of collaterals acceptable to the Bank includes:

- Cash / Deposit (domestic and foreign currency) with Bank including certificates of deposit or comparable instruments issued by the Bank.
- Certificates of Deposit from other banks.
- Commodities.
- Debt securities issued by sovereigns and public-sector enterprises.
- Debt securities issued by banks and corporations.
- Equities - Stocks / Share Certificates of quoted blue chip companies
- Mortgage on Landed Property
- Asset-backed securities.
- Charge on assets (Fixed and/or Floating) - premises/ inventory/ receivables/ merchandise/ plant/ machinery etc.
- Negative Pledges
- Lien on Asset being financed
- Stock Hypothecation
- Shipping Documents (for imports)
- Bankers Acceptance
- Life Assurance Policies

Master Netting arrangements

It is the Group's policy that all credit exposures are adequately collateralised. Notwithstanding, our account opening documentation allows the Bank to net off customers' deposits against their exposure to the Bank. Generally transactions are allowed to run on a gross basis, however, in cases of unfavorable credit migration, the Bank may elect to invoke the netting agreement.

Credit Related Commitments

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure. An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers and banks is shown below:

	Loans and advances to customers		**Loans and advances to Banks**	
	December	**March**	**December**	**March**
In thousands of Naira	**2009**	**2009**	**2009**	**2009**
Against individually impaired	6,436,588	33,128,279	-	-
Against collectively impaired	355,598,187	274,852,305	-	-
Total	362,034,775	307,980,584	-	-

	Loans and advances to customers		Loans and advances to banks	
	December 2009	**March 2009**	**December 2009**	**March 2009**
Against individually impaired:				
Property	4,324,562	5,059,738	-	-
Debt securities	-	9,000	-	-
Equities	1,418,356	613,300	-	-
Cash	243,670	-	-	-
Pledged goods/receivables	-	-	-	-
Others	450,000	27,446,241	-	-
Against collectively impaired:				
Property	183,163,918	156,159,775	-	-
Debt securities	-	10,329,660	-	-
Equities	15,262,366	26,879,902	-	-
Cash	7,122,646	-	-	-
Pledged goods/receivables	2,265,642	-	-	-
Others	147,783,615	81,482,968	-	-
	362,034,775	307,980,584	-	-

Credit risk (continued)

(v) Credit concentration

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

		Loans and advances to customers		Loans and advances to Banks		Investment securities	
In thousands of Naira	**Note**	**December 2009**	**March 2009**	**December 2009**	**March 2009**	**December 2009**	**March 2009**
Carrying amount	22, 23,25	385,313,186	410,835,629	70,526	-	73,745,086	70,472,788
Concentration by sector							
Corporate		281,261,966	389,280,199	-	-	48,574,565	69,796,917
Commercial		76,494,855	-	-	-	-	-
Bank		2,761	-	70,526	-	-	-
Retail		12,148,408	21,555,430	-	-	-	-
Government		11,799,157	-	-	-	25,170,521	675,871
Others		3,606,039	-	-	-	-	-
		385,313,186	410,835,629	70,526	-	73,745,086	70,472,788
Concentration by location					-		
Nigeria		362,009,440	394,713,036	70,526	-	73,745,086	69,316,777
Rest of Africa		22,243,331	20,199,366	-	-	-	1,426,011
Europe		1,060,415	-	-	-	-	-
		385,313,186	414,912,402	70,526	-	73,745,086	70,472,788

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

5 (c) Liquidity risk

We define liquidity risk as the potential inability to meet our contractual and contingent financial obligations, on- or off-balance sheet, as they come due.

Liquidity risk arises from the inability to manage unplanned decreases or changes in funding sources. Determination of the adequacy of the Bank's liquidity position is carried out using the following factors:

- Historical funding requirements
- Current liquidity position
- Present and anticipated asset quality
- Present and future earnings capacity
- Sources of funds

Our primary liquidity objective is to ensure adequate funding for our businesses throughout market cycles, including during periods of financial stress. To achieve that objective we analyze and monitor our liquidity risk, maintain excess liquidity and access diverse funding sources including our stable deposit base. We define excess liquidity as readily available assets, limited to cash and high-quality liquid unencumbered securities, that we can use to meet our funding requirements as those obligations arise.

Global funding and liquidity risk management activities are centralized within Corporate Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events.

The Board approves the Bank's liquidity policy and contingency funding plan, including establishing liquidity risk tolerance levels. The Group ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Group ALCO is responsible for managing liquidity risks and ensuring exposures remain within the established tolerance levels.

Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual.

Quantifications
The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between our assets and liabilities. The Bank monitors the cumulative gap as a + or – 20% of the total risk assets and the gap as a + or – 20% of total deposit liabilities.

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

The Bank's Group Treasury is responsible for maintaining sufficient liquidity by maintaining sufficient high ratio of liquid assets and available funding for near-term liabilities. The secured liquidity measure is calculated and monitored by risk management. Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Bank. Liquidity risk is reported to the board of directors on a quarterly basis.

Contingency funding plan
Access Bank monitors its liquidity position and funding strategies on an ongoing basis, but recognises that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. To monitor liquidity and funding, the Group Treasury prepares a liquidity worksheet twice a month that project sources and uses of funds. The worksheet incorporates the impact of moderate risk and crisis situations. The worksheet is an integral component of the contingency funding plan.

Although it is unlikely that a funding crisis of any significant degree could materialise, we consider it important to evaluate this risk and formulate contingency plans should one occur. Both short term and long-term funding crises are addressed in the contingency funding plan.

Exposure to liquidity risk
The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and

investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Nigeria).

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

	December 2009	**March 2009**
At end of period	42.82%	36%
Average for the period	32.31%	44%
Maximum for the period	42.82%	75%
Minimum for the period	25.52%	32%

Financial risk management (continued)

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

(iii) Residual contractual maturities of financial assets and liabilities

In thousands of Naira	**Note**	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**1 - 5 years**	**More than 5 years**
31-Dec-09								
Non-derivative assets								
Cash and cash equivalents	18	155,076,424	154,774,018	105,990,423	49,085,913	88	-	-
Trading securities	19	11,563,193	12,487,809	12,468,902	16,979	1,500	428	-
Pledged assets	20	7,591,114	7,591,114	1,555,000	4,586,114	1,450,000	-	-
Loans and advances to banks	22	70,526	70,526	-	70,526	-	-	-
Loans and advances to customers	23	385,313,186	385,295,916	154,174,582	31,445,132	62,731,886	25,746,964	11,197,350
Investment securities	25	73,745,086	69,418,797	4,868,000	15,200,000	2,493,420	13,654,702	33,202,675
		633,359,529	629,638,180	279,056,907	100,404,664	66,676,894	39,402,094	44,400,025
Non-derivative liabilities								
Deposits from banks	31	43,216,841	39,033,178	27,491,622	15,724,454	289	477	-
Deposits from customers	32	442,334,863	442,072,331	437,324,901	1,142,605	3,519,372	85,454	-
Debt securities issued	33	2,604,276	2,604,276	-	2,604,276	-	-	-
Interest bearing loans & borrowings	35	3,376,945	3,131,964	3,527	30,535	230,706	2,064,978	802,219
		491,532,925	486,841,749	464,820,050	19,501,870	3,750,367	2,150,909	802,219
Gap (asset - liabilities)		141,826,604	142,796,431	(185,763,143)	80,902,794	62,926,527	37,251,185	43,597,806
Cumulative liquidity gap		141,826,604	284,623,035	98,859,892	179,762,686	242,689,213	279,940,398	323,538,204

In thousands of Naira	**Note**	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**1- 5 years**	**More than 5 years**
31-Mar-09								
Cash and cash equivalents	18	145,484,481	144,808,717	129,970,765	11,059,462	3,778,490	-	-
Trading securities	19	10,557,205	10,557,205	10,557,205	-	-	-	-
Pledged assets	20	7,825,488	7,900,000	1,000,000	2,400,000	4,500,000	-	-
Loans and advances to banks	22	-	-	-	-	-	-	-
Loans and advances to customers	23	410,835,629	441,632,736	304,102,795	30,655,399	20,421,540	86,453,002	-
Investment securities	25	70,472,788	67,181,509	102,118	-	4,971,098	39,677,430	22,430,863
		645,175,591	672,080,167	445,732,883	44,114,861	33,671,128	126,130,432	22,430,863
Non-derivative liabilities								
Deposits from banks	31	30,296,711	70,498,915	58,321,800	12,177,115	-	-	-
Deposits from customers	32	448,011,040	357,020,423	350,622,888	703,011	321,399	5,373,125	-
Debt securities issued	33	9,207,423	14,039,457	-	3,825,491	3,612,400	6,601,566	-
Interest bearing loans & borrowings	35	5,193,083	7,974,354	-	-	-	7,974,354	-
		492,708,257	449,533,149	408,944,688	16,705,617	3,933,799	19,949,045	-
Gap (asset - liabilities)		152,467,334	222,547,018	36,788,195	27,409,244	29,737,329	106,181,387	22,430,863
Cumulative liquidity gap		152,467,334	375,014,352	411,802,547	439,211,791	468,949,120	575,130,507	597,561,370

Financial risk management (continued)

5(d) Market risks

Market risk is the current or prospective risk to earnings and capital arising from adverse movements in market prices and rates. Broadly speaking, the Bank concerns itself with four main components under market risk:

- Equity price risk is the risk of loss due to adverse change in equity market prices
- Liquidity risk is the potential for loss to the Bank arising from either its ability to meet its obligations as they fall due without incurring unacceptable cost or losses
- Interest rate risk is the risk that the financial value of the Bank's assets and liabilities will be altered by fluctuations in interest rate
- Foreign exchange risk is the risk of loss due to adverse changes in foreign exchange rates

Market risk policy, management and control

Access Bank's strategy is to invest its own capital on a limited and carefully selected basis in transactions, underwritings and other activities that involve market risk.

The main type of market risks are the price risk of listed and unlisted securities, both stocks and bonds, interest rate risk, currency risk or other market variables influenced by market forces. These investments are either taken as a service to clients for example as an underwriting commitment, a co-investment in an acquisition, market making in capital markets and others – or the investments are made with the strategy of the Bank in mind and then primarily in financial service companies.

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

The Board entrusts the CEO of the Bank and the CEOs and Managing Directors of the subsidiaries with the enforcement of this policy and risk management responsibilities, by monitoring limits and reporting their utilisation as well as enforcement.

The Bank's GMD/CEO is responsible for approving specific position limits, which are used for positions, which are sometimes specific medium-term investment cases and other times strategic (or have the potential of becoming strategic) in the medium term. These positions are typically few in number (five to ten) and therefore concentrated in nature. These limits need explicit approval from the Bank's CEO and the assets and liabilities committee.

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

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

Measurement methods
Risk measures are generated by proprietary systems that utilise the counterparty, market data and trade databases generated and used by the Bank's trade systems.

Additionally, the risk management systems are enhanced by various third-party solutions .The models employed in evaluating these measures include position-based models, volatility based models (based on the volatility of market variables and their related covariance) and scenario-based models (the frequency of a severe loss estimated by repeating random scenarios with certain statistical properties that have, in most cases, been estimated from historical data).

All trades and intraday profit or loss are reported continuously to the chief risk officer through a position monitoring system. Intraday positions in different trading units within the Bank are monitored, and the chief risk officer is alerted if any deviations or exceptions are observed. The Bank's risk management division sends a daily report on profit and loss and turnover to the chief risk officer, the head of trading and the Bank's CEO.

The Bank's group market risk management sends a monthly risk assessment report to the head of trading, the Bank's CEO, and the Bank's board of directors, which details volatility-based, and scenario-based measures such as Value-at-Risk (VaR) and stress tests based on current exposures.

Interest rate risk
The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rate assets and liabilities, the Bank is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the savings rate and 90-day NIBOR and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's business strategies. Interest-rate risk is monitored centrally with duration report and yield-curve stress tests for each currency.

Exposure to interest rate risk – non-trading portfolios
The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. The Assets and Liabilities Management Committee is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities.

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

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

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

A summary of the Group's interest rate gap position on trading and non-trading portfolios is as follows:

Market risks

Repricing period

In thousands of Naira	***Note***	**Carrying amount**	**Less than 3 months**	**6 months**	**12 months**	**1-5 years**	**More than 5 years**
31-Dec-09							
Non-derivative assets							
Cash and cash equivalents	18	155,076,424	155,076,424	-	-	-	-
Trading Securities	19	11,563,193	11,563,193	-	-	-	-
Pledged assets	20	7,591,114	1,555,000	4,586,114	1,450,000	-	-
Loans and advances to banks	22	70,526	70,526	-	-	-	-
Loans and advances to customers	23	385,313,186	168,570,517	32,069,994	55,282,322	118,776,549	10,684,330
Investment Securities	25	73,745,086	45,109,487	2,314,628	1,889,599	5,891,465	18,539,907
TOTAL		633,359,529	381,945,147	38,970,736	58,621,921	124,668,014	29,224,237
Non-derivative liabilities		-	-	-	-	-	-
Deposits from banks	31	43,216,841	25,846,852	17,369,989	-	-	-
Deposits from customers	32	442,334,863	441,352,932	571,403	318,188	92,340	-
Debt securities issued	33	2,604,277	-	-	-	2,604,277	-
Interest bearing loans & borrowings	35	3,376,945	3,103	34,148	248,227	2,226,500	864,967
TOTAL		491,532,926	467,202,887	17,975,540	566,415	4,923,117	864,967

In thousands of Naira	Note	Carrying amount	Repricing period Less than 3 months	3 - 6 months	6 - 12 months	1 - 5 years	More than 5 years
31-Mar-09							
Non-derivative assets							
Cash and cash equivalents	18	145,484,481	130,577,286	11,111,072	3,796,123	-	-
Trading Securities	19	10,557,205	10,557,205	-	-	-	-
Pledged assets	20	7,825,488	990,568	2,377,363	4,457,556	-	-
Loans and advances to banks	22	-	-	-	-	-	-
Loans and advances to customers	23	410,835,629	282,896,291	28,517,655	18,997,451	80,424,232	-
Investment Securities	25	70,472,788	107,121	-	5,214,636	41,621,261	23,529,770
		645,175,591	425,128,471	42,006,090	32,465,766	122,045,493	23,529,770
Non-derivative liabilities							
Deposits from banks	31	30,296,711	52,410,540	5,811,500	11,650,000	-	-
Deposits from customers	32	448,011,040	348,178,137	1,267,765	576,849	5,367,125	-
Debt securities issued	33	9,207,423	-	-	-	12,035,838	-
Interest bearing loans & borrowings	35	5,193,083	-	-	-	7,853,332	-
		492,708,257	400,588,677	7,079,265	12,226,849	25,256,295	-

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

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

Interest rate movement affect reported equity in the following ways:

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

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

At 31 December 2009, if interest rates on

- floating rate assets and liabilities held at amortised cost and
- assets and liabilities accounted at fair value through profit or loss

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

In thousands of Naira	**December 2009**		**March 2009**	
	Pre-tax N'000	**Post-tax N'000**	**Pre-tax N'000**	**Post-tax N'000**
Decrease	(173,159)	(121,211)	(267,886)	(192,074)
Increase	173,159	121,211	264,769	189,839

Exposure to Foreign exchange risk

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

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

Our net total currency balance is always within specified regulatory limits which is currently 1% of shareholders' funds.

Notes to the consolidated financial statements

The table below summaries the Group's assets and liabilities at carrying amount, categorised by currency:

Financial instruments by currency		**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
In thousands of Naira	***Note***						
31 December 2009							
Cash and cash equivalents	18	155,076,424	90,162,814	46,814,853	8,177,980	3,504,057	6,416,721
Trading Securities	19	11,563,193	6,880,809	6,624	-	-	4,675,760
Pledged assets	20	7,591,114	7,591,114	-	-	-	-
Derivative financial instruments	21	3,002,720		3,002,720	-	-	-
Loans and advances to banks	22	70,526	70,526	-	-	-	-
Loans and advances to customers	23	385,313,186	315,953,584	55,478,280	485,813	283,809	13,111,700
Investment securities	25	73,745,086	71,650,047	382,026	1,713,013	-	-
		636,362,249	492,308,894	105,684,503	10,376,806	3,787,866	24,204,181
Deposits from banks	31	43,216,841	62,115	38,818,931	2,374,036	956,279	1,005,480
Deposits from customers	32	442,334,863	346,379,913	66,075,776	5,625,713	4,207,477	20,045,983
Derivative financial instruments	21	1,833,327		1,833,327	-	-	-
Debt securities issued	33	2,604,277	2,604,277	-	-	-	-
Interest bearing loans and borrowings	35	3,376,945	523,997	2,852,948	-	-	-
		493,366,253	349,570,302	109,580,982	7,999,749	5,163,756	21,051,463

Notes to the consolidated financial statements

Financial instruments by currency		**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
In thousands of Naira	***Note***						
31 March 2009							
Cash and cash equivalents	18	145,484,481	69,787,919	47,895,157	2,429,114	716,553	24,655,738
Trading Securities	19	10,557,205	10,557,205	-	-	-	-
Pledged assets	20	7,825,488	7,825,488	-	-	-	-
Derivative financial instruments	21	3,033,817	-	2,034,199	999,618	-	-
Loans and advances to banks	22	-	-	-	-	-	-
Loans and advances to customers	23	410,835,629	329,733,681	64,441,289	133,818	404,275	16,122,566
Investment securities	25	70,472,788	61,267,961	7,329,229	-	-	1,875,598
		648,209,408	479,172,254	121,699,874	3,562,550	1,120,828	42,653,902
Deposits from banks	31	30,296,711	7,072,912	12,752,292	127,518	10,343,989	-
Deposits from customers	32	448,011,040	396,478,803	26,572,437	332,897	252,519	24,374,384
Debt securities issued	33	9,207,423	9,207,423	-	-	-	-
Interest bearing loans and borrowings	35	5,193,083	-	5,137,407	-	55,676	-
Derivative financial instruments		1,959,759	-	1,959,759	-	-	-
		494,668,016	412,759,138	46,421,895	460,415	10,652,184	24,374,384

Notes to the consolidated financial statements

5(e) Operational risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events. Our definition of operational risk excludes regulatory risks, strategic risks and potential losses related solely to judgments with regard to taking credit, market, interest rate, liquidity, or insurance risks.

It also includes the reputation and franchise risk associated with business practices or market conduct in which the Bank is involved. Operational risk is inherent in Access Bank's global business activities and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. This framework includes:

- recognized ownership of the risk by the businesses;
- oversight by independent risk management; and
- independent review by Corporate Audit.

The goal is to keep operational risk at appropriate levels relative to the characteristics of our businesses, the markets in which we operate, our capital and liquidity, and the competitive, economic and regulatory environment. Notwithstanding these controls, Access Bank group incurs operational losses.

Our operational risk strategy seeks to minimise the impact that operational risk can have on shareholders' value. The Bank's strategy is to:

- Reduce the likelihood of occurrence of expected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation to earnings
- Minimise the impact of unexpected and catastrophic events and related costs through risk financing strategies that will support the Bank's long term growth, cash flow management and balance sheet protection
- Eliminate bureaucracy, improve productivity, reduce capital requirements and improve overall performance through the institution of well designed and implemented internal controls

In order to create and promote a culture that emphasises effective operational management and adherence to operating controls, there are three distinct levels of operational risk governance structure in Access Bank Plc.

Level 1 refers to the oversight function carried out by the board of directors, board risk committee and the executive management. Responsibilities at this level include ensuring effective management of operational risk and adherence to the approved operational risk policies.

Level 2 refers to the management function carried out by operational risk management group. It has direct responsibility for formulating and implementing the Bank's operational risk management framework including methodologies, policies and procedures approved by the board.

Level 3 refers to the operational function carried out by all business units and support functions in the Bank. These units/functions are fully responsible and accountable for the management of operational risk in their units. They work in liaison with operational risk management to define and review controls to mitigate identified risks. Internal audit provides independent assessment and evaluation of the Bank's operational risk management framework. This periodic confirmation of the existence and utilisation of controls in compliance with approved policies and procedures, provide assurance as to the effectiveness of the Bank's operational risk management framework.

Notes to the consolidated financial statements

Information Security and Continuity of Business

Information security and the protection of confidential and sensitive customer data are a priority of Access Bank The Bank has developed and implemented an Information Security Risk Management framework that is in line with best practice. The framework is reviewed and enhanced regularly to address emerging threats to customers' information. The Operational risk management Group in conjunction with Information Technology continues to coordinate global preparedness and mitigate business continuity risks by reviewing and testing recovery procedures.

Strategic Risk Management

Strategic risk is embedded in every line of business and is part of the other major risk categories (credit, market, liquidity, compliance and operational). It is the risk that results from adverse business decisions, ineffective or inappropriate business plans, or failure to respond to changes in the competitive environment, business cycles, customer preferences, product obsolescence, regulatory environment, business strategy execution, and/or other inherent risks of the business including reputational risk.

In the financial services industry, strategic risk is high due to changing customer and regulatory environments. The Bank's appetite for strategic risk is continually assessed within the context of the strategic plan, with strategic risks selectively and carefully taken to maintain relevance in the evolving marketplace.

Strategic risk is managed in the context of our overall financial condition and assessed, managed and acted on by the Group Managing Director and executive management team. Significant strategic actions, such as material acquisitions or capital actions are reviewed and approved by the Board. Using a plan developed by management, executive management and the Board approve a strategic plan every three years. Annually, executive management develops a financial operating plan and the Board reviews and approves the plan. Executive management, with Board oversight, ensures that the plans are consistent with the Bank's strategic plan, core operating tenets and risk appetite.

The following are assessed in their reviews: forecasted earnings and returns on capital; the current risk profile and changes required to support the plan; current capital and liquidity requirements and changes required to support the plan; stress testing results; and other qualitative factors such as market growth rates and peer analysis. Executive management, with Board oversight, performs similar analyses throughout the year, and will define changes to the financial forecast or the risk, capital or liquidity positions as deemed appropriate to balance and optimize between achieving the targeted risk appetite and shareholder returns and maintaining the targeted financial strength.

We use robust models to measure the capital requirements for credit, country, market, operational and strategic risks. The economic capital assigned to each line of business is based on its unique risk exposures. With oversight by the Board, executive management assesses the risk-adjusted returns of each business in approving strategic and financial operating plans. The businesses use economic capital to define business strategies, price products and transactions, and evaluate customer profitability.

Compliance Risk Management

Compliance risk is the risk posed by the failure to manage regulatory, legal and ethical issues that could result in monetary damages, losses or harm to our reputation or image. Our Compliance framework provides the platform for the compliance programmes that are consistently applied across the Bank to manage compliance risk. This framework includes a common approach to commitment and accountability, policies and procedures, controls and supervision, monitoring, regulatory change management, education and awareness and reporting.

We approach compliance risk management on an enterprise and line of business level. The Compliance and Internal Control function provides oversight of significant compliance risk issues. The function also develops and guides the strategies, policies and practices for assessing and managing compliance risks across the organization. Through education and communication efforts, a culture of compliance is emphasized across the organization. We also mitigate compliance risk through a broad-based approach to process management and improvement. The lines of business are responsible for all the risks within the business line, including compliance risks. Compliance Risk officers, working in conjunction with senior line of business executives, have developed key tools to address and measure compliance risks and to ensure compliance with laws and regulations in each line of business.

Enterprise-wide Stress Testing

As a part of our core risk management practices, the Bank conducts enterprise-wide stress tests on a periodic basis to better understand earnings, capital and liquidity sensitivities to certain economic scenarios, including economic conditions that are more severe than anticipated. These enterprise-wide stress tests provide an understanding of the potential impacts to our risk profile, capital and liquidity.
Scenario(s) are carefully selected by a group drawn from senior line of business, risk and finance executives. Impacts to each line of business from each scenario are then analyzed and determined, primarily leveraging the models and processes utilized in everyday management routines. Impacts are assessed along with potential mitigating actions that may be taken in each scenario. Analysis from such stress scenarios is compiled for and reviewed through our Group ALCO, and the Enterprise Risk Management Committee and serves to inform and be incorporated, along with other core business processes, into decision making by management and the Board. The Bank would continue to invest in and improve stress testing capabilities as a core business process

5(f) Capital management

Regulatory capital
In all the countries where Access Bank operates, banks are required to hold a minimum capital level determined by the regulators. Access Bank and individual banking operations are directly supervised by the Central Bank of Nigeria and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled.
The Group's lead regulator, the Central Bank of Nigeria sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements, Central Bank of Nigeria requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Group's regulatory capital is analysed into two tiers:
Tier 1 capital, which includes ordinary share capital, capital reserve, share premium, retained earnings, translation reserve and minority interests after deductions for other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities and general provision allowances

The qualifying tier 2 capital cannot exceed tier 1 capital

Notes to the consolidated financial statements

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

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

Capital adequacy ratio

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

In thousands of Naira	***Note***	**December 2009**	**March 2009**
Tier 1 capital			
Ordinary share capital	36	8,131,024	8,107,130
Share premium	36	146,160,837	146,446,833
Retained earnings	36	(9,980,793)	(3,204,362)
Other reserves	36	15,092,981	22,873,703
Non-controlling interests	36	858,292	1,028,533
		160,262,341	175,251,837
Add/(Less):			
Fair value reserve for available-for-sale securities	36	989,079	(2,503,296)
Intangible assets	28	(2,880,706)	(2,402,718)
Shareholders' funds		158,370,714	170,345,823
Tier 2 capital			
Fair value reserve for available-for-sale securities		(989,079)	2,503,296
Collective allowances for impairment	22,23	7,518,271	1,550,276
Total		6,529,192	4,053,572
Total regulatory capital		**164,899,906**	**174,399,395**
Risk-weighted assets		**504,284,589**	**555,832,469**

Notes to the consolidated financial statements

Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	32.70%	30.65%
Total tier 1 capital expressed as a percentage of risk-weighted assets	23.10%	31.53%

Capital allocation

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

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

6. Use of estimates and judgements

These disclosures supplement the commentary on financial risk management (see note 5).

Key sources of estimation uncertainty

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 4(j),(k)(viii).

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

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances and held to maturity investment securities with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans and advances and held to maturity investment securities, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated.

Notes to the consolidated financial statements

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 4(j)(vii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

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

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

1. In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy 4(l).
2. In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in accounting policy 4(n)(iii).
3. In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 4(n)(i).

Details of the Group's classification of financial assets and liabilities are disclosed in note 8.

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

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

Valuation of financial instruments
The Group's accounting policy on fair value measurements is discussed under note 4(j)(vii)

The Group measures fair values using the following hierarchy of methods.

- Level 1: Quoted market price in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar

Notes to the consolidated financial statements

instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market date (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes loans and advances to banks and customers, investment securities, deposits from banks and customers, debt securities and other borrowed funds.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

9-Dec	Note	Level 1	Level 2	Level 3	Total
In thousands of Naira					
Financial Assets					
Non pledged trading assets	19	11,563,193	-	-	11,563,193
Pledged assets	20	7,591,114	-	-	7,591,114
Derivative financial instruments	21	-	3,002,720	-	3,002,720
Investment securities	25	-	-	8,968,722	8,968,722
		19,154,307	3,002,720	8,968,722	31,125,749
Financial Liabilities					
Derivative financial instruments	21	-	1,833,327	-	1,833,327
		-	1,833,327	-	1,833,327

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with the determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Notes to the consolidated financial statements

7. Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis. The Group presents segment information to its Executive Management Committee, which is the Group's Chief Operating Decision Maker, based on Nigerian Generally Acceptable Accounting Practice (GAAP) whose requirements differ from those of International Financial Reporting Standards in certain respects. Some of the key differences include:

1. Interest income on impaired assets is not recognised under Nigerian GAAP while IFRS requires that such interest income be recognised in the income statement.

2. Provision for loan loss is determined based on Central Bank of Nigeria Prudential Guidelines under Nigeria GAAP while an incurred loss model is used in determine the impairment loss under IFRS.

3. Credit related fees are recognised in the profit and loss account at the time of occurrence under Nigeria GAAP while under IFRS, credit related fees are recognised as part of effective interest or over the period of the contract depending on the nature of the contract.

The following summary describes the operations in each of the Group's reportable segments:

- **Institutional banking** – The Institutional Banking Group provides bespoke comprehensive banking products and services to corporate organizations to meet the needs of this segment of the Bank's customers.
- **Commercial banking** – The Commercial Banking Group has presence in all major cities in the country. It provides commercial banking products and services to the middle and retail segments of the Nigerian market.
- **Investment banking** – The Investment Banking Group provides innovative financing and risk management solutions and advisory services for the bank's corporate and institutional customers. The group is also responsible for formulation and implementation of financial market products for the Bank's customers.
- **Retail banking** – The Retail Banking Group provides private banking services, private customer current accounts, savings accounts deposits, investment savings products, custody, credit and debit cards and customer loans.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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7 Operating segments (Continued)
Information about operating segments

31 December 2009

In thousands of Naira	**Institutional Banking**	**Commercial Banking**	**Investment Banking**	**Retail Banking**	**Unallocated items**	**Total N'000**
Revenue:						
Derived from external customers	43,653,445	22,504,791	8,040,742	9,920,200	861,376	84,980,554
Derived from other business segments	(4,499)	(1,052)		5,551		
Total Revenue	43,648,946	22,503,739	8,040,742	9,925,751	861,376	84,980,554
Interest expenses	(25,734,523)	(1,380,628)	(694,717)	(2,427,280)	(3,996)	(30,241,144)
	17,914,423	21,123,111	7,346,025	7,498,471	857,380	54,739,410
(Loss)/profit on ordinary activities before taxation	(4,721,564)	(1,832,910)	2,665,704	162,986	260,050	(3,481,565)
Income tax expense						(920,601)
Loss after taxation						(4,402,166)
Other segment information:						
Depreciation	468,734	2,318,005	875,451	224,525	30,088	3,916,803
Share of associate's profit					(775,431)	(775,431)
Assets and liabilities:						
Tangible segment assets	357,909,724	259,071,254	45,508,749	23,504,020	7,790,191	693,783,938
Unallocated segment assets	-	-	-	-	-	-
Total assets	357,909,724	259,071,254	45,508,749	23,504,020	7,790,191	693,783,938
Segment liabilities	173,252,050	264,996,586	21,814,098	59,361,792	6,013,364	525,437,890
Unallocated segment liabilities						
Total liabilities	173,252,050	264,996,586	21,814,098	59,361,792	6,013,364	525,437,890
Net assets	184,657,674	(5,925,332)	23,694,651	(35,857,772)	1,776,827	168,346,048

7 Operating segments (Continued)
Information about operating segments

31 March 2009

In thousands of Naira	**Institutional Banking**	**Commercial Banking**	**Investment Banking**	**Retail Banking**	**Unallocated items**	**Total N'000**
Revenue:						
Derived from external customers	25,578,842	45,154,172	12,996,970	5,519,921	302,797	89,552,702
Derived from other business segments	(663,164)	600,095	53,383	9,685	-	-
Total Revenue	24,915,678	45,754,268	13,050,353	5,529,606	302,797	89,552,702
Interest expenses	(9,846,760)	(2,746,945)	(2,307,355)	(1,445,003)	-	(16,346,063)
	15,068,918	43,007,322	10,742,998	4,084,603	302,797	73,206,639
Profit on ordinary activities before taxation	4,332,412	12,830,058	7,054,158	1,855,392	113,409	26,185,429
Income tax expense						(5,371,213)
Profit after taxation						20,814,216
Other segment information:						
Depreciation	991,747	2,518,282	96,464	347,849	3,811	3,958,153
Share of associate's profit					505,547	505,547
Assets and liabilities:						
Tangible segment assets	305,486,389	334,883,273	41,838,420	27,921,584	196,416	710,326,082
Total assets	305,486,389	334,883,273	41,838,420	27,921,584	196,416	710,326,082
Segment liabilities	176,807,951	262,402,375	39,506,481	46,414,032	7,119	525,137,958
Total liabilities	176,807,951	262,402,375	39,506,481	46,414,032	7,119	525,137,958
Net assets	128,678,438	72,480,898	2,331,939	(18,492,448)	189,297	185,188,124

7. Operating segments (Continued)

Reconciliation of reportable segment revenues, profit or loss and assets and liabilities

In thousands of Naira	**Dec-09**	**Mar-09**
Revenues		
Total revenue from reportable segments	84,980,554	89,552,702
Adjustments to reconcile segment results to amounts reported in these IFRS financial statements	2,522,150	(4,445,476)
Consolidated revenue	87,502,704	85,107,226
Profit or loss		
Total profit or loss for reportable segments	(3,481,565)	26,185,429
Adjustments to reconcile segment results to amounts reported in these IFRS financial statements	(473,560)	(8,248,124)
Consolidated profit before income tax	(3,955,125)	17,937,305
Assets		
Total assets for reportable segments	693,783,938	710,326,082
Adjustments to reconcile segment results to amounts reported in these IFRS financial statements	(4,450,146)	(10,110,751)
Consolidated total assets	689,333,792	700,215,331
Liabilities		
Total liabilities for reportable segments	525,437,890	525,137,958
Adjustments to reconcile segment results to amounts reported in these IFRS financial statements	3,633,561	(1,129,560)
Consolidated total liabilities	529,071,451	524,963,494

Geographical segments
The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa
- Europe

Dec-09 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total**
Derived from external customers	76,129,727	8,296,570	554,257	84,980,554
Derived from other segments				-
Total Revenue	76,129,727	8,296,570	554,257	84,980,554
Interest expense	(28,209,729)	(2,015,482)	(15,933)	(30,241,144)
Fee and commission expenses				
Operating Income/(loss)	47,919,998	6,281,088	538,324	54,739,410
Profit before income tax	(449,191)	(2,100,021)	(932,353)	(3,481,565)
Assets and liabilities:				
Total assets	637,925,649	35,541,778	20,316,511	693,783,938
Total liabilities	472,317,673	47,218,870	5,901,347	525,437,890
Net assets/(liabilities)	165,607,976	(11,677,092)	14,415,164	168,346,048

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

8. Financial assets and liabilities
Accounting classification measurement basis and fair values

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

In thousands of Naira	***Note***	**Trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other amortized cost**	**Total carrying amount**	**Fair value**
31 December 2009									
Cash and cash equivalents	18	-	-	-	-	-	155,076,424	155,076,424	145,267,841
Non pledged trading assets	19	11,563,193	-	-	-	-	-	11,563,193	11,563,193
Pledged assets	20	-	-	7,591,114	-	-	-	7,591,114	7,591,114
Derivative financial instruments	21	-	3,002,720	-	-	-	-	3,002,720	3,002,720
Loans and advances to banks	22	-	-	-	70,526	-	-	70,526	70,526
Loans and advances to customers	23	-	-	-	385,313,186	-	-	385,313,186	384,530,328
Investment securities	25	-	-	39,021,822	-	34,723,263	-	73,745,085	69,109,707
		11,563,193	**3,002,720**	**46,612,936**	**385,383,712**	**34,723,263**	**155,076,424**	**636,362,248**	**621,135,429**
Deposits from banks	31	-	-	-	-	-	43,216,841	43,216,841	43,149,546
Deposits from customers	32	-	-	-	-	-	442,334,863	442,334,863	441,753,620
Derivative financial instruments		-	1,833,327	-	-	-	-	1,833,327	1,833,327
Debt securities issued	33	-	-	-	-	-	2,604,277	2,604,277	2,590,127
Interest bearing loans and borrowings	35	-	-	-	-	-	3,376,945	3,376,945	3,122,193
		-	**1,833,327**	**-**	**-**	**-**	**491,532,926**	**493,366,253**	**492,448,813**

In thousands of Naira	***Note***	**Trading**	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other amortized cost**	**Total carrying amount**	**Fair value**
31 March 2009									
Cash and cash equivalents	18	-	-	-	-	-	145,484,481	145,484,481	138,838,542
Non pledged trading assets	19	10,557,205	-	-	-	-	-	10,557,205	10,557,205
Pledged assets	20	-	-	7,825,488	-	-	-	7,825,488	7,881,136
Derivative financial instruments	21	-	3,033,817	-	-	-	-	3,033,817	3,033,817
Loans and advances to customers	23	-	-	-	410,835,629	-	-	410,835,629	407,756,328
Investment securities	25	-	-	59,671,705	-	10,801,083	-	70,472,788	67,564,908
		10,557,205	**3,033,817**	**67,497,193**	410,835,629	**10,801,083**	**145,484,481**	**648,209,408**	**635,631,936**
Deposits from banks	31	-	-	-	-	-	30,296,711	30,296,711	30,229,285
Deposits from customers	32	-	-	-	-	-	426,395,491	426,395,491	409,916,642
Derivative financial instruments		1,959,759	-	-	-	-	-	1,959,759	1,959,759
Debt securities issued	33	-	-	-	-	-	9,207,423	9,207,423	9,089,744
Interest bearing loans and borrowings	35	-	-	-	-	-	5,193,083	5,193,083	5,143,461
		1,959,759	**-**	**-**	**-**	**-**	**471,092,708**	**473,052,467**	**456,338,891**

Accounting classification measurement basis and fair values (continued)

Financial instruments at fair value (including those held for trading, designated at fair value, derivatives and available-for-sale) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves, equities and prices.

9. Net interest income

In thousands of Naira	**9 months December 2009**	**12 months March 2009**
Interest income		
Cash and cash equivalents	1,802,481	2,218,534
Loans and advances to banks and customers	62,165,528	49,448,059
Investment securities	3,946,092	5,025,100
Total interest income	67,914,101	56,691,693
Interest expense		
Deposit from banks	(1,468,049)	(2,776,398)
Deposit from customers	(27,574,025)	(10,568,195)
Securities trading	(494,495)	(559,399)
Other borrowed funds	(605,526)	(1,734,218)
Debt securities	-	-
Total interest expense	(30,142,095)	(15,638,210)
Net interest income	37,772,006	41,053,483

Interest income for the period ended 31 December 2009 includes ₦ 4,048,152,000(March 2009: ₦1,260,871,406) accrued on impaired financial assets.

10. Fee and commission income

In thousands of Naira	**9 months December 2009**	**12 months March 2009**
Credit related fees and commissions	4,386,839	6,052,513
Other fees and commissions	5,943,849	8,600,302
Total fee and commission income	10,330,688	14,652,815

Credit related fees and commissions relate to fees charged to corporate customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortized cost.

11. Net trading income

In thousands of Naira	**9 months December 2009**	**12 months March 2009**
Fixed income securities	4,445,288	2,504,853
Foreign exchange	2,865,844	11,387,014
Net trading income	7,311,132	13,891,867

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

12. Other operating income

In thousands of Naira	**9 months December 2009**	**12 months March 2009**
Mark to market gain/(loss) on trading investments	(35,971)	-
Dividends on available for sale equity securities	122,812	57,465
Gain on disposal of property and equipment	124,840	-
Rental income	562,948	535,779
Other income	1,086,700	655,860
	1,861,329	1,249,104

13. Net impairment loss on financial assets

In thousands of Naira	***Notes***	**9 months December 2009**	**12 months March 2009**
Impairment charges on loans and advances	22, 23	19,060,648	14,946,482
Impairment charges on available for sale equities	25	3,424,234	(36,000)
Impairment charges on other assets	30	1,480,002	469,241
		23,964,884	15,379,723

14. Personnel expenses

In thousands of Naira	Note	9 months December 2009	12 months March 2009
Wages and salaries		10,307,323	11,143,834
Contributions to defined contribution plans		273,856	210,126
Increase in liability for share appreciation rights		783,456	(1,987,894)
Other staff costs		-	520,043
		11,364,635	9,886,109

Personnel expenses (continued)

Cash- settled share-based payments

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

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

In thousands	*Number of shares*
SARs granted to senior management employees at 31 December 2009	275,851,852
SARs granted to senior management employees at 31 March 2009	288,136,126

Employee expenses for share-based payments

In thousands of Naira	Note	9 months December 2009	12 months March 2009
Effect of changes in the fair value of SARs		783,456	(1,987,894)
(Credit)/expense from rights exercised during the period/year		(28,446)	520,043
Dividend payment to members of the scheme		-	-
Total expense recognised as personnel expenses		755,010	(1,467,851
Total carrying amount of liabilities for cash-settled arrangements	34	3,030,080	2,301,620

The carrying amount of liabilities for cash-settled share based payments includes:

In thousands of Naira	Note	December 2009	March 2009
Balance, beginning of period/year		2,301,620	3,655,400
Effect of changes in fair value of SAR at period/year end		783,456	(1,987,894)
Options exercised during the period/year		(54,996)	(215,438)
Share rights granted during the period/year		-	849,552
Balance, end of period/year	34	3,030,080	2,301,620

15. Other operating expenses

In thousands of Naira	9 months December 2009	12 months March 2009
Other premises and equipment costs	1,710,617	1,437,023
Professional fees	2,656,988	1,854,587
Insurance	3,736,883	2,160,078
Travelling	808,423	1,263,769
General administrative expenses	11,281,922	14,914,767
	20,194,833	21,630,224

16. Income tax expense

recognised in the profit or loss

In thousands of Naira	**9 months December 2009**	**12 months March 2009**
Current tax expense		
Current year	1,108,406	5,985,683
Prior year's under provision	1,351,214	-
	2,459,620	5,985,683
Deferred tax expense		
Origination of temporary differences	(4,326,710)	660,885
Total income tax expense	(1,867,090)	6,646,568

Reconciliation of effective tax rate

In thousands of Naira	**December 2009**	**December 2009**	**March 2009**	**March 2009**
Profit before income tax		(3,955,124)		17,937,305
Income tax using the domestic corporation tax rate	30.00%	(1,186,537)	30.00%	5,381,192
Effect of tax rates in foreign jurisdictions	(9.34%)	369,589	-	-
Balancing charge	24.25%	(958,931)	9.26%	1,660,116
Non-deductible expenses	12.22%	(483,367)	14.11%	2,530,513
Education tax levy	(0.16%)	6,220	2.58%	462,195
Tax exempt income	-	-	(18.34%)	(3,289,733)
Tax losses (utilised)/unutilised	47.29%	(1,870,461)	-	-
Investment allowance	-	-	(0.54%)	(97,715)
Minimum tax	(22.89%)	905,183	-	-
Under provided in prior years	(34.16%)	1,351,214	-	-
Total income tax expense/(credit) in comprehensive income	47.21%	(1,867,090)	37.05%	6,646,568

Income tax recognised
In other comprehensive income

In thousands of Naira	**9 months December 2009**	**12 months March 2009**
Available-for-sale investment securities	-	164,527

17. Basic (loss)/earnings per share

The calculation of basic loss per share at 31 December 2009 was based on the loss attributable to ordinary shareholders of (₦1,880,450,000) (March 2009: Profit of ₦11,510,668,000) and a weighted average number of ordinary shares outstanding of 16,262,046,799 (March 2009: 16,214,258,437), calculated as follows:

Weighted average number of ordinary shares

In thousands of shares	**December 2009**	**March 2009**
Issued ordinary shares at beginning of year	16,214,258	16,142,502
Effect of debt securities converted into ordinary shares	47,789	71,756
Weighted average number of ordinary shares at end of year	16,262,047	16,214,258

(Loss)/profit attributable to ordinary shareholders

In thousands of Naira	**9 months December 2009**	**12 months March 2009**
(Loss)/profit for the period/year attributable to equity holders of the Bank	(1,880,450)	11,510,668

Number of ordinary shares

In millions of shares	**December 2009**	**March 2009**
Weighted average number of ordinary shares at end of period/year	16,262,047	16,214,258

18. Cash and cash equivalents

In thousands of Naira	December 2009	March 2009
Cash and balances with banks	61,658,153	66,087,113
Unrestricted balances with central banks	48,681,575	33,812,197
Money market placements	44,736,696	45,585,171
	155,076,424	145,484,481

19. Non pledged trading assets

In thousands of Naira	December 2009	March 2009
Government bonds	1,932,912	6,957,472
Treasury bills	9,599,130	3,599,733
Stabilisation securities	31,151	-
	11,563,193	10,557,205

20. Pledged assets

Financial assets that may be re-pledged or resold by counterparties:

In thousands of Naira	December 2009	March 2009
Treasury bills	7,591,114	7,825,488
	7,591,114	7,825,488

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

21 Derivative financial instruments

	Assets	Liabilities	Assets	Liabilities
In thousands of Naira	December 2009		March 2009	
Instrument type:				
Cross currency swap	1,212,811	-	2,034,199	935,289
Foreign exchange	1,789,909	1,833,327	999,618	1,024,470
	3,002,720	1,833,327	3,033,817	1,959,759

The Group uses derivatives not designated in a qualifying hedge relationship, to manage its exposure to foreign currency risks. The instruments used include forward contracts and cross currency linked forward contracts.

Net (loss)/gain from other financial instrument carried at fair value

In thousands of Naira	**9 months December 2009**	**12 months March 2009**
Instrument type:		
Foreign exchange	-	(24,852)
Cross currency swap	113,900	(1,353,401)
	113,900	(1,378,253)

22. Loans and advances to banks

In thousands of Naira	**December 2009**	**March 2009**
Loans and advances to banks	287,631	-
Less specific allowances for impairment	(216,400)	-
Less collective allowances for impairment	(705)	-
	70,526	-

Specific impairment allowance on loans and advances to banks

In thousands of Naira	December 2009	March 2009
Balance, beginning of period/year	-	-
Impairment loss for the period/year:		
- Charge for the period/year	(216,400)	-
Balance, end of period/year	(216,400)	-

Collective impairment allowance on loans and advances to banks

In thousands of Naira	December 2009	March 2009
Balance, at beginning of period/year	-	-
Impairment loss for the period/year:		
- Charge for the period/year	(706)	-
Balance, end of period/year	(706)	-

23. Loans and advances to customers

December 2009 *In thousands of Naira*	Gross amount	Specific impairment	Collective impairment	Total impairment	Carrying amount
Loans to individuals	15,933,873	(724,505)	(131,595)	(856,100)	15,077,773
Loans to corporate entities and other organizations	396,954,065	(19,332,681)	(7,385,971)	(26,718,652)	370,235,413
	412,887,938	(20,057,186)	(7,517,566)	(27,574,752)	385,313,186

March 2009 *In thousands of Naira*	Gross amount	Specific impairment	Collective impairment	Total impairment	Carrying amount
Loans to individuals	25,191,612	(1,323,443)	(231,361)	(1,554,804)	23,636,808
Loans to corporate entities and other organizations	401,359,693	(12,841,957)	(1,318,915)	(14,160,872)	387,198,821
	426,551,305	(14,165,400)	(1,550,276)	(15,715,676)	410,835,629

Specific impairment allowance on loans and advances to customers

In thousands of Naira	**December 2009**	**March 2009**
Balance, beginning of period/year	14,165,400	3,226,248
Opening balance of subsidiaries acquired during the period/year	-	55,1794
	14,165,400	3,778,042
Impairment loss for the period/year:		
- Charge for the period/year	13,395,625	14,239,133
- Recoveries	(517,600)	-
Net impairment for the period/year	12,878,025	14,239,133
Effect of foreign currency movements	163,447	(245)
Write-offs	(7,149,686)	(3,851,530)
Balance, end of period/year	20,057,186	14,165,400

Collective impairment allowance on loans and advances to customers

In thousands of Naira	**December 2009**	**March 2009**
Balance, beginning of period/year	1,550,276	821,317
Opening balance of subsidiaries acquired during the period/year	-	21,630
Impairment loss for the period/year:		
- Charge for the period/year	6,102,881	707,349
- Allowance no longer required	(137,363)	-
Net impairment for the period/year	5,965,518	707,349
Effect of foreign currency movements	1,772	(20)
Balance, end of period/year	7,517,566	1,550,276

24. Investment in equity accounted investee

In thousands of Naira	December 2009	March 2009
(a) Cost		
Balance, beginning of period/year	145,000	145,000
Additional investment during the period/year	-	-
Balance, end of period/year	145,000	145,000

Share of profit in equity accounted investee and net investment

In thousands of Naira	December 2009	March 2009
Balance, beginning of period/year	650,547	584,758
Share of result for the period/year	(775,431)	65,789
Dividend paid	(62,143)	
Share of fixed asset revaluation reserve	487,182	
Net investment	300,155	650,547

This represents the Group's 29% (31 March 2009: 29%) equity investment in Marina Securities Limited.

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

Year	**December 2009**	**March 2009**
	29%	**29%**
Current assets	3,825,242	13,870,760
Non-current assets	2,526,623	799,304
Total assets	6,351,865	14,670,064
Current liabilities	5,920,182	12,072,070
Non-current liabilities	96,962	354,727
Total liabilities	6,017,144	12,426,797
Revenue	2,589,427	1,928,684
Expenses	(5,711,692)	(1,364,017)
Profit before tax	(3,122,265)	560,667
Tax	2,863	(707,212)
Profit after tax	(3,119,402)	(142,545)

25. Investment securities

Available for sale securities *In thousands of Naira*	**December 2009**	**March 2009**
Treasury bills	-	886,614
Government bonds	25,170,521	-
Underwriting commitment (see note (a) below)	3,840,218	-
Equity securities with readily determinable fair values	8,968,722	10,074,601
Unquoted equity securities at cost	294,616	-
	38,274,077	10,961,215
Specific impairment allowance for underwriting commitment	(3,256,198)	-
Specific impairment allowance for unquoted equity securities at cost	(294,616)	(160,132)
	34,723,263	10,801,083

Held to maturity securities *In thousands of Naira*	**December 2009**	**March 2009**
Treasury bills	-	413,771
Bankers acceptance	-	473,098
Government bonds	36,926,784	58,522,736
Other bonds	382,026	262,100
Other quoted investments	1,713,013	-
	39,021,823	59,671,705
Investment securities	73,745,086	70,472,788

The movement in specific impairment for unquoted equity securities at cost during the period is as follows:

Specific impairment allowance for unquoted equity securities at cost *In thousands of Naira*	**December 2009**	**March 2009**
Balance, beginning of period/year	(160,132)	(162,580)
Opening balance of subsidiaries acquired during the period/year	-	(33,552)
Allowance written off	33,552	-
Charge for the period/year	(168,036)	36,000
Balance, end of period/year	(294,616)	(160,132)

(a) Underwriting commitment represents the carrying value of 15,360,873 units of African Petroleum Plc shares underwritten by the Bank. The commitment crystallized during period and payment was made in respect of the underwritten shares to African Petroleum Plc. The movement in specific impairment allowance for underwriting commitment during the period is as follows:

Specific impairment allowance for underwriting commitment *In thousands of Naira*	**December 2009**	**March 2009**
Balance, beginning of period/year	-	-
Allowance no longer required	-	-
Charge for the period/year	3,256,198	-
Balance, end of period/year	3,256,198	-

26. Investment properties

The investment properties were acquired during the period and the directors are of the opinion that the market values of the properties are not significantly different from the purchase price. Therefore, no revaluation gain/loss has been recognised in these accounts in respect of investment properties. The movement on the investment properties account during the year was as follows:

In thousands of Naira	**December 2009**	**March 2009**
Balance, beginning of period/year	-	-
Additions	1,404,000	-
Disposals	-	-
Balance, end of period/year	1,404,000	-

27 Property and equipment

In thousands of Naira	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital work-in - progress	Total
Cost						
Balance at 1 April 2009	9,548,239	4,402,970	10,874,900	4,465,999	5,950,547	35,242,655
Additions	1,565,712	1,135,090	2,939,698	631,116	1,457,264	7,728,880
Disposals	(82,149)	(78,543)	(58,751)	(223,437)	-	(442,880)
Reversals	(310,275)	-	(1,838)	-	(338,461)	(650,574)
Previously unconsolidated subsidiaries	180,782	-	11,551	147,122	-	339,455
Write off	-	-	(74,653)	-	(593,715)	(668,368)
Transfers	1,163,572	91,216	141,334	106,340	(1,502,464)	-
Revaluation	-	20,854	19,434	11,439	-	51,725
Translation difference	384,222	22,758	504,796	213,312	295,786	1,420,874
Balance at 31 December 2009	12,450,103	5,594,345	14,356,471	5,351,891	5,268,957	43,021,767
Balance at 1 April 2008	5,357,949	2,588,117	8,090,485	3,416,323	3,516,916	22,969,790
Additions	1,610,703	1,711,992	2,494,199	1,160,413	3,989,035	10,966,342
Disposals	(436,667)	-	(31,656)	(255,084)	(32,706)	(756,113)
Previously unconsolidated subsidiaries	1,808,382	96,945	67,949	68,165	-	2,041,441
Write off	-	(250)	-	-	(1,244)	(1,494)
Transfers	1,208,716	7,142	242,428	75,260	(1,533,546)	-
Translation difference	(845)	(976)	11,495	922	12,092	22,688
Balance at 31 March 2009	9,548,238	4,402,970	10,874,900	4,465,999	5,950,547	35,242,654

Depreciation and impairment losses

Balance at 1 April 2009	1,295,206	2,539,179	5,692,710	2,252,710	-	11,779,805
Charge for the period	608,329	848,860	1,396,171	850,886	-	3,704,246
Disposals	(238)	(75,762)	(34,261)	(145,761)	-	(256,022)
Translation difference	34,020	(158,520)	229,813	8,205	-	113,518
Balance at 31 December 2009	1,937,317	3,153,757	7,284,433	2,966,040	-	15,341,547
Balance at 1 April 2008	633,214	1,560,420	4,342,121	1,461,724	-	7,997,479
Previously unconsolidated subsidiaries	301,965	71,855	451	42,595	-	416,866
Charge for the year	402,126	907,161	1,371,931	924,594	-	3,605,812
Disposals	(42,257)	-	(22,444)	(176,030)	-	(240,731)
Translation difference	158	(257)	651	(173)	-	379
Balance at 31 March 2009	1,295,206	2,539,179	5,692,710	2,252,710	-	11,779,805
Carrying amounts:						
Balance at 31 December 2009	10,512,786	2,440,588	7,072,038	2,385,851	5,268,957	27,680,220
Balance at 31 March 2009	8,253,032	1,863,791	5,182,190	2,213,289	5,950,547	23,462,849

28. Intangible assets

In thousands of Naira	**Goodwill**	**Purchased Software**	**Total**
Cost			
December 2009			
Balance at 1 April 2009	1,738,148	1,523,404	3,261,552
Additions	-	676,404	676,404
Balance at 31 December 2009	1,738,148	2,199,808	3,937,956
March 2009	-	882,554	882,554
Balance at 1 April 2008	-	221,665	221,665
Additions	1,738,148	419,185	2,157,333
Balance at 31 March 2009	1,738,148	1,523,404	3,261,552
Amortization and impairment losses			
Balance at 1 April 2009	-	858,834	858,834
Amortization for the period	-	198,416	198,416
Balance at 31 December 2009	-	1,057,250	1,057,250
Balance at 1 April 2008	-	506,625	506,625
Amortization for the period	-	35,537	35,537
Reclassifications	-	316,672	316,672
Balance at 31 March 2009	-	858,834	858,834
Carrying amounts			
Balance at 31 December 2009	1,738,148	1,142,558	2,880,706
Balance at 31 March 2009	1,738,148	664,570	2,402,718

(a) Goodwill arises from the acquisition in the following subsidiaries:

In thousands of Naira	**December 2009**	**March 2009**
Access Bank Rwanda	681,007	681,007
FinBank Burundi	369,714	369,714
Omni Finance Bank Cote d'Ivoire	687,427	687,427
	1,738,148	1,738,148

No impairment losses on goodwill were recognised for the 9 months period to 31 December 2009 (31 March 2009: nil).

29. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira		**December 2009**			**March 2009**	
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	-	(1,170,151)	(1,170,151)	-	(2,129,084)	(2,129,084)
Allowances for loan losses	2,232,476	-	2,232,476	653,229	-	653,229
Tax loss carry forward	2,905,875	-	2,905,875	-	-	-
Employee benefits	463,664	-	463,664	221,542	-	221,542
Others	-	(652,737)	(652,737)	534,144	-	534,144
Net tax assets/(liabilities)	5,602,017	(1,822,888)	3,779,129	1,408,915	(2,129,084)	(720,169)

There were no unrecognised deferred tax assets or liabilities as at 31 December 2009 (31 March 2009: nil).

Deferred tax assets and liabilities
Movement on the net deferred tax assets/(liabilities) account during the period/year:

December 2009	**December**	**March**
In thousands of Naira	**2009**	**2009**
Balance, beginning of period/year	(720,169)	(223,810)
Prior year under-provision	169,937	-
Charge/(credit) to other comprehensive income	-	164,527
Credit/(expense)	4,326,710	(660,886)
Translation adjustments	2,651	-
Net deferred tax assets/(liabilities)	3,779,129	(720,169)
Out of which		
Deferred tax assets	5,602,017	1,408,915
Deferred tax liabilities	(1,822,888)	(2,129,084)

30. Other assets

In thousands of Naira	**December 2009**	**March 2009**
Accounts receivable and prepayments	14,716,237	12,282,679
Prepaid operating lease (see (i))	1,296,142	111,988
Restricted deposits with central banks (see (ii))	2,930,273	14,130,460
Deposit for subsidiaries	500,000	-
	19,442,652	26,525,127
Impairment on other assets	(2,515,320)	(1,035,318)
	16,927,332	25,489,809

(i) This represents up-front payments for the leases of offices, branches and other premises under operating lease arrangements. The leases have various terms and renewal rights. The lease rentals are paid in advance and recognised on straight line basis over the lease period.

(ii) Included in restricted deposits with Central Bank of Nigeria (CBN) as at 31 December 2009 is ₦ 2,930,273,000 (31 March 2009: ₦ 5,754,734,000). This balance is made up of CBN cash reserve requirement. The cash reserve ratio represents a mandatory 1% cash deposit which should be held with the Central Bank of Nigeria as a regulatory requirement. Restricted deposits with central banks are not available for use in the Group’s day-to-day operations

Movement in impairment on other assets:

In thousands of Naira	**December 2009**	**March 2009**
Balance, beginning of period/year	1,035,318	646,092
Charge for the period/year	1,921,261	680,096
Allowance no longer required	(441,259)	(210,855)
Allowance written off	-	(80,015)
Balance, end of period/year	2,515,320	1,035,318

31. Deposits from banks

In thousands of Naira	**December 2009**	**March 2009**
Money market deposits	11,619,261	7,067,291
Other deposits from banks	31,597,580	23,229,420
	43,216,841	30,296,711

32. Deposits from customers

In thousands of Naira	**December 2009**	**March 2009**
Retail customers:		
Term deposits	1,767,553	3,905,822
Current deposits	8,152,681	9,713,924
Savings	12,481,013	10,470,110
Corporate customers:		
Term deposits	270,110,996	235,539,723
Current deposits	137,341,606	166,554,882
Others	12,481,014	211,030
	442,334,863	426,395,491

33. Debt securities issued

In thousands of Naira	**December 2009**	**March 2009**
Due to Access Bank Bond holders	2,604,277	9,207,423

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

34. Other liabilities

In thousands of Naira	Note	December 2009	March 2009
Cash settled share based payment liability	14	3,030,080	2,301,620
Creditors and accruals		3,612,592	4,204,259
Certified cheques		4,125,279	4,384,335
Deferred income		981,019	1,916,669
Liability for defined contribution obligations		65,775	28,675
Customers' deposit for foreign trade (see note (a) below)		6,076,115	21,615,549
Unclaimed Dividend		4,192,687	2,248,340
Other current liabilities		6,639,622	7,905,058
		28,723,169	44,604,505

(a) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in cash and balances with banks.

35. Interest bearing loans and borrowings

In thousands of Naira	December 2009	March 2009
Due to European Investment Bank (see note (a))	2,300,454	2,636,827
Due to Belgian Investment Company (see note (b))	49,541	312,905
Due to African Development Bank (see note (c))	1,026,950	2,243,351
	3,376,945	5,193,083

(a). The amount of N2,300,454,000 (USD 15,348,636) represents outstanding balance in the on-lending facility granted to the Bank by EIB (European Investment Bank) in September 2005 for a period of 9 years. Principal and interest are repayable quarterly and semi annually based on the terms of the facilities with the obligor. Interest is reset every 90 days at 2.2% - 2.9% above LIBOR. The undisbursed balance is included in due to banks.

(b). The amount of N49,541,000 (USD 330,537) represents the outstanding balance in the on-lending facility granted to the Bank by BIO (Belgian Investment Company) in May 2007 for a period of 7 years. The principal amount is repayable semi annually from 2012 while interest is paid semi annually at 3% above 6 months LIBOR.

(c). The amount of N1,026,950,000 (USD 5,217,300) represents the outstanding balance in the on-lending facility granted to the Bank by ADB (African Development Bank) for a period of 9 years commencing in August 2007 and a moratorium of 2 years. The principal amount is repayable semi annually after the moratorium period while interest is payable semi annually at 3% above LIBOR.

36. Capital and reserves

Share capital

In thousands of Naira		December 2009	March 2009
(a)	Authorised:		
	Ordinary shares:		
	18,000,000,000 Ordinary shares of 50k each	9,000,000	9,000,000
	Preference shares:		
	2,000,000,000 Preference shares of 50k each	1,000,000	1,000,000
		10,000,000	10,000,000

In thousands of Naira		December 2009	March 2009
(b)	Issued and fully paid-up :		
	16,262,046,799 Ordinary shares of 50k each (31 March 2009: 16,214,258,437 of 50k each)	8,131,024	8,107,130

The movement on the issued and fully paid-up share capital account during the period was as follows:

In thousands of Naira		December 2009	March 2009
(c)	Balance, beginning of period/year	8,107,130	8,071,252
	Issue of shares (see note (i))	23,894	35,878
	Balance, end of period/year	8,131,024	8,107,130

(i) In July 2009 the Bank obtained the Central Bank of Nigeria's approval to convert N551 million representing 25% of N2,204,000,000 of the 14% redeemable bond held by bond holders to ordinary shares of the Bank. This is based on the terms of the bond issue. The units of bond were converted to 47,788,362 ordinary shares of the Bank at a price of N11.53 per share. The price was based on a predetermined conversion formula as disclosed in the bond prospectus. The proceed is accounted for as follows:

In thousands of Naira	**December 2009**	**March 2009**
Conversion proceeds	551,000	-
Transfer to share capital account	(23,894)	-
Transfer to share premium account	(527,106)	-
	-	-

	In thousands of units	**December 2009**	**March 2009**
(d)	Balance, beginning of period/year	16,214,259	16,142,502
	Issue of shares (see note (i above))	47,788	71,757
	Balance, end of period/year	16,262,047	16,214,259

Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

Other regulatory reserves

The other regulatory reserve includes movements in the statutory reserves and the small and medium scale industries reserve.

(i) Statutory Reserves: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. However, the Bank transferred 30% of its profit after tax to statutory reserves as at period end (March 2009: 30%).

(ii) Small and Medium Scale Industries Reserve (SMEEIS): The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue for first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. The setting aside of this fund was no longer mandatory as at 31 December 2009. During the period, an amount of ₦294,616,000 representing diminution in value of SMEEIS investment was charged to profit or loss.

Treasury shares

Treasury shares represent the Bank's shares of 977,781,982 (31 March 2009: 787,191,170) held by the Staff Investment Trust as at 31 December 2009.

Bonus reserves

The Directors approved the transfer of N813,102,000 (31 March 2009: nil) from the Bank's share premium account to issue bonus shares in the ratio of 1 new ordinary share for every 10 previously held, subject to the declaration by the shareholders at the Annual General Meeting (31 March 2009: nil).

Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments held in this account until the investment is derecognised or impaired.

Regulatory risk reserve

The regulatory risk reserves warehouses the excess of the impairment allowance on loans and advances calculated under the Nigeria GAAP and based on Central Bank of Nigeria prudential guidelines and Central Banks of the foreign subsidiaries regulations, compared with the impairment allowance arrived at using the loss incurred model required by IFRSs.

Retained earnings

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

Non-controlling interest

The entities accounting for the non-controlling interest balance is shown below:

In thousands of Naira	**December 2009**	**March 2009**
Access Bank, Gambia	41,693	80,062
Access Bank, Sierra Leone	139,715	70,378
Access Bank, Zambia	66,693	42,477
Access Bank, Rwanda	334,480	301,923
Access Bank, Burundi	168,292	146,301
Omni Finance Bank, Cote D'Ivoire	(304,380)	387,392
Access Bank, Ghana	411,799	-
	858,292	1,028,533

37. Dividends

The following dividends were declared and paid by the Group during the period ended 31 December 2009:

In thousands of Naira	**December 2009**	**March 2009**
Balance, beginning of period/year	-	-
Interim dividend declared	-	-
Final dividend declared	11,349,982	10,492,625
Payment during the period/year	(11,349,982)	(10,492,625)
Balance, end of period/year	-	-

38. Leasing

As lessor

The Group acts as lessor under operating and finance leases, providing asset financing for its customers. Finance lease receivables are included within loans and advances to customers (see note 23).

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

In thousands of Naira	**December 2009**	**March 2009**
Gross investment in finance leases, receivable:	4,942,020	4,365,683
Unearned future income on finance leases	(692,047)	(602,331)
Net investment in finance leases	4,249,973	3,763,352

The net investment in finance leases comprises:

Less than one year	598,648	656,982
Between one and five years	3,651,325	3,106,370
	4,249,973	3,763,352

Operating lease receivables

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

As lessee

Operating lease commitments

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

39. Contingencies

Claims and litigation

There were litigation claims against the Bank as at 31 December 2009 amounting to N13,406,430,457 (March 2009: N10,467,853,299). These claims arose in the normal course of business and are being contested by the Bank. The Directors having sought the advice of professional legal counsel are of the opinion that based on the advice received, no significant liability will crystallize from these cases. No provisions are therefore deemed necessary for these claims.

Contingent liabilities and commitments

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

Nature of instruments

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

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

Other contingent liabilities include transaction related customs and performances bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-financial position risk:

Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Naira	**December 2009**	**March 2009**
Contingent liabilities:		
Acceptances and guaranteed commercial papers	233,037	186,732
Transaction related bonds and guarantees	89,065,023	91,909,404
Guaranteed facilities	445,307	4,155,010
	89,743,367	96,251,146
Commitments:		
Short term foreign currency related transactions	-	-
Clean line facilities for letters of credit	48,312,144	46,382,827
Other commitments	-	-
	48,312,144	46,382,827

c. All the transaction related bonds and guarantees are fully collaterised. The cash component out of the balance was ₦ 21,508,995,172. (31 March 2009: ₦ 34,803,001,006).

d. The Bank granted clean line facilities for letters of credit during the period to guarantee the performance of customers to third parties.

40. Group entities

i. Significant subsidiaries

			Ownership interest	
	Nature of business	**Country of incorporation**	**December 2009**	**March 2009**
Access Bank Gambia Limited	Banking	Gambia	77%	75%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	97%	97%
United Securities Limited	Securities dealing	Nigeria	100%	100%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
FinBank Burundi	Banking	Burundi	75%	75%
Omni Finance Bank, Cote d'Ivoire	Banking	Cote d'Ivoire	88%	88%
Access Bank Zambia	Banking	Zambia	100%	100%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank (R.D. Congo)	Banking	Congo	100%	100%
Access Bank Ghana	Banking	Ghana	95%	75%
Access Investment and Securities	Investment management & securities dealing	Nigeria	100%	100%
Access Homes and Mortgage	Mortgage services	Nigeria	100%	100%
Special purpose entity:				
Staff Investment Trust		Nigeria	100%	100%

41. Related parties

Related party transactions
Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

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

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

Associates

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

In thousands of Naira	**December 2009**	**March 2009**
Professional fees	-	89,411,451
Retainership fees	180,000,000	296,104,972
Statutory fees	-	53,734,467
Stock broking fees	-	60,749,110
	180,000,000	500,000,000

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Access Bank Plc and its subsidiaries.

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

Loans and advances:

In thousands of Naira	**December 2009**	**March 2009**
Secured loans and advances	49,200,335	45,998,611

Deposits:

In thousands of Naira	**December 2009**	**March 2009**
Total deposits	8,019,597	10,188,597

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

Key management personnel compensation for the period comprises:

Directors' remuneration

In thousands of Naira	**December 2009**	**March 2009**
Fees as directors	7,900	7,900
Other emoluments:		
Executive directors	116,125	154,825
Other directors	67,401	83,479
	191,426	246,204

42. Subsequent events

There were no events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements.