XYZ BANK PLC

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2009

XYZ BANK PLC

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XYZ BANK PLC

Directors' Report
For the Year Ended 31 December 2009

Ref

SAS 2 p 11a-b

The directors present their annual report on the affairs of XYZ Bank Plc (“the Bank”) and its subsidiaries ("together the Group"), together with the financial statements and auditors' report for the fifteen months ended 31 December, 2009.

SAS 2 p 11d

a. Legal Form

The Bank was incorporated in Nigeria under the Companies and Allied Matters Act 1990 as a private limited liability company on 28 May 1998. It was granted license on the 15 November 2001 to carry on the business of commercial banking and commenced business on 1 January 2002. The Bank was converted into a Public Limited Liability Company on 1 April 2002. The Bank’s shares were listed on the 25 June 2002 on the floor of the Nigerian Stock Exchange by way of Introduction.

SAS 2 p 11c CAMA s 342 (1a)

b. Principal Activity and Business Review

The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Such services include granting of loans and advances, corporate finance and money market activities. Its major subsidiaries carry on capital market, insurance and trusteeship businesses.

SAS 2 p 11e CAMA s 342 (1a)

The Bank has four subsidiaries namely XYZ Insurance Limited, XYZ Securities Limited, XYZ Capital Limited and XYZ Trustees Limited.

The Bank prepares consolidated financial statements.

CAMA s 342 (1b)

c. Operating Results

Gross earnings increased by 81% and profit before tax of the Group decreased by 64%. During the year, an interim dividend of N*724* (2008: Nil) was paid. The directors recommend the approval of a final dividend of N724 million (2008: N855million). Highlights of the Group’s operating results for the year under review are as follows:

	2009	2008
	N'million	N'million
Gross Earnings	54,490	30,219
Profit before Tax	2,952	8,108
Taxation	(365)	(1,696)
Profit after taxation	2,587	6,412
Minority interest	(14)	(36)
Profit attributable to the Group	2,573	6,376
Appropriations:		
Transfer to Statutory Reserve	526	173
Transfer to SME Reserves	173	295
Bonus issue	12	8
Transfer to Contingency Reserve	27	11
Transfer to Retained Earnings Reserve	1,835	5,589
	2,573	6,376

Ref

d. Directors shareholding

The direct and indirect interests of directors in the issued share capital of the company as recorded in the register of directors shareholding and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock exchange is noted:

	Direct Shareholding	
	Number of Ordinary Shares Held	Number of Ordinary Shares Held
	2009	2008
Mr A. O. Olusegun	21,719,491	12,906,381
Dr. E. B Chukuma	9,296,356	6,526,481
Mrs P. U. Edom	3,439,426	3,336,093
Alh. M. U. Musa	33,000	30,000
Mr O. O. Abdul	12,933,959	12,185,418
Engr. Y. I Ojo	6,672,306	6,065,733
Barr. C. A White	71,669,961	69,432,705

Mr A.O Olusegun and Barr. C.A White have indirect shareholdings amounting to 17,495,514 (2008: 14,449,551) and 12,000,000 (2008:10,000,000) respectively through Segi Nigeria Limited and ChiojeEnterprises Limited.

The Directors to retire by rotation at the next Annual General Meeting (AGM) are Engr. Y.I Ojo, Mr O.O Abdul, and Alh. M.U. Musa, who being eligible, offer themselves for re-election.

Ref

e. Directors interests in contracts

For the purpose of section 277of the Companies and Allied Matters Act 1990, none of the directors had direct or indirect interest in contracts or proposed contracts with the company during the year.

Ref
CAMA S 342 Sch 5(1)

f. Property and equipment

Information relating to changes in property and equipment is given in Note 24 to the Accounts. In the directors' opinion, the market value of the Group's properties is not less than the value shown in the financial statements.

Ref

g. Shareholding Analysis

The shareholding pattern of the Bank as at 31 December 2009 is as stated below:

Share Range	No Of Shareholders	Percentage Of Shareholders (%)	No. Of Holdings	Percentage Holdings
1 - 9,999	93,840	73.93	208,299,826	2.88
10,000 - 50,000	21,546	16.98	417,701,687	5.77
50,001 - 100,000	6,108	4.81	385,211,535	5.32
100,001 - 500,000	4,352	3.43	806,032,307	11.14
500,001 - 1,000,000	465	0.37	315,369,241	4.36
1,000,001 – 5,000,000	435	0.34	791,367,781	10.93
5,000,001 – 10,000,000	87	0.07	606,671,886	8.38
10,000,001 - 50,000,000	37	0.03	952,666,402	13.16
50,000,001 - 100,000,000	18	0.01	845,174,204	11.68
100,000,001 - 500,000,000	6	0.00	1,064,634,188	14.71
500,000,001 - 1,000,000,000	1	0.00	654,876,561	9.05
	126,895		7,048,005,618	
Foreign shareholders	32	0.03	189,994,382	2.62
	126,927		7,238,000,000	

Ref

h. *Substantial interest in shares*

According to the register of members at 31 December 2009, no shareholder held more than 5% of the issued share capital of the Bank except the following:

Shareholder	No. Of Shares held	Percentage Of Shareholding (%)
Carry Enterprises Limited	654,876,561	9.05

CAMA S 342 Sch 5(3,4)

i. *Donations and Charitable Gifts*

The Bank made contributions to charitable and non-political organizations amounting to N220 million (2008: N141 million) during the year.

Cancer Prevention Agency N100 million
Dolly Charity Home N 65 million
UNICEF N 55 million

j. Post Balance Sheet Events

The company acquired 40% of Mutual Investment Limited. There were no other significant events after the balance sheet date

CAMA S 342 Sch 5(7)

k. Human Resources

Employment of Disabled Persons

The Bank continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. The company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Bank continues and appropriate training arranged to ensure that they fit into the Bank's working environment.

CAMA S 342 Sch 5(8)

Health, Safety and Welfare at Work

The company enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Bank retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Bank's expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the company's premises.

The company operates both a Group Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act, 2004, as well as a terminal gratuity scheme for its employees.

Ref CAMA S 342 Sch 5(9)

l. Employee Involvement and Training

The Bank ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the Bank's policy of continuous development, training facilities are provided in the Bank's well-equipped Training School. In addition, employees of the Bank are nominated to attend both locally and internationally organized courses. These are complemented by on-the-job training.

m. Auditors

The Auditors, ------------------------, have indicated their willingness to continue in office as auditors. In accordance with Section 357 (2) of the Companies and Allied Matters Act, 1990; a resolution will be proposed at the Annual General Meeting to authorize the directors to determine their remuneration.

BY ORDER OF THE BOARD

FULL NAME
Company Secretary / Legal Adviser
Lagos, Nigeria

Corporate Governance Report

Corporate governance in place should be stated in line with the CBN code of Corporate governance as minimum disclosure and the attached should be completed as part of the report

Responsibility for Annual Financial Statements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act , require the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act ;

ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with,

- Nigerian Accounting Standards;
- Prudential Guidelines for Licensed Banks;
- relevant circulars issued by the Central Bank of Nigeria;
- the requirements of the Banks and Other Financial Institutions Act; and
- the requirements of the Companies and Allied Matters Act .

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and Group and of the profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.

______________________________	______________________________
FULL NAME	**FULL NAME**
DIRECTOR	**DIRECTOR**

Statement of significant accounting policies

Ref
SAS 1 p 21-22
SAS 2 p 12

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a. Basis of preparation

These financial statements are the consolidated financial statements of XYZ Bank International Plc, a company incorporated in Nigeria on (insert date), and its subsidiaries (hereinafter collectively referred to as "the Group"). The financial statements are prepared under the historical cost convention modified by the revaluation of certain investment securities, property, plant and equipment, and comply with the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b. Consolidation

SAS 27 p 26, 30, 38

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over their operations, have been consolidated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Bank. Separate disclosure is made for minority interest.

The acquisition method is used to account for business combinations. The cost of an acquisition is measured as the market value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their market values at acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

SAS 28 p 5, 9

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

SAS 28 p30

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

SAS 28 p, 14

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement; its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

c. *Segment reporting*

SAS 24 p 7i-ii,

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

SAS 7 p 37, 41 a-d, 47a-b

d. *Foreign currency translation*

i. *Reporting currency*
The consolidated financial statements are presented in Nigerian naira, which is the Bank's reporting currency.

ii. *Transactions and balances*
Foreign currency transactions are translated into the reporting currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

iii. *Group companies*
The results and financial position of all Group entities that have a currency different from the reporting currency are translated into the reporting currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each profit and loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of reserves

On consolidation, exchange differences arising from the translation of the investment in foreign entities are taken to shareholders' funds. When a foreign operation is sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

Goodwill and other adjustments (e.g. previously unrecognised deferred tax asset) arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

e. *Recognition of income*

SAS 10 p 51a

Interest income is recognised on an accrual basis for all interest bearing instruments, except for interest overdue by more than 90 days, which is suspended and recognised only to the extent of cash received.

SAS 10 p 42

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

Income from advances under finance leases is recognised on a basis that provides a constant yield on the outstanding principal over the lease term.

Interest earned on investment securities is reported as interest income. Dividends are recognised in the income statement when the entity's right to receive payment is established.

Income arising on investments held by the life business is recognized in the life fund whilst income derived from investments held by the general business is credited to the profit and loss account.

SAS 10 p 61a

f. Provision against credit risk

PG 3.1

Provision is made in accordance with the Prudential Guidelines for Licensed Banks issued by the Central Bank of Nigeria for each account that is not performing in accordance with the terms of the related facility as follows:.

Interest and/or Principal outstanding for over:	Classification:	Provision:
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
360 days and over	Lost	100%

Ref *SAS 10 p 61a*

In addition, a provision of 1% minimum is made for all performing accounts to recognise losses in respect of risks inherent in any credit portfolio (currently not mandatory).

PG 3.3

When a loan is deemed not collectible, it is written off against the related provision for impairments and subsequent recoveries are credited to the profit and loss account.

Risk assets in respect of which a previous provision was not made are written directly to the profit and loss account when they are deemed to be not collectible.

g. Underwriting results

The Group conducts life assurance and non-life insurance business through its subsidiary operations. The Group offers full range of insurance underwriting services.

i. Underwriting results for non-life insurance business

The underwriting results for non-life insurance business are determined on an annual basis whereby the incurred costs of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

(a) Premiums written related to risks assumed during the year, and include estimates of premium due but not yet received, less an allowance for cancellations.

SAS 16 p63

(b) Unearned premiums represent the proportion of the premiums written in periods up to the accounting date which relate to the unexpired terms of policies in force at the balance sheet date, and are calculated on the basis of time apportionment.

(c) Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the balance sheet date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported ("IBNR").

SAS 16 p6xliv, p73

(d) Provisions for unexpired risks are the estimated amounts required over and above provisions for unearned premiums to meet future claims and related expenses on businesses in force at the end of the accounting period

(e) Expenses are allocated to the relevant revenue accounts as incurred in the management of each class of business.

ii. *Underwriting results for life assurance business*

The underwriting results for life assurance business are determined on a fund accounting basis in accordance with SAS 16 – Accounting for Insurance Business, the incurred costs of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

(a) Premiums written relate to risks assumed during the year, and include estimates of premiums due but not yet received, less an allowance for estimated lapses.

(b) Claims arising on maturity are recognised when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

(c) Expenses and commissions are allocated to the life fund as incurred in the management of the life business.

The life assurance contracts (accounted for in the life fund) are assessed every three years by qualified consulting actuaries in accordance with Section 29 of the Insurance Act. Any resulting actuarial loss is made up by additional provisions from the Group profit and loss account.

Actuarial surpluses are allocated between the shareholders and the policy holders. The Group allocates a maximum of 40% of surpluses arising on actuarial valuation to the shareholders by transfer to the profit and loss account. Any balance remaining is retained in the life fund and attributable to “with profit” policyholders as the date of actuarial valuation.

In accordance with Section 22(1) of the Insurance Act 2003, an additional reserve of not less than 25% of the net written premium is maintained between each valuation date.

SAS 16 p 67

h. *Deferred acquisition and maintenance expenses*

Prepaid expenses include deferred acquisition expenses and deferred maintenance expenses. These expenses are incurred as a result of direct business earned from brokers. The deferred portion is calculated based on the percentage of unearned premium to written premium.

i. *Outstanding claims and provisions*

Full provision is made for the estimated cost of all claims notified but not settled at the date of the balance sheet, less reinsurance recoveries, using the best information available at that time.

SAS 16 p6x, 70

In non-life insurance business, a provision is also made for the cost of claims incurred but not reported (IBNR) until after the balance sheet date on the basis of 10% of claims notified but not settled in compliance with the provisions of Section 20(1)(b) of the Insurance Act, 2003. Similarly provisions are made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the balance sheet date in settling all claims outstanding as at that date, including IBNR. Differences between the provisions for outstanding claims at a balance sheet date and the subsequent settlement are included in the Revenue Account of the following year.

j. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

SAS 13 p 54

k. *Investment securities*

The Group categorises its investment securities into the following categories: short term investments and long term investments. Investment securities are initially recognized at cost and management determines the classification at initial investment.

i. *Short term investments*
Short-term investments are investments held temporarily in place of cash and which can be converted into cash when current financing needs make such conversion desirable. In addition, management intends to hold such investment for not more than one year.

SAS 13 p 38

Short-term investments are subsequently re-measured at the lower of cost and market value (*quoted bid prices*). The amount by which cost exceeds market value (unrealized loss) is charged to the profit and loss account for the period.

ii. *Long term investments*

SAS 13 p 41

Long-term investments are investments held by management over a long period of time to earn income. Long-term investments may include debt and equity securities.

Long term investments are carried at revalued amounts. Gains and losses arising from changes in the market value of long term investments are recognised in revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the profit and loss account

Alternate treatment: (Long-term investments are carried at cost less impairment. An investment is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the market value.)

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared. A change in market value of investment securities is not taken into account unless it is considered to be permanent.

l. *Investments in subsidiaries*

Investments in subsidiaries are carried in the company's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

m. *Investment property*

SAS 13 p 48, 49, 54

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 enterprise. A piece of property is treated as an investment property if it is 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 periodically 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 owners' 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.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business.

SAS 13 p48

(Nigerian Statement of Accounting Standards allow an alternate treatment for Investment properties. Investment properties can be measured as a depreciable asset in accordance with SAS 3 and SAS 9. Where this alternate treatment is adopted, the policy below on property and equipment for buildings will apply)

n. Property and equipment

SAS 3 p 45b; SAS 3 p 45

All property and equipment is initially recorded at cost. They are subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of property and equipment. Payments in advance for items of property and equipment are included as Prepayments in Other Assets and upon delivery are reclassified as additions in the appropriate category of property and equipment. No depreciation is charged until the assets are put into use.

SAS 9 p 45; SAS 9 p 46c

Depreciation is calculated on a straight line basis to write down the cost of property and equipment to their residual values over their estimated useful lives as follows:

Motor vehicles	-	4 years
Office equipment	-	3 years
Furniture and fittings	-	3 years
Computer hardware and equipment	-	3 years
Computer software	-	5 years
Leasehold land & buildings	-	Over the lease period

Leasehold improvement - Over the unexpired lease term

SAS 3 p36 Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell and value in use.

SAS 3 p39 Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the profit and loss account for the year.

Alternate treatment

SAS 3 p40 *Where items of property and equipment are subsequently carried at revalued amounts, an entire class of property and equipment is revalued or the selection of the items for revaluation is done on a systematic and consistent basis.*

SAS 3 p41 *Any accumulated depreciation at the date of the revaluation is not credited to profit and loss account or retained profit.*

SAS 3 p42 *On revaluation of property and equipment, an increase in the net book value is credited to a revaluation surplus reserve. A decrease in the net book value is used to reduce the amount of any existing revaluation surplus on the same item before it is charged to profit and loss account.*

SAS 3 p43 *Upon sale or disposal of an item of property and equipment, the difference between the net proceeds and the net book value should be transferred to profit and loss account. Any balance in the revaluation surplus reserve in respect of such item is transferred to profit and loss account (or retained profit reserve).*

SAS 3 p44 *Subsequent depreciation on revalued items of property, plant and equipment should be calculated on the new value and charged to income.*

o. Leases

SAS 11 p63 The Group classifies a lease as a finance lease if the following conditions are met:
(a) lease is non-cancelable, and
(b) any of the following is applicable:

i. the lease term covers substantially (80% or more) the estimated useful life of the asset or,
ii. the net present value of the lease at its inception using the minimum lease payments and the implicit interest rate is equal to or greater than the fair value of the leased asset or,
iii. the lease has a purchase option which is likely to be exercised.

SAS 11 p64 A lease that does not qualify as a finance lease as specified in paragraph 63 should be treated as an operating lease.

A Group company can be a lessor or a lessee in either a finance lease or an operating lease

i. A Group company is the lessor

SAS 11 p74 When assets are held subject to a finance lease, the transactions are recognised in the books of the Group at the net investment in the lease. Net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment is the sum of the minimum lease payments plus any residual value payable on the lease. The discount on lease is defined as the difference between the gross investment and the present value of the asset under the lease.

SAS 11 p75 The discount is recognised as unearned in the books of the Group and amortised to income as they are earned over the life of the lease at a basis that reflects a constant rate of return on the Group's net investment in the lease.

SAS 10, p6a, 6b, 49 Finance leases are treated as risk assets and the net investment in the lease are subject to the provisioning policy listed in (f)

SAS 11 p82 When assets are held subject to an operating lease, the assets are recognised as property and equipment based on the nature of the asset and the Group's normal depreciation policy for that class of asset applies.

SAS 11 p81 Lease income is recognised on a straight line basis over the lease term.

SAS 11 p83 All initial direct costs associated with the operating lease are charged as incurred to the profit and loss account.

ii. A Group company is the lessee

SAS 11 p72 When the assets leased are subject to an operating lease, the total payments made under operating leases are charged to profit and loss on a systematic basis in line with the time pattern of the user's benefit.

SAS 11 p65 When the assets are subject to a finance lease, the Group accounts for it by recording the lease as an acquisition of an asset and the incurrence of a liability. The recognised

SAS 11 p66 To capitalize the lease right, the Group determines the following:

i. the initial value of the leased asset and the corresponding liability.
ii. the amortization rate or amount; and
iii. the amount by which the lease liability is to be reduced.

SAS 11 p67 At the beginning of the lease term, the Group records the initial asset and liability at amounts equal to the fair value of the leased asset less the present value of an unguaranteed or partially guaranteed residual value which would accrue to the lessor at the end of the term of the lease. The discount factor to apply in calculating the present value of the unguaranteed residual value accruing to the lessor is the interest rate implicit in the lease.

SAS 11 p68 Where the Group cannot determine the fair value of the leased asset at the inception of the lease or is unable to make a reasonable estimate of the residual value of the lease without which the interest rate implicit in the lease could not be computed, the initial asset and liability are recorded at amounts equal to the present value of the minimum lease payments using the Group's incremental borrowing rate as the discounting factor.

SAS 11 p69 The leased asset should be depreciated or the rights under the leased asset should be amortized in a manner consistent with the depreciation policy on the Group's own assets.

SAS 11 p70 The minimum lease payment in respect of each accounting period is allocated between finance charge and the reduction of the outstanding lease liability. The finance charge is determined by applying the rate implicit in the lease to the outstanding liability at the beginning of the period.

p. Goodwill

SAS 26 p 53, 74, 75 Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

SAS 18 p 5, 16

q. *Cash and cash equivalents*

Cash comprises cash on hand and demand deposits denominated in Naira and to foreign currencies. Cash equivalents are short-term, highly liquid instruments which are:

(a) readily convertible into cash, whether in local or foreign currency; and

(b) so near to their maturity dates as to present insignificant risk of changes in value as a result of changes in interest rates.

r. *Provisions, contingent liabilities and contingent assets*

SAS 23 p9(xi)

Provisions are liabilities that are uncertain in timing or amount.

SAS 23 p43

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Prudential Guidelines p…

Provisions are normally made for restructuring costs and legal claims. In addition, general provisions are made on performing risk assets balances in accordance with the Prudential Guidelines for Licensed Banks. Risk assets comprise of loans and advances, advances under finance leases, etc.

SAS 23 p9(v)

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events but is not recognised because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to eventuate.

SAS 23 p9(iv)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

SAS 23 p53

A contingent asset is never recognised rather they are disclosed in the the financial statements when they arise.

SAS 2 p 21

s. *Retirement benefits*

The Group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group pays contributions makes contributions on behalf of qualifying employee to a mandatory scheme under the provisions of the Pension Reform Act of 2004. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

t. *Deferred taxation*

SAS 19 p 50, 51,

Deferred income tax is provided using the liability method for all timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal timing differences arise from depreciation of property, plant and equipment, provisions for pensions and other post-retirement benefits, provisions for loan losses and tax losses carried forward. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the timing differences can be utilised.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which the related profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that taxable profits will be available against which these losses can be utilised.

u. *Borrowed funds*

Borrowed funds are recognised initially at their issue proceeds and subsequently stated at cost less any repayments.

Transaction costs where immaterial, are recognized immediately in the profit and loss account. Where transaction costs are material, they are capitalized and amortised over the life of the loan.

Interest paid on borrowings is recognised in the profit and loss account for the year.

v. *Ordinary Share capital*

i. *Share issue costs*
Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

ii. *Dividends on ordinary shares*

Dividends on ordinary shares are appropriated from revenue reserve in the period they are approved by the Bank's shareholders.

Dividends for the year that are approved by the shareholders after the balance sheet date are dealt with in the subsequent events note

Dividends proposed by the Directors' but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act 1990.

w. Off-balance sheet transactions

SAS 10 p 61b

Contingent liabilities arising from guaranteed commercial papers, letters of credit (clean line), performance bonds and guarantees issued on behalf of customers in the ordinary course of business are reported off-balance sheet in recognition of the risk inherent in those transactions.

Income on these transactions is recognised as earned on issuance of the bond or guarantee.

x. Sale of loans or securities

SAS 15 p83

A sale of loans or securities without recourse to the seller is accounted for as a disposal and the assets excluded from the balance sheet.

SAS 15 p81

Profits or losses on sale of loans or securities without recourse to the seller is recognised by the seller when the transaction is completed.

SAS 15 p80

The Group regards a sale of loans or securities as without recourse, if it satisfies all the following conditions. Any sale not satisfying these conditions will be regarded as with recourse.

- control over the economic benefits of the asset must be passed on to the buyer;
- the seller can reasonably estimate any outstanding cost; and
- there must not be any repurchase obligations

SAS 15 p84

A sale or transfer of loans or securities with recourse where there is an obligation to, or an assumption of, repurchase is not treated as a sale, and the asset remains in the Group's balance sheet, with any related cash received recognised as a liability.

SAS 15 p82

Profit arising from sale or transfer of loan or securities with recourse to the seller is amortised over the remaining life. However, losses are recognised as soon as they can reasonably estimated.

Where there is no obligation to or assumption of repurchase, the sale should be treated as a disposal and the asset excluded from the balance sheet, and any contingent liability disclosed.

y. Fiduciary activities

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

XYZ BANK PLC

Consolidated Profit and Loss Account
For the year ended 31 December 2009

Ref		Note	**Group 2009**	Group 2008	**Bank 2009**	Bank 2008
		Note	**N'million**	N'million	**N'million**	N'million
	Gross Earnings		54,490	30,219	**40,279**	23,457
SAS 10 p63	Interest and similar income	**3**	**38,912**	17,862	**37,313**	17,405
SAS 10 p63	Interest and similar expense	**4**	**(17,916)**	(6,189)	**(16,976)**	(6,039)
	Net interest income		**20,996**	11,673	**20,337**	11,366
SAS 10 p63	Fee and commission income	5	**12,229**	9,383	**11,521**	8,872
SAS 10 p63	Fee and commission expense		**(637)**	(163)	**(554)**	(161)
	Net fee and commission income		**11,592**	9,220	**10,967**	8,711
SAS 7 p7c, SAS 10 p 63	Foreign exchange income		**1,517**	953	**1,473**	914
	Underwriting profit/(loss)		**660**	111	**-**	-
	Trusteeship income		**119**	245	**111**	58
	Income from investments	**6**	**842**	1,566	**284**	989
	Other income		**212**	99	**127**	68
	Operating income		**35,939**	23,867	**33,299**	22,106
SAS 10 p63	Operating expenses	**7**	**(20,675)**	(13,320)	**(18,252)**	(12,285)
SAS 10 p 63	Diminution in asset values	**14**	**(12,312)**	(2,439)	**(10,875)**	(2,291)
	Profit before taxation		**2,952**	8,108	**4,172**	7,530
	Taxation	**8**	**(365)**	(1,696)	**(706)**	(1,619)
	Profit after taxation		**2,587**	6,412	**3,466**	5,911
	Non-controlling interest		**(14)**	(36)	**-**	-
	Profit attributable to the group		**2,573**	6,376	**3,466**	5,911
	Appropriated as follows:					
	Statutory reserve	**37**	**526**	173	**519**	173
	Small & Medium Scale Industries Equity Investment Scheme (SMIEIS) Reserve	**37**	**173**	295	**173**	295
	Bonus issue reserve	**37**	**12**	8	**7**	5
	Contingency reserve	**37**	**27**	11	**21**	10
	Retained earnings reserve	**37**	**1,835**	5,889	**2,746**	5,428
			2,573	6,376	**3,466**	5,911
SAS 21 p 53	Earnings per share (basic and diluted)	**43**	**28k**	91k	**28k**	91k
CAMA - S. B p8(7); SAS 23	Dividend per share (paid)	**42**	**12k**	30k	**12k**	30k

The accounting policies on pages 9 to 19 and notes on pages 24 to 41 form an integral part of these financial statements.

XYZ BANK PLC

Consolidated Balance Sheet
For the year ended 31 December 2009

		Note	Group 2009	Group 2008	Bank 2009	Bank 2008
	Assets	**Note**	**N'million**	N'million	**N'million**	N'million
	Cash and balances with central banks	**9**	**27,383**	31,432	**25,112**	30,011
SAS 10 p 65	Treasury bills	**10**	**5,751**	21,030	**4,544**	21,030
SAS 10 p 65	Due from other banks	**11**	**68,819**	68,603	**65,284**	63,802
SAS 10 p 65	Loans and advances to customers	**12**	**154,408**	129,383	**156,368**	124,881
SAS 10 p 65	Advances under finance lease	**15**	**3,075**	5,750	**3,075**	5,750
SAS 16, p93	Insurance receivables	**16**	**410**	337	**-**	-
SAS 13 p 36	Investment securities	**17**	**33,229**	15,417	**20,151**	13,335
SAS 27 p 48, SAS 2 p 16a (i)	Investment in subsidiaries	**18**	**-**	**-**	**8,221**	5,841
SAS 28, p27, SAS 2 p 16a(ii)	Investment in associates	**19**	**4,437**	3,560	**1,898**	1,259
SAS 2, p16(c)(i)	Goodwill	**21**	**800**	**800**	**800**	**800**
SAS 19 p 68, 69	Deferred tax assets	**33**	**2,208**	551	**1,670**	525
SAS 10 p 65	Other assets	**22**	**22,116**	21,550	**21,629**	20,915
	Investment property	**23**	**1,325**	660	**681**	433
SAS 10 p 65	Property and equipment	**24**	**17,078**	13,762	**16,013**	13,081
			341,039	312,835	**325,446**	301,663
	Liabilities					
SAS 10 p 65	Customer deposits	**25**	**233,445**	209,854	**222,408**	201,855
SAS 10 p 65	Due to other banks	**26**	**4,278**	4,266	**1,723**	3,191
SAS 16, p93	Claims payable		**521**	389	-	-
SAS 11 p88	Finance Lease obligations	**27**	**674**	562	**568**	401
SAS 16, p93	Liability on investment contracts	**28**	**44**	18	**-**	-
SAS 16, p93	Liabilities on insurance contracts	**29**	**451**	303	-	-
	Debt securities in issue	**30**	**82**	51	**82**	51
SAS 10 p 65	Other borrowings	**31**	**11,854**	9,294	**11,854**	9,294
SAS 19 p 49, 69	Current income tax	**8**	**1,913**	1,407	**1,666**	1,346
SAS 10 p 65	Other liabilities	**32**	**28,380**	26,176	**26,710**	25,155
SAS 19 p 68, 69	Deferred income tax liabilities	**33**	**1,763**	1,267	**1,754**	1,264
	Retirement benefit obligations	**34**	**414**	620	**408**	614
			283,819	254,207	**267,173**	243,171

XYZ BANK PLC

Consolidated Balance Sheet
For the year ended 31 December 2009

	Equity					
CAMA Sch. C, SAS 2 p18(b)	Ordinary share capital	**36**	**3,619**	3,290	**3,619**	3,290
CAMA Sch. C, SAS 2 p18(b)	Preference share capital	**36**	**1,277**	1,277	**1,277**	1,277
CAMA Sch. C, SAS 2 p18(b)	Share premium account	**36**	**43,538**	43,538	**43,538**	43,538
CAMA Sch. C, SAS 2 p18(b)	Revaluation reserve	**37**	**1,451**	955	**1,246**	859
CAMA Sch. C, SAS 2 p18(b)	Retained earnings	**37**	**2,283**	4,461	**3,490**	4,731
CAMA Sch. C, SAS 2 p18(b)	Other reserves	**37**	**4,835**	4,840	**5,103**	4,797
	Attributable to equity holders of the parent		**57,003**	58,361	**58,273**	58,492
SAS 27, p26, 30	Non-controlling interest	35	**217**	267	**-**	**-**
	Total Equity		57,220	58,628	58,273	58,492
	Total equity and liabilities		**341,039**	312,835	**325,446**	301,663
	Acceptances and guarantees	**38**	**78,597**	107,304	**48,964**	70,179

The accounting policies on pages - - - - to - - - - and financial statements and notes on pages - - - - to - - - - were approved by the Board of Directors on 12 March 2010 and signed on its behalf by:

FULL NAME
DIRECTOR

FULL NAME
DIRECTOR

XYZ BANK PLC

Consolidated Cash Flow Statement
For the year ended 31 December 2009

		Note	Group 2009 N'million	Group 2008 N'million	Bank 2009 N'million	Bank 2008 N'million
SAS18 p66	**OPERATING ACTIVITIES**					
	Cash generated from operations	**41**	**7,877**	29,265	**(2,107)**	26,954
SAS18 p74, 80	Tax paid	**8**	**(1,020)**	(862)	**(1,041)**	(772)
	Net cash used/ generated from operating activities		**6,857**	28,403	**(3,148)**	26,182
SAS18 p66	**FINANCING ACTIVITIES**					
SAS18 p72, 80	Dividend paid to shareholders		**(4,121)**	(4,630)	**(4,014)**	(4,532)
	Proceeds from issue of shares	**36**	**329**	-	**329**	-
	Share issue expenses		**-**	-		
	Proceeds from Long term loan		**2,591**	1,296	**2,591**	1,296
	Net cash from financing activities		**(1,201)**	(3,334)	**(1,094)**	(712)
SAS18 p66	**INVESTING ACTIVITIES**					
	Purchase of long term investment securities, net of investments in acquiree (Note 17)		**(16,631)**	(26,038)	**(5,643)**	16,243
SAS18 p71, 80	Dividend received		**-**	-	**-**	
	Redemption/(purchase) of long term bonds		**-**	-	**-**	
	Additional investment in subsidiaries		**-**	-	**(2,380)**	3,900
	Additional investment in associates		**(877)**	(457)	**(639)**	(289)
	Additional to investment property, net of investment in acquire		**(665)**	(560)	**(248)**	(119)
SAS18 p78	Cash in acquiree, net of cash paid to advisers		**-**	-	**-**	-
	Purchase of property, plant and equipment		**(6,201)**	(2,905)	**(4,771)**	(3,945)
	Proceeds from sale of property and equipment	24	**938**	570	**70**	43
	Net cash from investing activities		**(23,436)**	(29,390)	**(13,611)**	15,833
	Decrease in cash and cash equivalents		**(17,780)**	(4,321)	**(17,853)**	39,816
SAS 18, p82	**Analysis of changes in cash and cash equivalents**					
	At start of year	**45**	**(115,744)**	(120,065)	**(111,017)**	(71,201)
	At end of year	**45**	**97,964**	115,744	**93,164**	111,017
	Decrease in cash and cash equivalents		**(17,780)**	(4,321)	**(17,853)**	39,816

Ref

1. General information

XYZ Bank International Plc (the bank) was incorporated in Nigeria on 28 May 1998 under the Companies & Allied Matters Act 1990 as a private limited liability company. The Bank was granted license on 15 November 2001 to carry on commercial banking. The Bank in readiness for a listing on the Nigerian Stock Exchange (NSE) converted to a public liability company on 1 April 2002 and was listed on the NSE by way of introduction on 25 June 2002.

The Bank has four subsidiaries as analysed below:

XYZ Insurance Limited - 90%
XYZ Securities Limited - 80%
XYZ Capital Limited - 95%
XYZ Trustees Limited - 80%

2. Segment analysis

SAS 24 p49 ***(a) By geographical segment** (Geography is assumed as the primary segment of this Group)*
The Group's business is organized along four main geographical areas.

- Nigeria
- West Africa
- East Africa
- North Africa

Transactions between the business segments are on normal commercial terms and conditions.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each segment. Revenue sharing agreements are used to allocate external customer revenues to a segment on a reasonable basis.

Ref		Nigeria	West Africa	East Africa	North Africa	**Total**
SAS24 p47	**At 31 December 2009**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
SAS 24 P 48,50	External revenues	16,347	8,174	4,904	3,269	32,694
SAS 24 p49,50	Revenues from other segments	10,898	5,449	3,269	2,180	21,796
		27,245	13,623	8,173	5,449	54,490
	Operating profit	17,970	8,984	5,391	3,594	35,939
SAS 24 P 52	Profit before tax	1,476	738	443	295	2,952
	Income tax expense	(182)	(91)	(55)	(37)	(365)
	Profit for the year	**1,294**	**647**	**388**	258	**2,587**
SAS 24	Segment assets	170,520	85,260	51,155	34,104	341,039

P 53						
	Unallocated assets	-	-	-	-	-
	Total assets	170,520	85,260	51,155	34,104	341,039
SAS 24 P 53	Segment liabilities	141,910	70,955	42,572	28,382	283,819
	Unallocated liabilities	-	-	-	-	-
	Total liabilities	141,910	70,955	42,572	28,382	283,819
	Other segment items					
SAS 24 P 51	Depreciation	976	488	293	195	1,952
SAS 24 P 51	Amortisation	-	-	-	-	-

SAS 24 p31, 33

(b) By business segment

The Group is divided into three main business segments on a worldwide basis:

- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.

- Treasury and investment banking – incorporating financial instruments trading, structured financing, corporate leasing, and merger and acquisitions advice.

At 31 December 2009	**Retail banking N'million**	**Corporate banking N'million**	**Treasury and Investment banking N'million**	**Group N'million**
External revenues	35,003	18,862	625	54,490
Revenues from other segments	2,769	(2,769)	-	-
Total	37,772	16,093	625	54,490
Profit before tax	2,230	2,232	(1,511)	2,951
Income tax expense				(365)
Profit for the year				2,586
Segment assets	194,978	133,729	12,332	341,039
Unallocated assets	-	-	-	-
Total assets	194,978	133,729	12,332	341,039

Segment liabilities	165,974	106,865	10,981	283,820
Unallocated liabilities	-	-	-	-
Total liabilities	165,974	106,865	10,981	283,820
Other segment information				
Depreciation	1,152	769	31	1,952

SAS 24 p56

31 December 2008

(a) By geographical segment

	Nigeria **N'million**	West Africa **N'million**	East Africa **N'million**	North Africa **N'million**	**Total** **N'million**
External revenues	9,065	4,533	2,720	1,813	18,131
Revenues from other segments	6,044	3,022	1,813	1,209	12,088
	15,109	7,555	4,533	3,022	30,219
Operating profit	11,933	5,967	3,580	2,387	23,867
Profit before tax	4,053	2,027	1,216	811	8,107
Income tax expense	(848)	(424)	(254)	(170)	(1,696)
Profit for the year	**3,205**	**1,603**	**962**	641	**6,411**
Segment assets	156,417	78,209	46,926	31,283	312,835
Unallocated assets	-	-	-	-	-
Total assets	156,417	78,209	46,925	31,283	312,835
Segment liabilities	127,103	63,552	38,131	25,421	254,207
Unallocated liabilities	-	-	-	-	-
Total liabilities	127,103	63,552	38,131	25,421	254,207
Other segment items					
Depreciation	687	344	206	137	1,374
Amortisation	-	-	-	-	-

(b) By business segment

	Retail banking N'million	Corporate banking N'million	Treasury and Investment banking N'million	Total N'million
External revenues	7,781	20,071	2,367	30,219
Revenues from other segments	5,413	(5,577)	164	-
Total	13,194	14,494	2,531	30,219
Profit before tax	1,841	4,766	1,500	8,107
Income tax expense				(1,696)
Profit for the year				6,411
Segment assets	78,283	227,509	7,043	312,835
Unallocated assets	-	-	-	-
Total assets	78,283	227,509	7,043	312,835
Segment liabilities	122,248	129,848	2,111	254,207
Unallocated liabilities	-	-	-	-
Total liabilities	122,248	129,848	2,111	254,207
Other segment information				
Depreciation	907	420	47	1,374

	Group 2009 N'million	Bank 2008 N'million	Group **2009 N'million**	Bank 2008 N'million
3. Interest and similar income				
Placements	**10,700**	2,272	**10,323**	2,237
Treasury bills and investment securities	**5,093**	3,560	**4,607**	3,408
Loans and advances	**22,262**	11,272	**21,526**	11,002
Advances under finance leases	**857**	758	**857**	758
	38,912	17,862	**37,313**	17,405
Interest Income earned in Nigeria	**19,456**	8,931	**18,657**	8,703
Interest Income earned outside Nigeria	**19,456**	8931	**18,656**	8,702
	38,912	17,862	**37,313**	17,405

SAS 10 p63

Notes to the Consolidated Financial Statements
For the year ended 31 December 2009

		Group 2009 N'million	Bank 2008 N'million	Group 2009 N'million	Bank 2008 N'million
	4. Interest and similar expense				
SAS 10 p63	Current accounts	**555**	430	**500**	426
	Savings accounts	**1,043**	1,252	**1,015**	1,245
	Time deposits	**13,805**	4,018	**13,621**	3,906
	Inter-bank takings	**1,049**	209	**936**	182
	Borrowed funds	**1,464**	280	**904**	280
		17,916	6,189	**16,976**	6,039

Interest expense paid outside Nigeria amounted to Group N1.2 billion (2008: N0.8 billion) and Bank N149 million (2008: N231 million).

5. Fees and commission income

Credit related fees	**5,952**	4,521	**5,906**	4,521
Commission on turnover	**2,672**	2,347	**2,686**	2,343
Commission on off-balance sheet transactions	**649**	553	**429**	321
Remittance fees	**80**	60	**50**	40
Letters of Credit commissions and fees	**1,376**	962	**1,280**	897
Facility management fee	**100**	89	**90**	76
Other fees and commissions	**1400**	851	**1080**	675
	12,229	9,383	**11,521**	8,873

6. Income from investments

SAS *13 p 56*	Dividend income	**178**	194	**11**	3
SAS *13 p 56*	Profit on sale of securities	**434**	1,189	**151**	901
SAS *13 p 56*	Rental income	230	183	**122**	85
		842	1,566	**284**	989

7. Operating expenses

	Staff costs (note 40)	**8,230**	5,298	**7,436**	4,883
	Goodwill impairment (note 21)	**-**	-	**-**	-
SAS 2 p22, SAS 9 p46a	Depreciation (note 24)	**1,952**	1,374	**1,773**	1,249
SAS 2 p22	Auditors' remuneration	**66**	48	**50**	43
SAS 2 p22	Directors' emoluments (note 40)	**109**	86	**109**	86
	Loss/(Profit) on disposal of property and	**(5)**	(247)	**(4)**	(148)

equipment				
Operating lease expenses	**23**	15	**12**	8
Other operating expenses	**10,300**	6,746	**8876**	6164
	20,675	13,320	**18,252**	12,285

		Group 2009 N'million	Bank 2008 N'million	Group 2009 N'million	Bank 2008 N'million
	8. Taxation				
	Charge				
SAS 19 p65	Current tax	**1,318**	1,207	**1,173**	1,139
SAS 19 p65	Education tax	**155**	128	**142**	121
	Technology tax	**46**	75	**42**	75
	Capital gains tax	**12**	10	**8**	7
	Over provision in prior years	**(5)**	(3)	**(4)**	(2)
SAS 19 p65	Income tax charge	**1,526**	1,417	**1,361**	1,340
SAS 19 p65	Deferred tax charge (note 33)	**(1,161)**	279	**(655)**	279
	Charge for the year	**365**	1,696	**706**	1,619
SAS 19 p69	*Payable*				
	At start of year	**1,407**	852	**1,346**	784
	Tax paid	**(1,020)**	(862)	**(1,041)**	(778)
	Income tax charge	**1,526**	1,417	**1,361**	1,340
	At end of year	**1,913**	1,407	**1,666**	1,346

9. Cash and balances with Central Bank

Cash	**3,104**	4,445	**2,760**	4,133
Operating account with Central Bank	**20,290**	21,666	**20,576**	22,052
Included in cash and cash equivalents (Note 45)	**23,394**	26,111	**23,336**	26,185
Mandatory reserve deposits with central bank	**3,989**	5,321	**1,776**	3,826
	27,383	31,432	**25,112**	30,011

Mandatory reserve deposits are not available for use in the Group's day to day operations.

10. Treasury bills

Treasury Bills	**5,751**	21,030	**4,544**	21,030

Included in Treasury Bills are bills amounting to N4.35billion (2008: N9billion) held by third parties as collateral for various transactions.

11. Due from other banks

Current balances with banks within Nigeria	**77**	35	**12**	2
Current balances with banks outside Nigeria	**25,103**	10,847	**23,870**	9,999
Placements with banks and discount houses	**43,639**	57,721	**41,402**	53,801
	68,819	68,603	**65,284**	63,802

Balances with banks outside Nigeria include N7.85billion (2008: N5.45 billion) which represents the naira value of foreign currency bank balances held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities. (See Note 32). The amount is not available for the day to day operations of the bank.

Included in placements with banks and discount houses are placements with banks within Nigeria of N20.5billion (2008: N27.67 billion).

		Group 2009	Bank 2008	Group **2009**	Bank 2008
		N'million	N'million	**N'million**	N'million
	12. Loans and advances				
	Overdrafts	**26,111**	26,139	**32,112**	24,972
	Term loans	**84,624**	56,028	**79,276**	52,537
	Others	**57,548**	52,267	**57,520**	52,002
		168,283	134,434	**168,908**	129,511
SAS 10 p 67	Loan loss provision (note 13a)	**(12,355)**	(3,445)	**(11,361)**	(3,119)
SAS 10 p 67	Interest in suspense (note 13b)	**(1,520)**	(1,606)	**(1,179)**	(1,511)
		154,408	129,383	**156,368**	124,881

SAS 10 p58a *Interest receivables, from customers, where not debited to customers and material should be included in reported credit (if material and identifiable)*
SAS 10 p58b *Interest received in advance (e.g. discount on Bills) from customers where already debited to customers but not yet earned, should be deducted from report credit (if material and identifiable).*

SAS 10 p58g *Cash collateral against advances, if material and identifiable, should be disclosed separately*

	Analysis by security				
	Secured against real estate	**16,249**	12,340	**14,306**	11,506
	Secured by shares of quoted companies	**6,964**	5,289	**6,131**	4,931
	Otherwise secured	**139,432**	111,181	**148,456**	108,083
	Unsecured	**5,638**	5,624	**15**	4,991
		168,283	134,434	**168,908**	129,511
	Analysis by performance				
SAS 10 p 69	Performing	**155,799**	123,235	**157,219**	124,330
SAS 10 p 69	Non-performing				
PG App 1, p2.2, 2.4	- substandard	**6,242**	5,620	**5,845**	2,570
PG App 1	- doubtful	**3,745**	3,348	**3,507**	1,542
PG App 1	- lost	**2,497**	2,231	**2,337**	1,069
		168,283	134,434	**168,908**	129,511

	Analysis by maturity				
SAS 10 p 66	0 – 30 days	**66,829**	56,089	**64,849**	53,749
SAS 10 p 66	1-3 months	**43,881**	35,626	**42,436**	34,753
SAS 10 p 66	3-6 months	**15,097**	14,636	**12,647**	13,319
SAS 10 p 66	6-12 months	**17,949**	13,912	**16,257**	12,225
SAS 10 p 66	Over 12 months	**24,527**	14,171	**32,719**	15,465
		168,283	134,434	**168,908**	129,511

		Group 2009	Bank 2008	Group 2009	Bank 2008
		N'million	N'million	**N'million**	N'million
	13. Loan loss provision and interest in suspense				
	a. Movement in loan loss provision				
	At start of year:				
SAS 10 p 67	- Non-performing	**2,191**	1,619	**1,876**	1,344
SAS 10 p 67	- Performing	**1,254**	518	**1,243**	516
		3,445	2,137	**3,119**	1,860
SAS 10 p 67	Additional provision:				
SAS 10 p 67	- Non-performing	**7,103**	1,542	**6,434**	1,496
SAS 10 p 67	- Performing	**3,391**	737	**3,392**	727
SAS 10 p 67	Provision no longer required	**(107)**	(72)	**(107)**	(71)
SAS 10 p 67	Amounts written off	**(1,477)**	(899)	**(1,477)**	(893)
		8,910	1,308	**8,242**	1,259
	At end of year:				
SAS 10 p 67	- Non-performing	**7,710**	2,191	**6,726**	1,876
SAS 10 p 67	- Performing	**4,645**	1,254	**4,635**	1,243
		12,355	3,445	**11,361**	3,119
	b. Movement in interest-in-suspense				
	At start of year	**1,606**	1,425	**1,511**	1,374
	Suspended during the year	**2,747**	1,438	**2,501**	1,438
	Amounts written back	**(1)**	(82)	**(1)**	(82)
	Amounts written off	**(2,832)**	(1,175)	**(2,832)**	(1,219)
	At end of year	**1,520**	1,606	**1,179**	1,511

14. Provision for losses

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The charge for the year is analysed as follows:

Loans and advances – specific	**9,440**	2,024	**8,339**	1,960
Loans and advances – general	**1,049**	225	**982**	219
Recoveries	**(7)**	(4)	**(6)**	(5)
Provision on advances under finance lease	**(5)**	17	**(5)**	17
Recovery on previously written-off accounts	**(269)**	(196)	**(259)**	(194)
Provision for diminution of investments	**632**	25	**506**	20
Provision for other assets	**1,472**	348	**1,318**	274
	12,312	2,439	**10,875**	2,291

15. Advances under finance lease

		Group 2009 N'million	Bank 2008 N'million	Group **2009 N'million**	Bank 2008 N'million
	Gross investment	**3,605**	6,471	**3,605**	6,471
	Less: Unearned income	**(477)**	(662)	**(477)**	(662)
	Net investment	**3,128**	5,808	**3,128**	5,808
	Less:				
	General provision	**(53)**	(58)	**(53)**	(58)
		3,075	5,750	**3,075**	5,750
SAS 10 p 69	Performing	**3,012**	5,559	**3,012**	5,559
SAS 10 p 69	Non-performing				
PG App 1, p2.2, 2.4	- substandard	**58**	120	**58**	120
PG App 1	- doubtful	**35**	83	**35**	83
PG App 1	- lost	**23**	46	**23**	46
		3,128	5,808	**3,128**	5,808

Analysis by maturity

SAS 10 p 66	0 – 30 days	**114**	604	**114**	604
SAS 10 p 66	1-3 months	**269**	268	**269**	268
SAS 10 p 66	3-6 months	**354**	294	**354**	294
SAS 10 p 66	6-12 months	**504**	1,420	**504**	1,420
SAS 10 p 66	Over 12 months	**1,887**	3,222	**1,887**	3,222
		3,128	5,808	**3,128**	5,808

	Movement in Advances Under Finance Lease provision				
	At start of year:				
SAS 10 p 67	- Non-performing	**15**	17	**15**	17
SAS 10 p 67	- Performing	**43**	24	**43**	24
		58	41	**58**	41
SAS 10 p 67	Additional provision:				
SAS 10 p 67	- Non-performing	**8**	12	**8**	12
SAS 10 p 67	- Performing	**(9)**	13	**(9)**	13
SAS 10 p 67	Provision no longer required	**(3)**	(5)	**(3)**	(5)
SAS 10 p 67	Amounts written off	**(1)**	(3)	**(1)**	(3)
		(5)	17	**(5)**	17
	At end of year:				
SAS 10 p 67	- Non-performing	**23**	15	**23**	15
SAS 10 p 67	- Performing	**30**	43	**30**	43
		53	58	**53**	58

16. Insurance receivables

Due from contract holders	**66**	46	**-**	**-**
Due from agents and brokers	**417**	497	**-**	**-**
Due from reinsurers	**2**	21	**-**	**-**
Provision for doubtful receivables	**(75)**	(227)		
	410	337	**-**	**-**
Movement in provision for insurance receivables				
At 1 January	**227**	325	**-**	**-**
Additional provision	**56**	45	**-**	**-**
Provision no longer required	**(208)**	(143)	**-**	**-**
At 31 December	**75**	227	**-**	**-**

17. Investment securities

SAS 13 p 36	***Long term investments***				
	Debt Securities - at cost				
	Listed	**18,076**	10,097	**14,259**	10,097
	Unlisted	**2,905**	1,984	**1,097**	1,180
	Equity securities - at cost				
	Listed	**2,787**	783	**1,254**	86
	Unlisted	**7,408**	1,681	**2,075**	1,679
		31,176	14,545	**18,685**	13,042
	Provisions for diminution in value	**(5)**	(4)	**(4)**	(2)

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		31,171	14,541	**18,681**	13,040
SAS 13 p 36	***Short term investments***				
	Equity securities - at lower of cost or market value				
	Listed	**1,540**	500	**1,078**	195
	Unlisted	**433**	323	**297**	75
	Debt securities				
	Listed	**457**	20	**342**	10
	Unlisted	**313**	60	**218**	30
	Provisions for diminution in value	**(685)**	(27)	**(465)**	(15)
		2,058	876	**1,470**	295
	Total Investment securities	**33,229**	15,417	**20,151**	13,335
	Movement in long term investments				
	At start of year	14,541	5,873	13,040	5,043
	Additions	**22,727**	10,568	**10,829**	9,878
	Redemption of long term bonds	**(2,087)**	(1,833)	**(2,087)**	(1,833)
	Provision for diminution in value	**5**	3	**4**	2
	Disposals	**(4,015)**	(70)	**(3,105)**	(50)
	At end of year	**31,171**	14,541	**18,681**	13,040

SAS 2 p16
SAS 13 p 56

i. The market value of short term investments are Group N2 billion (2008: N876million) and Bank 1.4billion (2008: N295 million)

The market value of long term listed investments are Group N 85 billion (2008: N85 billion) and Bank nil (2008: N169 million)

ii. Included in listed debt securities is N17.05 billion (2008: N10.1billion) in various Federal Government of Nigeria Bonds. The maturity date of these bonds range from December 2012 to June 2025 with interest rates ranging from 9% to 15%. An amount of N15.95 billion (2007: N17.5 billion) of these bonds is pledged with the Central Bank of Nigeria as collateral for various transactions.

iii. The Bank makes investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) per the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). Included in unlisted long term investments are the bank's investment under the Small and Medium Industries Equity Investment Scheme (SMIEIS).). A total of N750 million (2008: N 450 million) have so far been invested under the scheme. Due to the effective percentage holding of the bank in these companies, some of them qualify as associates. However, they are not consolidated as the bank is not expected to exercise influence, and control is temporary, as the investments are expected to be realised within 5 years.

18. Investment in subsidiaries

		Group 2009	Group 2008	Bank 2009	Bank 2008
	%	**N'million**	N'million	**N'million**	N'million
XYZ Insurance Limited	**90%**	**-**	-	**3,288**	2,336
XYZ Securities Limited	**80%**	**-**	-	**2,466**	1,752
XYZ Capital Limited	**95%**	**-**	-	**1,644**	1,168
XYZ Trustees Limited	**80%**	**-**	-	**823**	585
		-	-	**8,221**	5,841

SAS 27 p 51f,k

i. All the subsidiary companies were incorporated in Nigeria. The results of all the subsidiaries have been consolidated with those of the Bank. The condensed financial statements of the consolidated subsidiaries are included in Note 20

ii. Prroforma Insurance Limited provides insurance services. It was incorporated in February 2007 and commenced operations in November 2008

iii. XYZ Capital Limited is licensed to provide corporate investment advisory and asset management services. It was incorporated in December 2007 and commenced operations May 2008.

iv. XYZ Securities Limited is the stock broking arm of the group. It was incorporated in April 2008 and commenced operations September 2008.

v. XYZ Trustees Limited was incorporated in December 2007 and commenced operations in January 2008.

SAS 27 p 51c All the group companies have the same reporting period

SAS 27 p 51b Include the reasons why the ownership, directly or indirectly through subsidiaries, of more than half of the voting or potential voting power of an investee does not constitute control

19. Investment in associates

		Group 2009	Group 2008	Bank 2009	Bank 2008
		N'million	N'million	**N'million**	N'million
SAS 28 p 48	Beginning of year	3,560	2,901	1,259	856
SAS 28 p 48	Share of results	**703**	547	**532**	312
SAS 28 p 48	Share of tax	**(10)**	(7)	**(8)**	(5)
SAS 28 p 48	Dividends paid	**156**	99	**92**	79
SAS 28 p 48	Exchange differences	**28**	20	**23**	17
SAS 28 p 48	At end of year	**4,437**	3,560	**1,898**	1,259

SAS 28 p 47b The Group's interest in its principal associates are as follows:

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		N'million	N'million	N'million	N'million
2009	25% Interest held	Assets	Liabilities	Revenues	Profit/ Loss
Dredging Finance Limited		47,435	35,712	16,352	7,901
		47,435	35,712	16,352	7,901
2008	25% Interest held	Assets	Liabilities	Revenues	Profit/ Loss
Dredging Finance Limited		41,235	32,187	12,093	5,230
		41,235	32,187	12,093	5,230

SAS 28 p 47e This represents the Bank's 25% holding in Dredging International, a bank licenced to carry on the business of investment banking and development finance. The company was incorporated in June 2007 and commenced operations in July 2007.

(SAS 28 p 47a include the fair value of investmens where there are published price quotations

SAS 28 p 47c Include the reasons why the presumption that an investor does or does not have significant influence is overcome if the investor holds, directly or indirectly through subsidiaries, 20% or more of the voting or potential voting power of the investee but concludes that it does or does not have significant influence

SAS 28 p 47d Include the reason for using a different reporting date or different period, if applicable)

Notes to the Consolidated Financial Statements
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20. Condensed results of consolidated entities

SAS 27
p 51h

	XYZ Insurance Limited N'million	XYZ Securities Limited N'million	XYZ Capital Limited N'million	XYZ Trustees Limited N'million
Condensed profit and loss				
Operating income	8,271	6,203	4,136	2,068
Operating expenses	(4,357)	(3,268)	(2,179)	(1,090)
Provision expense	(1,069)	(801)	(535)	(267)
PBT	2,845	2,134	1,422	711
Tax	(854)	(640)	(427)	(213)
Profit for the year	1,991	1,494	995	498
Condensed Financial position				
Assets				
Cash and balances with central banks	201	150	100	50
Treasury bills	-	-	-	-
Due from other banks	1,580	1,185	790	395
Loans and advances to customers	846	634	423	211
Advances under finance lease	-	-	-	-
Insurance receivables	819	-	-	-
Investment securities	8,668	6,502	4,334	2,168
Investment in subsidiaries and associates	536	402	268	134
Deferred tax asset	80	60	40	20
Other assets	829	621	414	207
Investment property	1,060	795	530	265
Property and equipment	425	319	213	106
	15,044	10,668	7,112	3,556
Financed by:				
Customer deposits	-	-	-	-
Due to other banks	3,634	2,725	1,817	908
investment contracts liabilities	353	264	175	89
Borrowed funds	2,033	1,526	1,017	509
Current income tax	198	148	99	49
Other liabilities	740	580	387	193
Provisions on Insurance contracts	853	-	-	-
Deferred income tax liabilities	393	295	197	98
Retirement benefit obligations	115	86	57	29
Equity and reserves	6,725	5,044	3,363	1,681
	15,044	10,668	7,112	3,556
Condensed cash flow				
Net cash from operating activities	15	12	7	6
Net cash from financing activities	8	5	3	4
Net cash from investing activities	5	4	3	2
Increase in cash and cash equivalents	28	21	13	12

At period start	173	129	87	38
At period end	201	150	100	50
	28	21	13	12

	Group 2009	Bank 2008	Group **2009**	Bank 2008
	N'million	N'million	**N'million**	N'million

21. Goodwill

		Group 2009	Bank 2008	Group **2009**	Bank 2008
SAS 26 p 93	At start of year	**800**	**800**	**800**	**800**
	Exchange differences	**-**	-	**-**	-
	Acquired during the year	**-**	-	**-**	-
	Impairment Charge (Note 7)	**-**	-	**-**	-
	At end of year	**800**	**800**	**800**	**800**

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in 2009 (2008: nil).

22. Other assets

		Group 2009	Bank 2008	Group **2009**	Bank 2008
SAS 10 p 58a, 71	Interest and fee receivable	**2,675**	2,424	**2,101**	1,842
SAS 10 p 71	Prepayments	**2,029**	2,000	**1,934**	1,348
SAS 10 p 71	Due from clients	**300**	275	**287**	187
SAS 10 p 71	Accounts receivable	**2,020**	1,998	**1,897**	1,506
SAS 10 p 71	Deferred acquisition expenses	**50**	50	**50**	50
SAS 15 p84, circular BSD/8/2 003	Open buy back Treasury bills	**13,950**	13,783	**13,950**	13,783
SAS 10 p 71	Other receivables	**2,739**	2,667	**2,634**	2,587
	Provision for doubtful receivables	**(1,647)**	**(1,647)**	**(1,224)**	(388)
		22,116	21,550	**21,629**	20,915

Due from clients represent amounts receivable from clients of the Asset management unit of the Group and amounts due from Trusteeship clients of the Trust unit of the Group. Treasury bills sold under repurchase agreements are classified as other asset balances in accordance with Central Bank of Nigeria circular BSD/8/2003. The corresponding liability is recognised in other liabilities (Note 32).

Movement in provision for doubtful receivables:

SAS 23 p58	At start of year	**1,647**	1,597	**388**	159
SAS 23 p58	Provision from acquired bank	**(4)**	(2)	**(3)**	(1)
SAS 23 p58	Additional provision	**367**	313	**1,021**	274
SAS 23 p58	Amounts written off	**(363)**	(261)	**(182)**	(44)
SAS 23 p58	At 31 December	**1,647**	**1,647**	**1,224**	388

23. Investment property

SAS 13 p 36	Opening net book amount	**660**	451	**433**	326
	Additions and capital improvements	**650**	197	**238**	100
	Revaluation gains/ (losses)	**12**	10	**8**	6
SAS 13 p 36	Disposal of investment property	**-**	-	**-**	-
	Exchanges differences	**3**	2	**2**	1
SAS 13 p 36	Closing net book amount	**1,325**	660	**681**	433

SAS 13 p28, 59 Land and Houses have been bought for investment purposes and are not occupied substantially by the Group. They are not subjected to periodic charges for depreciation.

The properties are independently valued at least once every three years on the basis of the open market value. This valuation is carried out by a professional qualified firm of valuers.

The parcel of land located at Plot 221, Linle Estate in the sum of N93 million was professionally valued on 01 June 2009 by Tussle &Co Estate Surveyors and Valuers at N97 million.

The building located at No 232, Yelele Close in the sum of N 40 million was professionally valued on 12 January 2009 by Moss Estate Surveyors and Valuers at N50 million.

Any income arising from the investment is primarily the gain expected as a result of markedt appreciation in the value of the properties.

XYZ BANK PLC

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24. Property and equipment
Group

SAS 2 p 15

		N'million	N'million	N'million	N'million	N'million	N'million
		At period start *SAS 3 45d*	**Additions** *SAS 3 45d*	**Disposals/ Write-offs** *SAS 3 45d*	**Reclassi-fications** *SAS 3 45d*	**Exchange difference** *SAS 3 45d*	**At period end** *SAS 3 45d*
	Cost						
SAS 3 45d	Work in progress	5,071	2,108	-	(1,473)	15	5,721
SAS 3 45d	Leasehold improvements	1,038	596	(510)	117	-	1,240
SAS 3 45d	Leasehold land and buildings	5,178	787	(198)	1,045	1	6,814
SAS 3 45d	Motor vehicles	1,758	744	(198)	50	13	2,366
SAS 3 45d	Office equipment	266	132	(156)	29	15	287
SAS 3 45d	Computer hardware	2,924	1,021	(39)	122	17	4,045
SAS 3 45d	Computer software	1,949	681	(26)	81	11	2,696
SAS 3 45d	Furniture & fittings	266	132	(155)	29	15	287
		18,450	6,201	(1,282)	-	87	23,456

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SAS 2 p 15e	**Accumulated Depreciation**	**N'million** At period start	**N'million** Charge for the year *SAS 9 46a*	**N'million** Disposals/ Write-offs	**N'million** Reclassi-fications	**N'million** Exchange difference	**N'million** At period end *SAS 9 46d*
SAS 9 46d	Leasehold improvements	505	165	-	-	-	670
SAS 9 46d	Leasehold land and buildings	355	226	-	-	-	582
SAS 9 46d	Motor vehicles	845	426	(150)	-	4	1,125
SAS 9 46d	Office equipment	121	67	(37)	-	3	155
SAS 9 46d	Computer hardware	1,645	600	(40)	-	11	2,214
SAS 9 46d	Computer software	1,096	400	(27)	-	8	1,477
SAS 9 46d	Furniture & fittings	121	68	(37)	-	3	155
		4,688	1,952	(291)	-	29	6,378

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SAS 3 45d

	N'million	N'million
	At start of year	At end of year
Net Book Value		
Work in progress	5,071	5,720
Leasehold improvements	532	570
Leasehold land and buildings	4,824	6,233
Motor vehicles	913	1,243
Office equipment	145	132
Computer hardware	1,279	1,829
Computer software	853	1,219
Furniture & fittings	145	132
	13,762	17,078

SAS 11 p88i SAS 2 p15 *Included in property and equipment are leased assets and analysed below by class*

Reference		*Computer Equipment*	*Furniture & Fittings*	*Motor Vehicles*	*Capital Work In progress*	*Total*
		N'million	N'million	N'million	N'million	N'million
	Cost					
SAS 11 p88i	At start of period	1,170	106	703	2,028	4,008
SAS 11 p88i	Additions	408	53	297	843	1,602
SAS 11 p88i	Reclassifications	49	12	20	(589)	(509)
SAS 11 p88i	Disposals	(16)	(62)	(79)	-	(157)
SAS 11 p88	Exchange difference	7	6	5	6	24
SAS 11 p88i	At end of period	1,618	115	946	2,288	4,968
	Depreciation					
SAS 11 p88i	At start of period	658	48	338	-	1,044
SAS 11 p88i	Charge for the year	240	28	170	-	438
SAS 11 p88i	Disposals	(16)	(15)	(60)	-	(91)
SAS 11 p88i	Exchange difference	4	1	2	-	7
SAS 11 p88i	At end of period	886	62	450	-	1,398
	Net book value					
	At start of period	512	58	365	2028	2,963
	At end of period	732	53	497	2,288	3,569

SAS 11 p88ii Include commitment for minimum lease payments with a term in excess of one year

SAS 11 p88iii Disclose any significant financing restrictions renewal or purchase options, contingent rentals and other contingencies arising from leases, if applicable

Bank:

SAS 2 p 15		N'million	N'million	N'million	N'million	N'million
		At period start *SAS 3 45d*	**Additions** *SAS 3 45d*	**Disposals/ Write-offs** *SAS 3 45d*	**Reclassi-fications** *SAS 3 45d*	**At period end** *SAS 3 45d*
	Cost					
SAS 3 45d	Work in progress	5,046	1,855	-	(1,431)	5,471
SAS 3 45d	Leasehold improvements	871	140	-	117	1,129
SAS 3 45d	Leasehold land and buildings	5,040	567	(43)	1,045	6,609
SAS 3 45d	Motor vehicles	1,541	663	(169)	50	2,084
SAS 3 45d	Office equipment	196	52	(1)	8	256
SAS 3 45d	Computer hardware	2,713	865	(26)	122	3,673
SAS 3 45d	Computer software	1,809	577	(18)	81	2,449
SAS 3 45d	Furniture & fittings	197	53	(1)	8	256
		17,413	4,772	(258)	-	21,927

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		N'million	N'million	N'million	N'million	N'million
SAS 2 p 15e *SAS 2 p15e*	**Accumulated Depreciation**	**At period start**	**Charge for the year**	**Disposals/ Write-offs**	**Reclassi-fications**	**At period end**
			SAS 9 46a			*SAS 9 46d*
SAS 9 46d	Leasehold improvements	446	168	-	-	613
SAS 9 46d	Leasehold land and buildings	355	226	-	-	582
SAS 9 46d	Motor vehicles	764	392	(150)	-	1,006
SAS 9 46d	Office equipment	102	42	(1)	-	144
SAS 9 46d	Computer hardware	1,538	542	(25)	-	2,054
SAS 9 46d	Computer software	1,025	361	(15)	-	1,370
SAS 9 46d	Furniture & fittings	102	42	(1)	-	144
		4,332	1,773	(192)	-	5,913

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SAS 3 45d

	N'million	N'million
	At start of year	**At end of year**
Net Book Value		
Work in progress	5,045	5,471
Leasehold improvements	426	515
Leasehold land and buildings	4,685	6,027
Motor vehicles	777	1,078
Office equipment	94	112
Computer hardware	1,176	1,619
Computer software	784	1,079
Furniture & fittings	94	112
	13,081	16,013

SAS 9 46c The Group applies the straight line method of depreciation of its property and equipment to allocate the cost of the assets over their estimated economic useful life.

Work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to other categories of property and equipment.

SAS 3 p45 Land and buildings were last revalued as at 30 June 2009, by Messrs Frank& Co Valuers. Valuations were made on the basis of the open market value.

The properties are independently valued once every three years on the basis of the open market value. This valuation is carried out by a professional qualified firm of valuers.

25. Customer deposits

	Group 2009	Group 2008	**Bank 2009**	Bank 2008
	N'million	N'million	**N'million**	N'million
Current deposits	**109,563**	95,353	**104,669**	91,350
Savings deposits	**18,918**	13,743	**17,417**	13,106
Term deposits	**104,964**	100,758	**100,322**	97,399
Domiciliary deposit				
Electronic purse				
	233,445	209,854	**222,408**	201,855

SAS 10 p58 *Interest payable, to customers, where not credited to customers and material should be included in deposit liabilities (if material and identifiable)*
SAS 10 p58 *Interest paid in advance (e.g. discount on CP deposits) to customers where already credited to customers but not yet earned, should be deducted from deposit liabilities (if material and identifiable).*

Analysis by maturity

		Group 2009	Group 2008	**Bank 2009**	Bank 2008
SAS 10 p66	0 - 30 days	**179,067**	180,122	**173,311**	174,971
SAS 10 p66	1-3 months	**27,698**	24,359	**26,502**	23,011
SAS 10 p66	3-6 months	**3,679**	564	**2,279**	189

SAS 10 p66	6-12 months	**2,955**	1,885	**1,468**	844
SAS 10 p66	Over 12 months	**20,046**	2,924	**18,848**	2,840
		233,445	209,854	**222,408**	201,855

		Group 2009	Group 2008	**Bank 2009**	Bank 2008
		N'million	N'million	**N'million**	N'million
	26. Due to other banks				
	Items in course of collection	**1,859**	3,239	**266**	2,815
	Current balances with banks	**962**	651	**-**	-
	Inter-bank taking	**1,457**	376	**1,457**	376
		4,278	4,266	**1,723**	3,191
	27. Finance lease obligations				
SAS 11 p88i	Due within one year	**404**	337	**341**	241
SAS 11 p88i	Due after one year	**270**	225	**227**	160
		674	562	**568**	401
	28. Liability on investment contracts				
	Deposit administered funds (secured funds)	**26**	11	**-**	-
	Other managed funds	**18**	7	**-**	-
		44	18	**-**	-
	Movement in deposit administered funds:				
	As at start of year	**11**	8	**-**	-
	Additions	**33**	6	**-**	-
	Withdrawals	**(20)**	(2)	**-**	-
	Guaranteed investment interest	**2**	1	**-**	-
	At end of the year	**26**	11	**-**	-

Deposit administered funds are investment contracts of the insurance division of the Group. Holders of such contracts are guaranteed their invested funds plus a guaranteed interest rate for the tenor of the contract. These contracts have additional benefits – Life Assurance cover and death benefits. The amounts are reported as part of "Liabilities on Insurance contracts (Note 24)"

	Group 2009	Group 2008	**Bank 2009**	Bank 2008
	N'million	N'million	**N'million**	N'million
Movement in other managed funds:				
As at start of year	**7**	5	**-**	-
Additions	**23**	5	**-**	-
Withdrawals	**(13)**	(4)	**-**	-
Investment returns	**1**	1	**-**	-

At end of the year	**18**	7	**-**	-

Other managed funds represent monies administered by the Group under trust contracts. Investors in the trust product are guaranteed their principal as well as an agreed interest.

	Group 2009	Group 2008	**Bank 2009**	Bank 2008
	N'million	N'million	**N'million**	N'million
29. Liabilities on Insurance contracts				
Life assurance contracts	**195**	74	**-**	-
Non-life insurance contracts	**256**	229	**-**	-
	451	303	**-**	-
Movement in liabilities on life assurance contract::				
At start of year	**74**	26	**-**	-
Net written premiums during the period	**75**	32	**-**	-
Claims incurred	**(7)**	(2)	**-**	-
Surrenders	**(1)**	(1)	**-**	-
Other direct expenses	**5**	2	**-**	-
Actuarial deficit /(surplus) from/to profit and loss account	**49**	17	**-**	-
At end of the year	**195**	74	**-**	-

An actuarial valuation has been performed on the long term life policies, thus, a surplus has been transferred to the profit and loss account. An actuarial valuation is due on the fund after three years in line with section 29(1) of the Insurance Act of 2003

Movement in non-life insurance contract liabilities:	**N'million**	**N'million**	**N'million**	**N'million**
	Unearned premium	**Unexpired Risk**	**IBNR**	**Total**
At start of year	**103**	68	**58**	229
Transfers to/from Revenue a/c	**12**	9	**6**	27
At end of the year	**115**	77	**64**	256

SAS 16 p79

General insurance business fund represents the provision for unearned premiums, unexpired risk and provision for outstanding claims.

	Group 2009	Group 2008	**Bank 2009**	Bank 2008
	N'million	N'million	**N'million**	N'million
30. Debt securities in issue				
US$ medium-term notes due 2015	**49**	31	**49**	31
Floating debenture due 2013	**33**	20	**33**	20
	82	51	**82**	51

SAS 2 p 19 The above borrowings are long term in nature and are at coupon rates ranging from 2% to 6.5%.

31. Other borrowings

		Group 2009 N'million	Group 2008 N'million	Bank 2009 N'million	Bank 2008 N'million
	African Development Bank	**10,400**	8,965	**10,400**	8,965
	BHK Bank	**1,454**	329	**1,454**	329
		11,854	9,294	**11,854**	9,294

i. The African Development Bank (ADB) loan is repayable over seven years from 2005. Interest rate is 5.37%. Interest and principal are payable semi-annually.

ii. The loan from the BHK Bank is repayable in ten equal semi-annual instalments starting from 2009. This attracts interest at 6 month LIBOR rate plus 2.40% payable semi-annually.

	Analysis by maturity				
SAS 10 p66	0 - 30 days	**593**	465	**593**	465
SAS 10 p66	1-3 months	**1,779**	1,395	**1,779**	1,395
SAS 10 p66	3-6 months	**1,778**	1,394	**1,778**	1,394
SAS 10 p66	6-12 months	**2,963**	2,323	**2,963**	2,323
SAS 10 p66	Over 12 months	**4,741**	3,717	**4,741**	3,717
		11,854	9,294	**11,854**	9,294

32. Other liabilities *(SAS 10 p 71)*

	Customers' deposit for letters of credit	**7,849**	5,464	**7,849**	5,464
	Deposit for foreign currency	**3,890**	2,157	**3,890**	2,157
SAS 10 p58	Interest payable	**802**	553	**779**	555
	Outstanding claims	**28**	18	**-**	
	Account payables	**1,976**	1,078	**503**	329
	Proceeds from public offers	**27**	20	**12**	7
SAS 10 p 67	Provision on losses for off balance sheet items	**150**	120	**145**	80
	Other	**13,658**	16,766	**13,532**	**16,563**
		28,380	26,176	**26,710**	25,155

33. Deferred taxes

SAS 19 p 69	Deferred tax liabilities	**(1,763)**	(1,267)	**(1,754)**	(1,264)
SAS 19 p 69	Deferred tax assets	**2,208**	551	**1,670**	525
		445	(716)	**(84)**	(739)

		Group 2009 N'million	Group 2008 N'million	Bank 2009 N'million	Bank 2008 N'million
	Movement in deferred taxes:				
SAS 19 p 69	At start of year	**(716)**	(437)	**(739)**	(460)
SAS 19 p 69	Charge / (abatement)	**1,161**	(279)	**655**	(279)
SAS 19 p 69	At end of year	**445**	(716)	**(84)**	(739)

34. Retirement benefit obligations

		Group 2009 N'million	Group 2008 N'million	Bank 2009 N'million	Bank 2008 N'million
SAS 8 p13	Defined contribution schemes	**35**	113	**29**	107
SAS 8 p13	Defined benefit schemes	**379**	507	**379**	507
		414	620	**408**	614

Movement in the defined contribution liability recognised in the balance sheet:

		Group 2009 N'million	Group 2008 N'million	Bank 2009 N'million	Bank 2008 N'million
	At start of year	**113**	328	**107**	324
	Payments to ex-staff	**68**	52	**51**	47
SAS 8 p 76c	Charge to profit and loss	**241**	111	**239**	107
	Contributions remitted	**(387)**	(378)	**(368)**	(371)
	At end of year	**35**	113	**29**	107

SAS 8 p76a-b

The Group and its employees make a joint contribution of 15% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated Pension Fund Administrators.

Movement in the defined benefit liability recognised in the balance sheet:

	Group 2009 N'million	Group 2008 N'million	Bank 2009 N'million	Bank 2008 N'million
At start of year	**507**	166	**507**	166
Charge to profit and loss	**378**	562	**378**	562
Payments in the year	**(506)**	(221)	**(506)**	(221)
At end of year	**379**	507	**379**	507

SAS 8 p76

The Group operates a defined benefit scheme where qualifying employees receive a lump sum payment based on the number years served after an initial qualifying period of 5 years and gross salary on date of retirement

The principal actuarial assumptions used were as follows:

	Group 2009	Group 2008	Bank 2009	Bank 2008
- discount rate	**190**	254	**190**	254

- average rate of inflation	**113**	152	**113**	152
- future salary increases	**76**	101	**76**	101
	379	507	**379**	507

35. Non controlling interest

	Group 2009 N'million	Group 2008 N'million	**Bank 2009 N'million**	Bank 2008 N'million
At start of year	**267**	240	**-**	-
Issue of new shares	**20**	14	**-**	-
Transfer from profit and loss	**13**	36	**-**	-
Exchange rate movements	**(11)**	(17)	**-**	-
Share of revaluation surplus	**(72)**	(6)	**-**	-
At end of year	**217**	267	**-**	-

36. Share capital

Authorised

SAS 2 p 18

	Group 2009 N'million	Group 2008 N'million	**Bank 2009 N'million**	Bank 2008 N'million
10 billion ordinary shares of 50k each (2008: 7 billion ordinary shares of 50k each)	**5,000**	3,500	**5,000**	3,500

Issued and fully paid:

i. Ordinary shares

SAS 2 p 18a

	Number Millions	**Group N'million**	**Bank N'million**
At prior period start	6,580	3,290	3,290
Transfer from bonus issue reserve	-	-	-
Issued during the year	658	329	329
At period end	7,238	3,619	3,619

The company allotted 658 million ordinary shares to employees during the year under an executive stock option plan

ii. Preference shares

SAS 2 p 18a

	Number Millions	**Group N'million**	**Bank N'million**
At prior period start		1,200	1,200
Issued during the year		77	77

At period end		1,277	1,277

On 20 June 2008, the Company issued 770 million cumulative redeemable preference shares with a par value of N100, which are redeemable at the option of the holder at par on 31 December 2019 or by the Company at any time before that date.

Dividends are set at 3.6% of the issue price and rank above ordinary dividends and are paid on 30 June each year. If the Company is unable to pay a dividend in a given year because of insufficient profits, the dividends are paid in subsequent years.

iii. Share premium

SAS 2
p 18b

	Group	Bank
	N'million	**N'million**
At 1 January 2007	18,029	18,029
Issued during the year	28,585	28,585
Issue expenses	(3,076)	(3,076)
At 31 December 2008/ 1 January 2009	43,538	43,538
Issued during the year	-	-
At 31 December 2009	43,538	43,538

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37. Reserves

Group	Statutory reserve	Contingency reserve	SMIEIS reserve	Revaluation reserve - investment securities	Revaluation reserve –property	Translation reserve	Bonus issue reserve	Retained earnings	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
				SAS 13 p 42	SAS 3 p 42	SAS 7 p 41b		SAS 2 p 18b	
At prior period start	1,407	968	1,739	477	478	242	484	2,715	8,510
Transfer to Share capital	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(4,630)	(4,630)
Transfer from profit and loss account	173	11	295	-	-	-	8	5,889	6,376
	1,580	979	2,034	477	478	242	492	3,974	10,256
Revaluation gain on investment property	-	-	-	-	248	-	-	-	248
Revaluation gain on long term investments	-	-	-	248	-	-	-	-	248
Net change due to exchange rate movement		**(39)**	(403)	-	-	(173)	(20)	-	(635)
Dividend paid	-			-	-	-		(4,121)	(4,121)
Transfer from profit and loss account	526	27	173	-	-	-	12	1,835	2,573
At period end	2,106	967	1,804	725	726	69	484	2,283	8,569

37. Reserves (continued)

Bank	Statutory reserve **N'million**	SMIEIS reserve **N'million**	Bonus issue reserve **N'million**	Contingency reserve **N'million**	Retained earnings **N'million** SAS 2 p 18b	Total **N'million**
At prior period start	1,547	1,437	1,179	604	4,241	10,387
Transfer to share capital	-	-	-	-	-	-
Dividend paid	-	-	-	-	(4,532)	(4,532)
Transfer from profit and loss account	173	295	5	10	5,428	5,911
	1,720	1,732	1,184	614	5,137	10,387
Transfer to share capital	-	-	-	-	-	-
Dividend paid	-	-	-	-	(4,014)	(4,014)
Transfer from profit and loss account	519	173	7	21	2,746	3,466
At period end	2,239	1,905	1,191	635	3,869	9,839

Nigerian banking regulations require the bank to make an annual appropriation to a statutory reserve. As stipulated by s16(1) of the Bank and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

The SMEIS 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 investments 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 after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax.
However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable

As required by insurance regulations, a contingency reserve is maintained for both the non-life insurance and life assurance contracts underwritten by the Group.

The appropriation to contingency reserve for non-life underwriting contracts is calculated in accordance with section 21(2) and 22(1)(b) of the Insurance Act 2003. The reserve is calculated at the higher of 3% of gross premiums and 20% of net profits of the business for the year.

The appropriation to contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriations are charged to the Life Fund.

38. Contingent liabilities and commitments

a. Legal proceedings

SAS 2 p 21 — The Group in the ordinary course of business is presently involved in (insert number) litigation suits none of which may give rise to any material contingent liability.

The Directors are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the bank and are not aware of any other pending or threatened claims and litigations.

b. *Capital commitments*

SAS 2 p 21 (f) At the balance sheet date, the bank had capital commitments amounting to N3.5billion (2008:N2.8 billion) in respect of authorized and contracted capital projects.

c. *Operating lease commitments*

The future minimum lease payments under non-cancellable motor vehicle and software operating leases are as follows:

		Group	Group	Bank	Bank
		2009	2008	**2009**	2008
		N'million	N'million	**N'million**	N'million
SAS 11 p 88ii	Not later than 1 year	**18,863**	25,753	**11,751**	16,843
SAS 11 p 88ii	Later than 1 year	**12,576**	17,169	**7,834**	11,229
		31,439	42,922	**19,585**	28,072

d. *Off balance sheet engagements(SAS 2 p 21(e))*

In the normal course of business, the Group is party to financial instruments with off-balance sheet risk. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	Group	Group	Bank	Bank
	2009	2008	**2009**	2008
	N'million	N'million	**N'million**	N'million
Performance bonds and guarantees	**18,863**	25,753	**11,751**	16,843
Letters of credit	**14,147**	19,315	**8,814**	12,632
Bankers Acceptances	**9,432**	12,876	**5,876**	8,421
Guaranteed commercial papers	**4,716**	6,438	**2,938**	4,211
	47,158	64,382	**29,379**	42,107

39. Related party transactions

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. The volumes of related-party transactions, outstanding balances at the year-end, and relating expense and income for the year are as follows:

(a) Risk assets outstanding as at 31 December 2009

Direct credit assets

Included in loans and advances is an amount of N23 billion (2008: N19.1 billion) representing credit facilities to companies in which certain directors and shareholders have interests. The balances as at 31 December, 2009 are as follows:

Name of company/ Individual	**Relation – Ship Subsidiary**	**Facility Type**	**N'million**	**Status**	**Security Status**
XYZ Trustees		**Term Loan**	23,000	**Performing**	
			23,000		

Off balance sheet engagements

Included in off balance sheet engagements is an amount of N 3 billion (2008: N2 billion) representing bankers acceptances and guaranteed commercial papers to companies in which certain directors and shareholders have interests. The balances as at 31 December, 2009 are as follows:

Name of company/ Individual	**Relation – Ship Subsidiary**	**Facility Type**	**N'million**	**Status**	**Security Status**
XYZ Securities	**Subsidiary**	**Bankers' Acceptance**	2,000	**Performing**	
XYZ Insurance		Commercial Paper	1,000	**Performing**	
			3,000		

(b) Deposits outstanding as at 31 December 2009

Name of company/ Individual	**Relationship**	**Type of deposit**	**2009 N'million**	**2008 N'million**
XYZ Insurance	Subsidiary	Time deposit	1,000	500
			1,000	500

(c) Operating lease contracts as at 31 December 2009

Operating lease arrangements and the related annual rentals are as follows:

Name of company/ Individual	**Relationship**	**Nature of transaction**	**2009 N'million**	**2008 N'million**
XYZ Capital	Subsidiary	Operating lease	**5,000**	2,790
			5,000	2,790

This list is not exhaustive. It should include contracts, assets purchases/sales, placements, fixed deposits, receivables, payables, income and expenses,

	Group 2009	Group 2008	**Bank 2009**	Bank 2008
40. Employees and directors				

a. Employees

The average number of persons employed by the Group during the year was as follows:

	Number	Number	**Number**	Number
Executive directors	**4**	4	**4**	4
Management	**325**	289	**275**	232
Non-management	**2,850**	2,298	**2,367**	1,678
	3,179	2,591	**2,646**	1,914

Compensation for the above staff (excluding executive directors):

	N'million	N'million	**N'million**	N'million
Salaries and wages	**7,542**	4,658	**6,768**	4,243
Pension costs -				
Defined contribution plans	**309**	162	**289**	162
Defined benefit plans	**379**	478	**379**	478
Other retirement benefit costs				
	8,230	5,298	**7,436**	4,883

The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions), were:

	Group	Group	**Bank**	Bank
	2009	2008	**2009**	2008
	Number	Number	**Number**	Number
N300,001- N2,000,000	**1,425**	1,394	**1,101**	1,011
N2,000,001- N2,800,000	**673**	441	**575**	387
N2,800,001- N3,500,000	**495**	476	**445**	287
N3,500,001- N4,000,000	**251**	105	**222**	94
N4,000,001- N5,500,000	**183**	65	**175**	57
N5,500,001- N6,500,000	**62**	47	**55**	30
N6,500,001- N7,800,000	**34**	21	**29**	16
N7,800,001- N9,000,000	**6**	14	**4**	12
N9,000,001- and above	**50**	28	**40**	20
	3,179	2,591	**2,646**	1,914

b. Directors

Remuneration paid to the Group's directors was:

	Group	
	2009	2008
Fees and sitting allowances	28	30
Executive compensation	45	28
Retirement benefit costs	11	11
Other director expenses and benefits	25	17
	109	86

Fees and other emoluments disclosed above include amounts paid to:

The chairman	**5**	5
The highest paid director	**21**	18

The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	Group	
	2009	2008
	Number	Number
Below N1,000,000	**2**	2
N1,000,000 - N2,000,000	**2**	2
N2,000,001 - N3,000,000	**3**	3
N5,500,001 - and above	**2**	2
	9	9

	Group 2009 N'million	Group 2008 N'million	**Bank 2009 N'million**	Bank 2008 N'million

41. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	Group 2009	Group 2008	**Bank 2009**	Bank 2008
Operating profit	**2,952**	8,108	**4,172**	7,530
Provision for loan loss	**7,540**	4,104	**6,872**	3,436
Provision from acquire	**-**	-	-	-
Amounts written back on previously provisioned accounts	**(319)**	(264)	**(111)**	(56)
Provision for leases (write-back)	**-**	-	**-**	-
Provision for off balance sheet	**(65)**	(3)	**30**	33
Interest in suspense	**(86)**	80	**(332)**	(166)
Interest income written off	**-**	-	**-**	-

Loans written off	**1,476**	738	**1,476**	738
Provision for other assets	**56**	(362)	**836**	418
Other assets written off	**-**	-	**-**	-
Movement in provision for investment	**659**	433	**452**	226
Gain on disposal of fixed assets	**(5)**	(3)	**(4)**	(2)
Deferred tax from acquiree	**-**	-	**-**	-
Depreciation	**1,952**	1,066	**1,773**	887
Amortisation of goodwill	**-**	-	**-**	-
Adjustments for carrying amount of investment and reserves of previously unconsolidated subsidiaries	**-**	-	**-**	-
Provisions for retirement benefit obligations	**619**	311	**617**	309
Operating profit before changes in operating assets and liabilities	**14,874**	6,100	**15,816**	13,352
(Increase) / decrease in operating assets:				
Cash reserve balances	**1,332**	1,000	**2,050**	900
Loans to customers, net of loans in acquiree (Note 13)	**(33,849)**	(15,094)	**(39,397)**	(19,103)
Advances under finance leases	**2,680**	9,340	**2,680**	9,340
Insurance receivables	**79**	79	**-**	-
Short term investments	**(1,840)**	(1,028)	**(1,625)**	(813)
Interest receivable and prepayment	**(251)**	(122)	**(259)**	(130)
Accounts receivable	**(22)**	174	**(391)**	(196)
Due from clients	**(25)**	25	**(100)**	(50)
Other receivables, net of sundry receivables in acquiree	**(268)**	132	**(800)**	(400)
Cash paid to ex staff	**-**	-	**-**	-
Capital paid in by Minority shareholders	**1**	-	**-**	-
	(32,163)	(5,493)	**(37,842)**	(10,450)
Increase/(decrease) in operating liabilities:				
Customer deposits, net of deposits in acquiree (Note 25)	**23,591**	22,673	**20,553**	20,277
Due to other banks	**12**	747	**(1,468)**	(734)
Customers' deposit for foreign currency denominated obligations	**1,733**	3,459	**1,733**	3,459
Investment contract liabilities	**26**	26	**-**	-
Insurance contract liabilities	**148**	148	**-**	-

Interest payable and unearned income	**249**	594	**224**	569
Accounts payable	**898**	1,853	**174**	1,129
Outstanding claims, public offer proceeds, other payables	**(1,491)**	(843)	**(1,297)**	(649)
	25,166	**28,658**	**19,919**	24,052
Cash generated/ used in operations	**7,877**	29,265	**(2,107)**	26,954

42. Dividend

	Group	Group	**Bank**	Bank
	N'million	N'million	**N'million**	N'million
Proposed dividend 55k (2008: 69k) per share	**4,121**	4,630	**4,014**	4,532

During the year an interim dividend of 20k per share, amounting to a total of N1.3billion was paid. The total dividend for the year is therefore 55k per share (2008: 69k), amounting to a total of N4.01 billion (2008: N4.5 billion).

Payment of dividends is subject to withholding tax at a rate of 10%.

43. Earnings per share

SAS 21p1, 7, 13, 56

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. The adjusted EPS is calculated using the number of shares in issue at the balance sheet date. Where a stock split has occurred, the number of shares in issue in the prior year is adjusted to achieve comparability

		Group	Group	**Bank**	Bank
		2009	2008	**2009**	2008
SAS 21 p 56a	Net profit attributable to shareholders (N'million)	**2,573**	6,376	**3,466**	5,911
SAS 21 p 46, 56a	Amount attributable to preference shareholders	**(573)**	(376)	**(466)**	(911)
		2,000	6,000	**3,000**	5,000
	Number of ordinary shares in issue as at period end (millions)	**7,238**	6,580	**7,238**	6,580
SAS 21 p 48, 56b	Time weighted average number of ordinary shares in issue (millions)	**7,238**	6,580	**7,238**	6,580
	Basic earnings per share	**28k**	91k	**28k**	91k
	Adjusted earnings per share	**28k**	83k	**28k**	83k

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: convertible debt, preference shares and share options. The convertible debt and preference shares are assumed to have been converted into ordinary shares. The net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

		Group	Group	**Bank**	Bank
		2009	2008	**2009**	2008
	Net profit attributable to shareholders (N'million)	**2,573**	6,376	**3,466**	5,911
	Interest expense on convertible debt (net of tax)	**-**	-	**-**	-
	Net profit used to determine diluted earnings per share	**2,573**	6,376	**3,466**	5,911
SAS 21 p 49a	Time weighted average number of ordinary shares in issue (millions)	**7,238**	6,580	**7,238**	6,580
	Adjustments for :				
SAS 21 p 49b-d	-Bonus element on conversion of convertible debt or preference shares	**-**	-	**-**	-
	-Share options (millions)	**-**	-	**-**	-
	Time weighted average number of ordinary shares for diluted earnings per share (millions)	**7,238**	6,580	**7,238**	6,580
	Diluted earnings per share	**28k**	91k	**28k**	91k

44. Acquisitions and disposals

(a) Acquisitions

SAS 26

On 30 June 2009, the Group acquired additional 25% of the share capital of XYZ Trustees. The acquired company contributed operating income of N2.06billion to the Group for the year ended 31 December 2009.

Purchase consideration (settled in cash)		92
Net assets at 31 March 2009:		
Share capital	30	
Minority deposit for shares	1	
Retained earnings brought forward	26	
Profit/(loss) to date of acquisition	(11)	
		(46)
Profit to minority shareholders / goodwill on acquisition		46

(b) Disposals

SAS 26

On 31 March 2009, the Group disposed of 100% of the share capital of its subsidiary in *Du benin*. The subsidiary operated in the retail banking segment and contributed operating income of N30 million to the Group for the period from 1 January 2009 to 31 March 2009

45. Cash and cash equivalents

SAS 26

For the purposes of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks, treasury bills and other eligible bills, operating account balances with other banks, amounts due from other banks and short-term government securities.

	Group	Group	**Bank**	Bank
	2009	2008	**2009**	2008
	N'million	N'million	**N'million**	N'million
Cash and balances with central banks (less restricted balances)	**23,394**	26,111	**23,336**	26,185
Treasury bills and eligible bills	**5,751**	21,030	**4,544**	21,030
Due from other banks	**68,819**	68,603	**65,284**	63,802
	97,964	115,744	**93,164**	111,017

46. Compliance with banking regulations.

Section	**Nature**	**No. of times**	Penalty N'000
The bank did not contravene any regulation of the Banks and Other Financial Institutions Act 1991 or relevant circulars issued by the Central Bank of Nigeria			

47. Events after the balance sheet date

SAS 2 p 21

The company acquired 40% of Mutual Investment Limited on 13 March 2010.

48. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Principal credit policies
The principal credit policies should be stated.

Methodology for risk rating
Banks are required to state their risk rating methodology

Enterprise risk review
The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by a treasury department (ALCO) and credit administration department (CAD) under policies approved by the Board of Directors. These units identify, evaluate and manage respective aspects of financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and use of financial instruments.

In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments. The credit risk management and control are centralised in credit administration department at Group level and reported to the Board of Directors and head of each business unit regularly.

Credit risk measurement

(a) Loans and advances

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Group reflects the following components (i) the character and capacity to pay of the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development; (iii) credit history of the counterparty and (iv) the likely recovery ratio in case of default obligations – value of collateral and other ways out.

The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

Group's internal ratings scale and mapping to external ratings

Group's rating	Description of the grade	External rating: Standard & Poor's equivalent
1-2	Investment Grade	AAA to AA-
2-3	Standard Grade	A+ to A-
4-6		BBB+ to BB-
7-10	Non Investment Grade	Below BB-
		Unrated

(could be broken down further)

(b) Debt securities and other bills

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by Treasury for primarily to manage their liquidity risk exposures.

Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers (single obligor limits), and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

The Group also sets internal credit approval limits for various levels in the credit process and are shown in the table below.

Authorising level	Approval limit
Board	101 million and above
Board Credit Committee	51million – 100million
Management Credit Committee	26 million – 50 million
Managing Director	11 million – 25 million
Group Head, Corporate, Retail,	5million - 10 million

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Group demand.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

a. Mortgages over residential properties;
b. Charges over business assets such as premises, inventory and accounts receivable;
c. Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as loss indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

(b) Master netting arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

(c) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Provisioning policies

The internal and external rating systems described above focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, loan loss provisions are recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date based on criteria set out in the Prudential Guidelines for Licensed Bank.

Risk Assets (Loans and Advances, Advances under Finance Leases, off-balance sheet direct credit substitutes, etc)

Loans and advances are summarised as follows:

	Group 2009 N' million	Group 2008 N' million
Performing	**155,799**	123,235
Non-performing		
- substandard	**6,242**	5,620
- doubtful	**3,745**	3,348
- lost	**2,497**	2,231
	168,283	134,434

Performing but past due loans

Loans and advances less than 90 days past due are considered performing, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but performing were as follows:

Financial Risk Analysis
For the year ended 31 December 2009

At 31 December 2009	Retail N'million	Corporate N'million	SME N'million	Financial Institutions N'million	Total N'million
Past due up to 30 days	14,117	36,756	54,321	12,345	117,539
Past due 30 - 60 days	6,870	5,234	7,432	3,790	23,326
Past due 60-90 days	5,798	3,136	3,390	2,610	14,934
	26,785	45,126	65,143	18,745	155,799

At 31 December 2008	Retail N'million	Corporate N'million	SME N'million	Financial Institutions N'million	Total N'million
Past due up to 30 days	11,112	26,756	5,421	10,345	53,634
Past due 30 - 60 days	6,850	14,234	6,432	9,790	37,306
Past due 60-90 days	9,321	13,236	5,288	4,450	32,295
	27,283	54,226	17,141	24,585	123,235

Non-performing loans by Industry

	Group 2009 N'million	Group 2008 N'million
Agriculture	**6,242**	4,920
Oil and gas	**3,745**	3,348
Capital Market	**1,567**	2,245
Consumer Credit	**900**	600
Manufacturing	**30**	86
Mining and Quarrying	**-**	-
Mortgage		
Real Estate and Construction		
Finance and Insurance		
Government		
Power		
Other Public Utilities		
Transportation		
Communication		
Education		
Others		
	12,484	11,199

Non-performing loans by Geography

	Group 2009 N'million	Group 2008 N'million
South South	**6,242**	4,920
South West	**3,745**	3,348
SouthEast	**1,784**	2,085
North West		
North Central		
North East		
Rest of Africa	**713**	846
	12,484	11,199

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Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2009. For this table, the Group has allocated exposures to regions based on the region of domicile of our counterparties.

At 31 December 2009	Due from banks	Loans	Advances under finance lease	Debt instruments	Total
South South					
South West					
South East					
North West					
North Central					
North East					
	68,819	168,283	3,128	20,981	261,211

At 31 December 2008	Due from banks	Loans	Advances under finance lease	Debt instruments	Total
South South					
South West					
South East					
North West					
North Central					
North East					
	68,603	134,434	5,808	12,081	220,926

(b) Industry sectors

At 31 December 2009	Due from banks	Loans	Advances under finance lease	Debt instruments	Total
Agriculture					
Oil and gas					
Capital Market					

Consumer Credit					
Manufacturing					
Mining and Quarrying					
Mortgage					
Real estate and construction					
Finance and Insurance					
Government					
Power					
Other public utilities					
Transportation					
Communication					
Education					
	68,819	168,283	3,128	20,981	261,211

At 31 December 2008	Due from banks	Loans	Advances under finance lease	Debt instruments	Total
Agriculture					
Oil and gas					
Capital Market					
Consumer Credit					
Manufacturing					
Mining and Quarrying					
Mortgage					
Real estate and construction					
Finance and Insurance					
Government					
Power					
Other public utilities					
Transportation					
Communication					
Education					
	68,603	134,434	5,808	12,081	220,926

Analysis by portfolio distribution and risk rating

At 31 December 2008	AAA to AA-	A+ to A-	BBB+ to BB-	Below BB-	Unrated	Total

Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

Concentrations of currency risk – on- and off-balance sheet financial instruments

XYZ BANK PLC

Financial Risk Analysis
For the year ended 31 December 2009

At 31 December 2009	Naira	Dollar	GBP	Euro	Others	Total
Assets						
Cash and balances with central banks	10,150	12,900	3,349		984	27,383
Treasury bills	5,751	-	-		-	5,751
Due from other banks	67,000	1,819	-		-	68,819
Loans and advances to customers	24,532	129,876	-		-	154,408
Advances under finance lease	3,075	-	-		-	3,075
Insurance receivables	410	-	-		-	410
Investment securities	23,198	9,812	219		-	33,229
Other assets	12,378	7,622	1,999		117	22,116
Total financial assets	146,494	162,029	5,567		1,101	315,191
Liabilities						
Customer deposits	195,027	21,545	7,865		9,008	233,445
Due to other banks	4,278	-	-		-	4,278
Claims payable	521	-	-		-	521
Finance Lease obligations	-	674	-		-	674
Liability on investment contracts	-	-	44		-	44
Liabilities on insurance contracts	321	-	-		130	451
Debt securities in issue	-	82	-		-	82
Other borrowings	-	11,854	-		-	11,854
Current income tax	1,913	-	-		-	1,913
Other liabilities	24,678	3,702	-		-	28,380
	226,738	37,857	7,909		9,138	281,642
Net on-balance sheet financial position	(80,244)	124,172	(2,342)		(8,037)	33,549
Off balance sheet	5,678	27,896	6,841		6,743	47,158
At 31 December 2008	**Euro**	**Dollar**	**GBP**	**Euro**	**Others**	**Total**
Total financial assets	129,383	121,065	36,967		6,087	293,502

Total financial liabilities	209,854	36,083	5,217		1,166	252,320
Net on-balance sheet financial position	(80,471)	84,982	31,750		4,921	41,182
Off balance sheet	15,467	29,987	8,967		9,961	64,382

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Liquidity risk management process

The Group's liquidity management process is primarily the responsibility of the Assets and Liabilities Committee (ALCO). Treasury is the executory arm of ALCO and its functions includes:

d. Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in money markets to enable this to happen;
e. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
f. Monitoring balance sheet liquidity ratios against internal and regulatory requirements (in conjunction with financial control unit); and
g. Managing the concentration and profile of debt maturities.

Funding approach

Sources of liquidity are regularly reviewed by Treasury to maintain a wide diversification by currency, geography, provider, product and term.

XYZ BANK PLC

Financial Risk Analysis
For the year ended 31 December 2009

Maturity profile – on Balance Sheet

31 December 2009	Up to 1 month N'million	1 – 3 months N'million	3 – 6 months N'million	6 -12 months N'million	1 – 5 years N'million	Over 5 years N'million	Total N'million
Liabilities:							
Customer deposits	123,456	23,569	34,999	51,421	-	-	233,445
Due to other banks	278	-	3,290	710	-	-	4,278
Claims payable	-	21	500	-	-	-	521
Finance lease obligations	-	-	-	674	-	-	674
Liability on investment contract	-	-	44	-	-	-	44
Liability on insurance contract	-	235	-	216	-	-	451
Debt securities in issue	-	-	-	-	82	-	82
Borrowings	-	-	-	1,824	10,030	-	11,854
Current income tax	-	-	-	1,913	-	-	1,913
Dividend payable	-	-	-	-	-	-	-
Other liabilities	3,478	368	2,349	9,820	2,378	9,987	28,380
Provision on insurance fund	-	-	-	-	-	-	-
Deferred income tax liabilities	-	-	-	-	1,763	-	1,763
Retirement benefit obligations	-	-	-	-	-	414	414
Total liabilities							

XYZ BANK PLC

Financial Risk Analysis
For the year ended 31 December 2009

	127,212	24,193	41,182	66,578	14,253	10,401	283,819
Assets:							
Cash and balances with central banks	21	-	5,708	7,865	13,789	-	27,383
Treasury bills and other eligible bills	435	1,751	3,565	-	-	-	5,751
Due from other banks	2,308	45,879	10,829	9,803	-	-	68,819
Loans and advances to customers	19,789	15,786	33,470	23,818	32,653	28,892	154,408
Advances under finance lease	-	-	-	759	2,316	-	3,075
Other facilities							
Insurance receivables	-	-	43	367	-	-	410
Investment securities	-	-		32,980	249	-	33,229
Investment in subsidiaries	-	-	-	-	-	-	-
Investment in associates	-	-	-	-	-	4,437	4,437
Goodwill	-	-	-	-	-	800	800
Deferred tax assets	-	-	-	-	2,208	-	2,208
Other assets	1,187	5,548	9,976	405	5,000	-	22,116
Investment property	-	-	-	-	1,325	-	1,325
Property and equipment	-	-	-	-	8,345	8,733	17,078
Total assets	23,740	68,964	63,591	75,997	65,885	42,862	341,039
Gap							

XYZ BANK PLC

Financial Risk Analysis
For the year ended 31 December 2009

	(103,472)	44,771	22,409	9,419	51,632	32,461	57,220

31 December 2008	Up to 1 month N'million	1 – 3 months N'million	3 – 6 months N'million	6 -12 months N'million	1 – 5 years N'million	Over 5 years N'million	Total N'million
Liabilities:							
Customer deposits	113,431	20,003	24,999	51,421	-	-	209,854
Due to other banks	278	-	3,228	760	-	-	4,266
Claims payable	-	11	378	-	-	-	389
Finance lease obligations	-	-	-	562	-	-	562
Liability on investment contract	-	-	18	-	-	-	18
Liability on insurance contract	-	35	-	268	-	-	303
Debt securities in issue	-	-	-	-	51	-	51
Borrowings	-	-	-	1,324	7,970	-	9,294
Current income tax	-	-	-	1,407	-	-	1,407
Dividend payable	-	-	-	-	-	-	-
Other liabilities	4,278	968	1,049	8,720	1,334	9,827	26,176
Provision on insurance fund	-	-	-	-	-	-	
Deferred income tax liabilities	-	-	-	-	1,267	-	1,267
Retirement benefit obligations	-	-	-	-	-	620	620
Total liabilities (contractual dates)	117,987	21,017	29,672	64,462	10,622	10,447	254,207

XYZ BANK PLC

Financial Risk Analysis
For the year ended 31 December 2009

Assets:							
Cash and balances with central banks	4,470	-	5,308	7,865	13,789	-	31,432
Treasury bills and other eligible bills	2,993	8,751	9,286	-	-	-	21,030
Due from other banks	10,092	35,879	11,829	10,803	-	-	68,603
Loans and advances to customers	19,789	16,100	23,470	13,479	27,653	28,892	129,383
Advances under finance lease	-	-	-	896	4,854	-	5,750
Other facilities	-	-	-	-	-	-	-
Insurance receivables	-	-	23	314	-	-	337
Investment securities	-	-		15,202	215	-	15,417
Investment in subsidiaries	-	-	-	-	-	-	-
Investment in associates	-	-	-	-	-	3,560	3,560
Goodwill	-	-	-	-	-	800	800
Deferred tax assets	-	-	-	-	551	-	551
Other assets	1,127	5,438	9,806	605	4,574	-	21,550
Investment property	-	-	-	-	660	-	660
Property and equipment	-	-	-	-	7,659	6,103	13,762
Total assets (expected dates)	38,471	66,168	59,722	49,164	59,955	39,355	312,835
Gap	**(79,516)**	**45,151**	**30,050**	**(15,298)**	**49,333**	**28,908**	**58,628**

XYZ BANK PLC

Financial Risk Analysis
For the year ended 31 December 2009

Maturity profile – Off Balance Sheet

(a) Financial guarantees and other financial facilities

Performance Bonds and financial guarantees (Note 38), are also included below based on the earliest contractual maturity date.

(b) Contingent letters of credits

Unfunded letters of credit (Note 38) are also included below based on the earliest contractual payment date.

(c) Operating lease commitments

Where a Group company is the lessee, the future minimum lease payments under non-cancellable operating leases, as disclosed in Note 38, are summarised in the table below.

(d) Capital commitments

Capital commitments for the acquisition of buildings and equipment (Note 38) are summarised in the table below.

31 December 2009	Up to 1 month N'million	1 – 3 months N'million	3 – 6 months N'million	6 -12 months N'million	1 – 5 years N'million	Over 5 years N'million	Total N'million
Performance bonds and financial guarantees	-	6,548	2,389	3,042	2,310	4,574	18,863
Contingent Letters of credits	-	-	2,819	11,328	-	-	14,147
Bankers acceptances	34	3,499		2,899	3,000	-	9,432
Guaranteed commercial papers	-	779	340	597	530	2,470	4,716
Capital commitments	-	-	-	-	1,760	1,740	3,500

XYZ BANK PLC

Financial Risk Analysis
For the year ended 31 December 2009

Operating lease commitments	-	5,679	6,543	6,641	6,000	6,576	31,439
	34	**16,505**	**12,091**	**24,507**	**13,600**	**15,360**	**82,097**

31 December 2008	Up to 1 month N'million	1 – 3 months N'million	3 – 6 months N'million	6 -12 months N'million	1 – 5 years N'million	Over 5 years N'million	Total N'million
Performance bonds and financial guarantees	4,478	6,780	3,489		4,132	6,874	25,753
Contingent Letters of credits	8	9,951	5,567	-	3,789	-	19,315
Bankers acceptances	5,678	2,367	-	-	4,831	-	12,876
Guaranteed commercial papers	541	678	778	333	648	3,460	6,438
Capital commitments					800	2,000	2,800
Operating lease commitments	4,580	5,567	9,987	5,619	8,169	9,000	42,922
	15,285	**25,343**	**19,821**	**5,952**	**22,369**	**21,334**	**110,104**

Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

h. To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate;
i. To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
j. To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Central Bank of Nigeria (CBN), for supervisory purposes. The required information is filed with the CBN on a monthly basis. Auditors to the Group are also required to render an annual certificate to the Nigerian Deposit Insurance Corporation (NDIC) that includes the computed capital adequacy ratio of the Group.

The CBN requires each bank to: (a) hold the minimum level of the regulatory capital of N25 billion and (b) maintain a ratio of total regulatory capital to the risk-weighted asset at or above the minimum of 10%. In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Nigeria are directly regulated and supervised by their local banking supervisor, which may differ from country to country.

The Group's regulatory capital as managed by its Financial Control and Treasury Units is divided into two tiers:

k. Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
l. Tier 2 capital: preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to maximum of 1.25% of risk assets and hybrid instruments – convertible bonds.

Investments in unconsolidated subsidiaries and associates are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December. During those two years, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

	Group 2009 N'million	Group 2008 N'million
Tier 1 capital		
Share capital	**3,619**	3,290
Share premium	**43,538**	43,538
Statutory reserves	**2,106**	1,580
Contingency reserve	**967**	979
SMIEIS reserve	**1,804**	2,034
Bonus issue reserve		

Financial Risk Analysis
For the year ended 31 December 2009

	484	492
Retained earnings	**2,283**	3,974
Less: goodwill and intangible assets	**(800)**	**(800)**
Total qualifying Tier 1 capital	**54,001**	**55,087**
Tier 2 capital		
Preference shares	**1,277**	1,277
Minority interest	**217**	267
Convertible bonds	**-**	-
Revaluation reserve - fixed assets	**726**	478
Revaluation reserve – investment securities	**725**	477
Translation reserve	**69**	242
General provision	**-**	-
Total qualifying Tier 2 capital	**3,014**	2,741
Total regulatory capital	**57,015**	57,828

Risk-weighted assets:	**Group 2009 N'million**	Group 2008 N'million
On-balance sheet	**221,030**	188,797
Off-balance sheet	**76,835**	22,021
Total risk-weighted assets	**297,865**	210,818
Risk weighted Capital Adequacy Ratio (CAR)	**19%**	27%

The decrease in the regulatory capital in 2009 is mainly due to the contribution of the current-year loss arising from significant loan loss provisions for loans securities traders and oil marketers. The increase of the risk-weighted assets reflects the expansion of the business into retail outlets and consumer loans in 2008.

Operational risk: . . .

Strategy risk: . . .

XYZ BANK INTERNATIONAL PLC

Statement of Value Added
For the year ended 31 December 2009

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	2009		2008	
	N'million	**%**	N'million	**%**
Group				
Gross income	**54,490**		30,218	
Interest paid	**(17,916)**		(6,189)	
	36,574		24,029	
Administrative overheads	**(7,745)**		(2,667)	
Value added	**28,829**	**100**	21,362	100
Distribution				
Employees				
- Salaries and benefits	**8,230**	**29**	5,298	25
Providers of funds				
- Dividend paid during the year	**4,121**	**14**	4,630	22
Government				
- Taxation	**365**	**1**	1,696	8
The future				
- Asset replacement (depreciation)	**1,952**	**7**	1,374	6
- Asset replacement (goodwill amortisation)				
- Asset replacement (provision for losses)	**12,312**	**43**	2,439	11
- Expansion (transfers to reserves and minority interest)	**1,849**	**6**	5,925	28
	28,829	**100**	21,362	100

XYZ BANK INTERNATIONAL PLC

Statement of Value Added
For the year ended 31 December 2009

SAS 2 p 24

	2009 N'million	%	2008 N'million	%
Bank				
Gross income	**40,279**		23,457	
Interest paid	**(904)**		(280)	
	39,375		23,177	
Administrative overheads	**(11,825)**		(3,175)	
Value added	**27,550**	**100**	20,002	**100**
Distribution				
Employees				
- Salaries and benefits	**7,436**	**27**	4,883	24
Providers of funds				
- Dividend paid during the year	**4,014**	**15**	4,532	23
Government				
- Taxation	**706**	**2**	1,619	8
The future				
- Asset replacement (depreciation)	**1,773**	**6**	1,249	6
- Asset replacement (goodwill amortisation)				
- Asset replacement (loan loss provision)	**10,875**	**40**	2,291	12
- Expansion (transfers to reserves)	**2,746**	**10**	5,428	27
	27,550	**100**	20,002	100

XYZ BANK INTERNATIONAL PLC

Five year financial summary - Group

Balance Sheet

	2009	2008	2007	2006	2005
	N'million	N'million	N'million	N'million	N'million
Assets:					
Cash and balances with central banks	27,383	31,432	42,229	17,253	8,271
Treasury bills and other eligible bills	5,751	21,030	20,320	23,282	17,379
Due from other banks	68,819	68,603	13,066	10,805	6,186
Loans and advances to customers	154,408	129,383	50,486	40,280	21,287
Advances under finance lease	3,075	5,750	4,025	2,045	1,029
Insurance receivables	410	337	130	125	97
Investment securities	33,229	15,417	5,899	1,799	778
Investment in associates	4,437	3,560	3,871	1,025	875
Goodwill	800	800	600	600	500
Deferred tax assets	2,208	551	225	150	34
Other assets	22,116	21,550	10,772	9,826	6,861
Investment property	1,325	660	417	400	342
Property and equipment	17,078	13,762	8,435	4,236	1,688
	341,039	312,835	160,475	111,826	65,327
Financed by:					
Share capital	48,434	48,105	35,350	25,500	15,190
Reserves	8,569	10,256	8,037	7,518	3,419
Minority interest	217	267	240	191	150
Customer deposits	233,445	209,854	95,835	62,281	35,971
Due to other banks	4,278	4,266	3,153	2,377	1,012
Claims payable	521	389	312	250	176
Finance lease obligations	674	562	431	308	234
Liability on investment contracts	44	18	16	14	10
Liability on insurance contracts	451	303	234	187	98
Debt securities in issue	82	51	48	41	35
Borrowings	11,854	9,294	3,910	2,457	1,271
Current income tax	1,913	1,407	851	653	467
Other liabilities	28,380	26,176	10,820	9,057	6,453
Deferred income tax liabilities	1,763	1,267	662	464	345
Retirement benefit obligations	414	620	576	528	496
	341,039	312,835	160,475	111,826	65,327
Acceptances and guarantees	78,597	107,304	64,639	18,227	5,510

XYZ BANK INTERNATIONAL PLC

Five year financial summary - Group

	2009	2008	2007	2006	2005
	N'million	N'million	N'million	N'million	N'million
Net operating income	35,939	23,867	15,338	9,024	6,368
Operating expenses	(20,675)	(13,320)	(10,399)	(8,249)	(4,186)
Provision for losses	(12,312)	(2,439)	(1,119)	(85)	(425)
Profit before taxation	2,952	8,108	3,820	690	1,757
Taxation	(365)	(1,696)	(935)	(734)	(502)
Profit after taxation	2,587	6,412	2,885	(44)	1,255
Minority Interest	(14)	(36)	(16)	(9)	(5)
Profit attributable to shareholders	2,573	6,376	2,869	(53)	1,250
Earnings per share (basic)	28k	91k	56k	-2k	35k
Earnings per share (diluted)	28k	91k	56k	-2k	35k
Earnings per share (adjusted)	28k	83k	45k	-1k	23k

XYZ BANK INTERNATIONAL PLC

Five year financial summary - Bank

Balance Sheet

SAS 2 p 24	2009	2008	2007	2006	2005
	N'million	N'million	N'million	N'million	N'million
Assets:					
Cash and balances with central banks	25,112	30,011	39,464	15,533	5,629
Treasury bills and other eligible bills	4,544	21,030	20,259	23,138	17,379
Due from other banks	65,284	63,802	12,528	10,615	5,752
Loans and advances to customers	156,368	124,881	48,192	38,965	20,411
Advances under finance lease	3,075	5,750	4,025	2,045	1,029
Investment securities	20,151	13,335	4,995	1,519	709
Investment in subsidiaries	8,221	5,841	4,492	1363	243
Investment in associates	1,898	1,259	2,326	1,357	1,392
Goodwill	800	**800**	600	600	600
Deferred tax assets	1,670	525	199	150	34
Other assets	21,629	20,915	1,0121	9,070	6,379
Investment property	681	433	948	905	1,328
Property and equipment	16,013	13,081	7,976	4,173	1,612
	325,446	301,663	156,125	109,433	62,497
Financed by:					
Share capital	4,896	4,567	4,155	3,250	3,120
Share premium	43,538	43,538	32,195	23,250	13,700
Reserves	9,839	10,387	8,037	6,518	2,913
Customer deposits	222,408	201,855	91,645	60,982	33,091
Due to other banks	1,723	3,191	2,910	2,231	980
Finance lease obligations	568	401	395	297	201
Debt securities in issue	82	51	45	34	23
Borrowed funds	11,854	9,294	4,781	2,232	1,140
Current income tax	1,666	1,346	781	726	413
Other liabilities	26,710	25,155	10,058	8,956	6,123
Deferred tax liabilities	1,754	1,264	607	449	328
Retirement benefit obligations	408	614	516	508	465
	325,446	301,663	156,125	109,433	62,497
Acceptances and guarantees	48,964	70,179	46,942	18,227	5,325

XYZ BANK INTERNATIONAL PLC

Five year financial summary - Bank

Profit and loss Account:

	SAS 2 p 24	2009	2008	2007	2006	2005
		N'million	N'million	N'million	N'million	N'million
	Gross Earnings	**40,279**	23,457	20,127	15,618	10,821
	Profit before taxation	**4,172**	7,530	4,396	555	1761
	Taxation	**(706)**	(1,619)	(931)	(721)	(498)
	Profit after taxation	**3,466**	5,911	3,465	(166)	1263
	Proposed dividend	12k	30k	25k	-	15k
SAS 21 p53	Earnings per share (basic)	28k	91k	66k	-4k	48k
SAS 21 p53	Earnings per share (diluted)	28k	91k	66k	-4k	48k
	Number of business offices					