



Report of the Auditors TO THE MEMBERS OF AFRIBANK NIGERIA PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Afribank Nigeria Plc, as at 31 March 2007, set out on pages 46 to 85 which have been prepared on the basis of the significant accounting policies on pages 46 to 49 and other explanatory notes on pages 53 to 81.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, Banks and Other Financial Institutions Act CAP B3 LFN 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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



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We draw your attention to note 31.2 on page 76 of these financial statements in respect of goodwill on consolidation that was charged to the special reserve account created from the share premium account. The Bank obtained the approval of shareholders at the last annual General Meeting to create a special reserve from the share premium account and to write-off the goodwill of N2.194 billion against the special reserve. The sanction of the Federal High Court has been obtained in accordance with Companies and Allied Matters Act CAP C20 LFN 2004.

Opinion

Except for the effects of the amounts charged directly to the general reserve, in our opinion, the Group and the Bank have kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act CAP C20 LFN 2004 and the Banks and Other Financial Institutions Act CAP B3 LPN 2004. The financial statements give a true and fair view of the financial position of Afribank Nigeria Plc as at 31 March 2007, and of its financial performance and its cash flows for the year then ended in accordance with the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board and relevant International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider-related credits are as disclosed in note 34.

The Bank contravened certain provisions of the Banks and Other Financial Institutions Act CAP B3 LFN 2004. The particulars thereof and the penalties paid thereon are set out in Note 30.

Chartered Accountants

Lagos, Nigeria

9 July 2007