Expanding our horizons

Africa's gateway to the world

Report and Statutory Accounts 2019

the access bank uk

Unlocking opportunities

Our established operations in London, Lagos and Dubai have the expertise, connections and critical mass to support customers in realising their ambitions of securing a foothold in Africa and, in particular, to maximise the enormous business potential that exists in Nigeria and Sub-Saharan Africa.

The Access Bank UK's (the Bank's) main objective is to grow the international business of Access Bank Plc and the Group (our parent), using a combination of exemplary customer service, innovative solutions in Trade Finance, Commercial Banking and Asset Management and corporate governance that exceeds internationally-recognised standards.

As we enter the second year of the Bank's strategic plan, we remain committed to delivering value and sustainable growth to our parent and principal stakeholders.

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Statutory Accounts Section

We are authorised by the Prudential Regulation Authority (PRA), and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority, which puts us in a strong position to support opportunities in the Organisation for Economic Co-operation and Development (OECD) markets for Access Bank Plc and the Group customers. As the parent's OECD operational hub, we support the flow of investment into markets in Nigeria, Sub-Saharan and West Africa. We are also authorised by the Dubai Financial Services Authority (DFSA) to run our Dubai operation – located in the Dubai International Finance Centre (DIFC) – which enables us to assist with trade and investment requirements between the United Arab Emirates (UAE) and Sub-Saharan Africa.

The Bank is a wholly-owned subsidiary of Access Bank Plc, a company listed on the Nigerian Stock Exchange.

Our focus is on building long-term relationships, and working collaboratively with our customers, to better understand their goals and develop strategies that are specifically tailored to their needs. We provide our employees with ongoing support and development opportunities, which reflects in their dedication and professionalism.
The Bank is led by a team of accomplished individuals committed to the delivery of superior financial solutions to businesses and individuals. Our staff have worked in the Sub-Saharan, West African and international marketplaces, so offer a wealth of knowledge and in-depth experience.

Like our parent, the Bank is committed to developing a sustainable business model for the environment in which it operates. This is apparent in our moderate appetite for risk, a passion for customer service and a commitment to working in close partnership with our customers to forge long-term relationships with them.

We play a key role in Access Bank Plc and the Group's vision to be the world's most respected African bank. As such, we refuse to chase unsustainable yields as a route to growth, but instead focus on the strength of our customer relationships to develop the business in a measured and structured way.

2019 Highlights

Strong operational performance by main Strategic Business Units.

Given clear mandate to develop the international interests of the Group.

Awarded Best African Trade Finance Bank (International Finance) for the second consecutive year, Best Africa Trade Finance Bank 2019 (Capital Finance International) for the fourth consecutive year and Best Trade Finance Bank in West Africa (Global Trade Review).

Continued growth and expansion in Sub-Saharan Africa and the MENA region.

Decision to report in $ reduced currency risk exposure by up to 70%.

Operating income increased 20% year-on-year to $85.2m.

Operating costs increased 4% year-on-year to $28.0m.

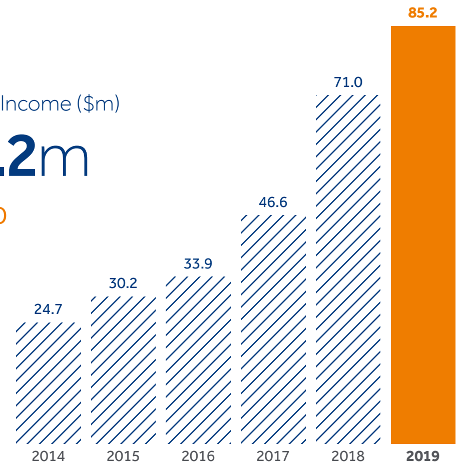
Pre-tax profits increased 30% year-on-year to $57.2m.

Post-tax profits increased 27% year-on-year to $44.3m.

Operating Income ($m)

$**85.2**m

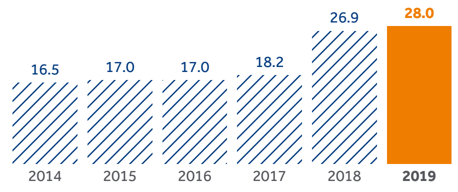
+20%



Operating Costs ($m)

$**28.0**m

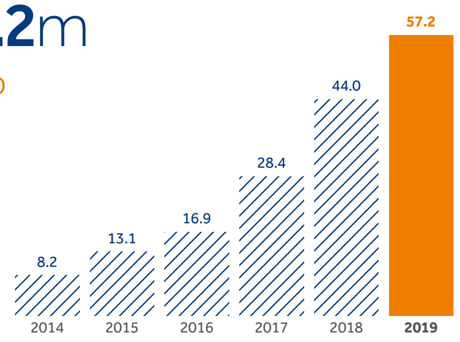
+4%



Pre-Tax Profits ($m)

$**57.2**m

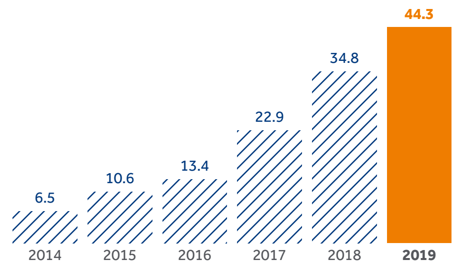
+30%



Post-Tax Profits ($m)

$**44.3**m

+27%



This growth derives from the strength of our relationship model, our ability to retain customers over the long term and our six core values: Excellence; Innovation; Professionalism; Passion for customers; Empowered employees; and Leadership.

You can find out about Our Values in more detail on page 7 of the Business Review.

Strategic Business Units Overview

The Bank offers its clients Trade Finance, Commercial Banking and Asset Management services in their dealings with OECD markets and also supports companies exporting to African markets and the MENA region.

We are authorised by the Prudential Regulation Authority (PRA) and regulated by the UK's Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). Our operation in Dubai is regulated by the Dubai Financial Services Authority (DFSA).

The Bank's IT systems are independent, wholly located in the UK and adhere to these authorities' standards of data collection and management. Our operations comprise the following Strategic Business Units (SBUs): **Trade Finance, Commercial Banking, Asset Management and Dubai.**

Trade Finance

- OECD trade finance hub for Access Bank Plc and the Group.
- Confirming bank for customers of Access Bank Plc and the Group and exporters to markets in Sub-Saharan Africa and the MENA region.
- Correspondent bank to institutions in Nigeria and other countries in Sub-Saharan Africa.
- Approved correspondent and trade finance bank for the Central Bank of Nigeria (CBN).
- Issues Letters of Credit on behalf of the Nigerian government and Nigerian National Petroleum Company (NNPC).
- Accredited by International Finance Corporation IFC (World Banking Commercial Arm).

Trade Finance Income
$40.4m
+28% yoy

Correspondent Banking
$12.4m
+0% yoy

Discounting Services
$11.7m
+15% yoy

Commercial Banking

- Relationship-based service for corporate and individual customers encompassing bank accounts, international transfers, foreign exchange transactions and a range of Dollar, Sterling and Euro deposit-based products.
- Bespoke trade finance solutions to facilitate the import of goods into Nigeria, other Sub-Saharan African countries and the MENA region.
- Offers Retail Savings Bonds 1, 2 & 3 year with fixed rates for UK nationals.
- Offers both investment and owner-occupied loans on UK properties.

Commercial Banking Income
$30.6m
+5% yoy

Customer Deposits
$781.0m
+27% yoy

Nigerian Corporates
$9.8m
+2% yoy

Asset Management

- Relationship-based service dedicated to developing a clear understanding of our clients' changing requirements.
- Provides bespoke discretionary portfolio management services, fixed interest and execution-only portfolios, bringing worldwide investment products to high net worth customers, primarily in Nigeria and Ghana.
- Lending services through portfolio and other asset instruments.

Asset Management Income
$2.6m
+15% yoy

Assets Under Management
$132.4m
+34% yoy

Dubai

- Linking Sub-Saharan Africa and Europe with the MENA region.
- Bespoke trade finance solutions to facilitate the import and export of goods between these regions.

Dubai Income
$7.5m
+168% yoy

Supporting employees

Behind the effort to train and develop our people into some of the best in the business lies a proven strategy. A colleague who feels supported is in tune with the Bank's objectives and dedicated to nurturing the customer relationships on which our success depends.

Our **Values**

Six core values inform the Bank's five-year plans and underpin its approach to meeting targets. These values are shared in common with our parent.

Excellence

Surpassing ordinary standards to be the best in all that we do.

Setting the standard for what it means to be exceptional.

Never losing sight of our commitment to excellence, even when the going gets tough.

Remembering that excellence requires dedication and commitment.

Our approach is not that of excellence at all costs – it is excellence on all fronts – so that we deliver outcomes that are economically, environmentally and socially responsible.

Innovation

Identifying new market needs and opportunities.

Creativity, invention, inspiration, exploration.

Pioneering new ways of doing things, new products and services, new approaches to customers.

Being first, testing the waters, pushing boundaries.

Progressing from concept to reality.

Anticipating and responding quickly to market needs with the right technology, products and services to achieve our customers' objectives.

Professionalism

Putting our best foot forward in everything we do, especially in high-pressure situations.

Consistently bringing the best of our knowledge and expertise to the table in all interactions with stakeholders.

Setting the highest standards in our work ethic, behaviour and activities in the way we treat our customers and – just as importantly – each other.

Putting our customers' needs ahead of our own.

Maintaining composure and clear thinking at all times.

Ensuring continuous learning through growth and career development.

Passion for customers

We live to serve our customers.

As well as delivering excellent customer service, we focus on our corporate responsibilities, supporting growth and opportunity in Africa and elsewhere.

Empowered employees

Recruiting and retaining the right people and teams, based on shared values and vision.

Developing our people to become world-class professionals.

Encouraging a sense of ownership at individual level, while fostering team spirit and loyalty to a shared vision.

Promoting a sense of belonging and community.

Facilitating continuous learning by providing the training, tools and coaching to help our people grow.

Helping our people to take care of their health.

Pursuing a positive work/life balance for increased productivity and improved employee satisfaction.

Encouraging a diverse workforce, and respecting and appreciating differences in ethnicity, gender, age, national origin, disability and religion.

Leadership

Leading by example, leading with guts.

Being first, being the best, sometimes being the only.

Courage to be the change we want to see.

Setting the standard. Challenging the status quo. Market-making.

Self-awareness in being able to maintain a balanced assessment of externalities and costs incurred in the pursuit of leadership.

Our **Business Model**

Summary

The Bank's success is founded on the strong relationships we have developed with our customers, which has helped us to better understand and anticipate their individual needs and, in turn, reduced the operational risk to the Bank.

This relationship-based approach has also contributed to the key milestones in the Bank's development (please see page 11 of the Business Review).

Developing our business model

Our relationship-based philosophy continues to drive the growth being delivered in the second year of the Bank's current five-year plan.

We are confident that an ongoing, strong focus on relationships will build on the Bank's achievements to date, notwithstanding current economic challenges and other headwinds.

Our **Vision**

To be the world's most respected African bank.

Our **Mission**

Setting standards for sustainable business practices that unleash the talents of our employees, deliver superior value to our customers and provide innovative solutions for the markets and communities we serve.

Deeper customer relationships

While our relationship-based business model continues to work effectively, and we are proud of our track record in servicing customers over the medium and long term, we are still seeking ways to offer an enhanced premium service and to generate even greater loyalty.

Setting standards

The growing number of prestigious awards from media and peers is testament to the high standards of service the Bank has established and which customers have now come to expect from us as a matter of course.

Our Milestones

2016

Achieving full branch status
We broadened our operation in Dubai/UAE to full branch status.

Expanding our product range
We launched our execution-only portfolios to expand the range of products and services for all Private Bank customers.

Winning awards
We were awarded 'Best Africa Trade Finance Bank 2016' by Capital Finance International.

Success with staff graduation
We achieved successful staff graduation from our Higher Apprentice Scheme.

Developing skills
We launched our own mentoring scheme to coach and develop the skills of mentors and mentees within the Bank.

2017

Winning awards
We were awarded 'Best Africa Trade Finance Bank 2017' by Capital Finance International for the second consecutive year. This award recognises our progress towards realising our vision of being the world's most respected African bank.

Investing in staff
We were delighted to be awarded IIP Gold Standard Status, reflecting our focus on investing in and developing the skills and abilities of our people.

Expanding our product range
We further enhanced our Private Bank offering with the addition of fixed interest portfolios for customers wishing to diversify their risk profile.

2018

Direct membership of the UK clearing system
We successfully completed the transition to becoming direct members of the UK clearing system and are now direct members of Faster Payments, BACS and C&CCC.

This will enable us to provide an enhanced level of service to our customers and provide us with a platform for the further development of our retail offering.

Expanding our product range
We further enhanced our Private Bank offering with the addition of execution-only portfolios to provide our customers with a more diversified product range to suit their requirements.

Winning awards
We were awarded 'Best Africa Trade Finance Bank 2018' by Capital Finance International for the third year running. We were also proud to win the 'International Finance Award for 2018 for the Best African Trade Finance Bank' and the 'Finance Monthly CEO Award for 2018'.

2019

Continued expansion
We continued the expansion of our correspondent banking services across Africa with significant progress made in respect of Kenya, Tanzania and Angola. This enables us to expand our reach and provide our services to an ever growing market place.

Working capital syndication
We successfully launched our first working capital syndication for the Bank, raising $100m which was oversubscribed by 180%. This is a positive reflection of our reputation within the industry.

Awards recognition
We were pleased to receive external recognition for our efforts by winning the International Finance Award 2019 for Best African Trade Finance Bank for the second year running, the GTR Leaders in Trade 2019 Award for Best Trade Finance Bank in West Africa and Capital Finance International Award 2019 for Best Africa Trade Finance Bank for the fourth year running.

These awards reflect our service to our customers and acknowledge our progress towards becoming recognised as the world's most respected African bank.

Chairman's Statement

Herbert Wigwe
Chairman and Non-Executive Director

One year ago, I noted that the Group's UK operation was ideally positioned to capitalise on the greater international capabilities of an enlarged Group and to go on to even greater success. One of the main outcomes of the successful merger with Diamond Bank is that the Bank now has a clear remit to extend the Group's international reach and is already making progress in this respect.

The merger fused two complementary strengths: Diamond's expertise in retail banking and Access Bank Plc and the Group's commitment to developing an already active presence in the sector. It has also transformed us from being a strong Tier 1 bank into what many observers now acknowledge as Nigeria's leading bank, with 43 million customers out of a population of 200 million.

The change in branding to Access Bank Plc and the Group is important because it speaks to the strength of both institutions and sends a clear message that it is a blend of these strengths, and not a show of dominance one over the other, that has created a powerful African banking institution with serious international ambitions.

Turning to the UK domestic front, it is pleasing to report the continued contribution of the Bank's four main Strategic Business Units to another noteworthy financial performance, with Trade Finance and Commercial Banking at the forefront of this effort. Our Trade Finance operation continues to win peer and media recognition and has attracted several awards.

The performance of Commercial Banking was notable in that it was able to consolidate and build on the spectacular growth of 2018, against expectation.

Dubai, our newest SBU, has quickly matured into an established business and we see continued opportunity to support Middle East clients looking to establish a foothold in Nigeria and wider Africa.

In concluding, I should point out that there is more to come. The Bank's successes of 2019 were achieved without any significant contribution from Diamond Bank customers, which we expect will feed through during 2020 and beyond.

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Herbert Wigwe
Chairman and Non-Executive Director

Chief Executive's Review

Jamie Simmonds
Chief Executive Officer/Managing Director

Among many notable developments during the year, the Bank now has a mandate to develop the Group's international interests, as it progresses towards global bank status. Our clearly defined role is a logical outcome of the successful merger with Diamond Bank and we welcome the opportunity it gives us.

From a Group perspective, all Africa-related activities will now be managed through parent, while the Bank assumes responsibility for international operations. We are already evaluating a number of international locations and expect some of these efforts to become visible next year and progressively through 2021.

We made a decision to change our reporting currency from Sterling into US Dollars from the start of this year. This was because the fluctuations being experienced with the Dollar to Sterling exchange rate were creating a disproportionate volatility for the Bank in reporting its earnings, given that in excess of 90% of our revenue is generated in Dollars. This change has made a significant difference in reducing the impact of currency fluctuations on our trading performance.

Our core SBUs performed even more strongly than in 2018, putting us ahead of where we expected to be in year two of our current five-year plan. We continued to develop products with customers' needs in mind, further expanded our Sub-Saharan customer base and capitalised on the considerable opportunities offered by Nigeria following the elections there in early 2019, extending our services to customers and correspondent banks.

Our business growth remains focused on expanding our relationship based model, which contributed to a year-on-year increase of 20% in income at $85.2m. We have continued to invest in the Bank to ensure we maintain a strong operational framework, allowing costs to rise by 4% to $28m. This has ensured that one of our core measurements of operational efficiency, our key cost income ratio, has further improved, falling to 32.9% from 37.9% in 2018.

Profit before tax, after the strategic investment and IFRS 9, reached $57.2m against $44m in 2018, a 30% increase yoy.

The other key measure of performance relates to our pre-tax return on average shareholder equity, which strengthened again year-on-year to 19.8% from 18.3% in 2018. Both of these measures position us as best-in-class within our peer group. We continue to benefit from the strong support of our parent who invested a further $30.7m during the course of 2019, which, combined with a policy of reinvesting profits in the Bank, led to a 29% increase in our share capital at $327m.

As planned, our overall balance sheet footings remained largely unchanged at $2.5bn, a year-on-year increase of 2.3%. However the balance sheet has been more actively deployed to support our customers, with our lending increasing to $1.5bn, a year-on-year increase of 38%.

Confidence in the viability of our business model, and appetite for moderate risk, underpins our approach to relationship management. We tactically increased head count and promoted a number of relationship managers to more senior, customer-facing roles. By recognising and rewarding the increased professionalism of our staff in this way, we not only retain key members but further enhance our service delivery to customers.

A notable benefit of our direct membership of the Sterling clearing system is that we can now undertake customer transactions directly in the system. This has improved our efficiency, particularly with retail deposits.

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We continue to focus on income generation, and to allow our costs to rise sensibly, but not at the expense of service delivery. It is an approach that we believe has made us highly competitive. We have found that, by leading on a service proposition rather than the purely transactional, customers can see and experience at first hand the Bank's value add. They are happy, therefore, to pay at levels towards the top end of the market, so we are not in a race to the bottom in the way that we charge.

Our attitude towards costs also remains unchanged. We will continue to invest to ensure that our services are always appropriate to customers' needs. More staff are undergoing professional training than ever before and we have seen the number of staff who have been with us for more than 10 years continue to rise. The Bank also retained all its core managers, an endorsement of its philosophy to nurture its people from within.

The relationship model continues to work effectively. The Bank is proud to service customers who have been with us for more than 10 years and the majority have been with us in excess of five years.

The relationship model continues to work effectively. The Bank is proud to service customers who have been with us for more than 10 years and the majority have been with us in excess of five years. Turning to the Bank's operational performance for the year, Trade Finance and Commercial Banking led the way. In Trade Finance, we continued to make good progress, picking up more external awards in recognition of our service delivery in this sector. Trade Finance generated income of $40.4m in 2019, a yoy increase of 28% and a highly pleasing result.

Commercial Banking grew 90% during 2018, so our expectation was that growth this year would remain more or less static. In fact, it was higher than anticipated at 5% yoy, with income of $30.6m. It is particularly satisfying that we were able to consolidate and build on the strong growth of 2018 against expectations.

Dubai, our newest SBU, was also a significant performer, with income reaching $7.5m, an uplift of 168% yoy. This success is founded on our strong relationship model and testament to the trust a growing number of important Middle Eastern clients have shown in us as the gateway to Nigeria and the rest of Africa.

Asset Management made good progress, with income growing by 15% to $2.6m yoy. Assets also continued to grow. In terms of asset growth, we were looking to achieve growth similar to the 26% of 2018. We have achieved that, albeit off a higher base, with $132.4m representing growth of 34% year-on-year.

Treasury
Treasury's principal function is to support the Bank's business operations and to manage its balance sheet effectively, ensuring that we meet regulatory requirements and maintain our capital and liquidity ratios within our appetite for moderate risk.

In all respects, Treasury has again been effective in applying a clear strategy to support the Bank's operations in line with our risk appetite, as evidenced by the fact that our loan-to-deposit and cost income ratios have both strengthened.

Investors in People
Our people are key to the strong customer relationships that are a pillar of our business culture, and which are critical to the Bank's ongoing development. The majority of our frontline team have been with us for 10 or more years, while most of our middle and senior managers joined us as juniors and have developed with us. Our staff turnover is well below the average for the banking sector, with no management turnover in 2019.

We invest heavily in staff training and professional development, giving everybody the opportunity to progress within the Bank. We actively encourage them to acquire additional specialist professional qualifications.

The Bank was the first Nigerian bank to achieve Investors in People accreditation. We are proud to have now advanced our status to Gold, putting us amongst the UK's top companies. We also work closely in partnership with BPP and the Chartered Institute of Personnel and Development programmes.

Operations Development
The Bank invests in the latest technology to ensure that its infrastructure adheres to industry standards, while providing essential operational resilience and future-proofing.

Our policy of not outsourcing, and only managing customer assets in-house, gives us a stronger and more flexible operational platform. The direct involvement of our senior wealth managers – many of whom have been with us from the outset – in managing a customer's wealth, helps consolidate already strong relationships.

The Bank's ongoing investment in its infrastructure gave us the opportunity to launch an execution-only product to sit alongside our discretionary management service, so broadening our offering. Retail fixed deposits for UK nationals are similarly also handled in-house. Some $429m, which was 27% up yoy, has been invested in our 1, 2 and 3-year fixed rate bonds, helping to build balance sheet resilience.

The Bank's willingness to offer the same competitive rates to existing and new customers positions us consistently among the UK's top 20 providers.

Cybercrime and fraud awareness is high on our agenda and we continue to invest in state-of-the-art security systems that are subject to regular, external penetration testing.

Risk Management and Compliance
The implementation of new and increasingly complex regulatory demands, covering risk management, compliance and data protection, places significant responsibilities on today's international banking industry.

To keep pace with these demands, the Bank strengthened its compliance team with the additional recruitment of 22% more staff during the year.

The Bank has seamlessly implemented new requirements in respect of MiFID II (Markets in Financial Instruments Directive II), the PSD2 (Payments Service Directive 2) regulations and GDPR (General Data Protection Regulation), the EU's latest data protection directive, within the required timelines and on budget.

Outlook
We will continue to diversify our income base so that we are not overly reliant on any location, or on any one specific source of income. In maintaining our strong, collaborative relationship with parent, we will actively embrace our new international remit, and look to play a positive role for the Group outside of the African continent.

The development and launch of new and innovative products, that reflect the changing needs of the marketplace, will also be high on our agenda during the coming year.

We expect to see further income growth and greater diversification. In 2019, we generated 50% of our income from Nigeria and 50% from other locations. While Nigeria will always remain a core market, only 30% of our income comes from parent. As we grow our global footprint, we see that trend continuing next year and into 2021.

This review has highlighted the importance to the Bank of its customer relationships and how these are its lifeblood. Our philosophy towards managing those relationships will not change; indeed, we will seek to provide an enhanced premium service for the mutual benefit of our customers and the Bank.

Key to this approach is our back office in Northwich, which consistently delivers a level of service that clearly differentiates us from our competitors. Further, ongoing investment in our front office teams will ensure stability, and the delivery of a quality service, that will form the cornerstone of the Bank's income growth in the coming years.

The year ahead will bring its usual challenges, but we will not let these deflect us from our goals. We are starting an exciting new phase in our evolution, to grow the international profile of Africa's leading bank. We do so in the knowledge that we operate a highly effective, relationship-based business model that resonates with a stable customer base and which has the support of dedicated, committed staff.

Jamie Simmonds
Chief Executive Officer/Managing Director

Business Segment Review

The Bank drives the development and growth of the Group's international business interests, through four Strategic Business Units (SBUs) supported by our Treasury team. Each of the SBUs is tasked with increasing revenues, using a combination of outstanding service and innovative products to leverage already strong customer relationships, all within the Bank's appetite for moderate risk.

Trade Finance

The Trade Finance operation continues to be the Bank's largest SBU and is also confirming bank for Access Bank Plc and the Group.

We continued to expand our reach, via our proven correspondent banking offering, into a number of other African countries, including Ghana, Kenya and Tanzania, and wider Sub-Saharan Africa. Correspondent banking contributed income of $12.4m and has helped the Group in its mission to be the world's most respected African bank. Correspondent banking activities will continue to form an important part of our broader business strategy and service offering.

A number of accolades, including an award for the fourth year running from Capital Finance International (CFI), for 'Best Africa Trade Finance Bank 2019', and from International Finance for 'Best African Trade Finance Bank' for the second consecutive year, provide further independent endorsement of the Bank's strong Trade Finance offering.

As we become increasingly global, the Bank's reputation for innovative Trade Finance solutions, and proven delivery platform, can only serve to boost our presence in this growth area.

Commercial Banking

After achieving growth of 90% during 2018, our expectation for this year was that it would be broadly static. In fact, growth was higher than anticipated, with income of $30.6m, a yoy increase of 5%.

We continued to see an increase in customer deposits, which grew by 27% to $781m, while the 1, 2 and 3-year bonds that we launched in 2014 once again proved popular with savers looking for attractive yields. Total deposits at year end were $429m, an increase of 27% yoy.

The Nigerian corporate sector maintained its growth of the past few years. The economy is emerging from recession, generating opportunities for us to support large-scale infrastructure projects. The spectacular growth of 2018, when we noted a 140% increase in income, continued this year with income of $9.8m, representing growth of 2% yoy.

We expect to maintain our momentum in the corporate sector through the further financing of major development projects and the introduction of new partners from Asia and the Middle East via our operation in Dubai.

Trade Finance Income

$40.4m +28% yoy

Correspondent Banking

$12.4m +0% yoy

Discounting Services

$11.7m +15% yoy

Commercial Banking Income

$30.6m +5% yoy

Customer Deposits

$781.0m +27% yoy

Nigerian Corporates

$9.8m +2% yoy

Asset Management

An important element of our relationship-based approach to customer service is to be alert to the changing needs of the marketplace, and to develop innovative products and services that our customers actually need, rather than hope that they may use.

Our range of bespoke discretionary portfolio management services, fixed interest and execution-only portfolios, many of them featuring world-class investment products, has proved highly popular with high net worth customers throughout Nigeria, Ghana and Sub-Saharan Africa. The value of assets under management continued its upward trend from 2018, increasing by 34% to $132.4m.

New customers are attracted by our Asset Management offering and, with the retention of existing customers, contributed to a growth in annual income of $2.6m, representing growth of 15% yoy.

Dubai

Our branch in Dubai International Financial Centre has quickly proved its value as a conduit for customers in the MENA region to forge business links with the established economies of Africa, and to explore investment opportunities on the continent, using the Bank's proven ability in Trade Finance.

Dubai branch has built on last year's spectacular growth, growing income by 168% yoy to $7.5m. This achievement is a result of the Bank's determination to build and then maintain long-term relationships with its customers, an approach that has clearly resonated with businesses in the MENA region.

This approach, allied to the Group's established reputation in Nigeria and Sub-Saharan Africa, its status as the country's premier bank and on-the-ground presence in Dubai, is providing the momentum for growth three years into the branch's operation.

Dubai is now regarded as a reliable and trusted gateway into Africa. As a result, we believe the markets it serves offer considerable further upside in the near and medium term.

Asset Management Income

$2.6m +15% yoy

Assets Under Management

$132.4m +34% yoy

Dubai Income

$7.5m +168% yoy

Corporate Social **Responsibility**

The way in which we balance our economic, environmental and social impact, while continuing to grow our business and enhance our reputation, is an area of key importance for The Access Bank UK Limited.

At the heart of our culture is a belief in maintaining close, long-term relationships with our customers and developing products and services to meet their changing needs. Similarly, for our employees, we provide the leadership and resources that enable continuous professional development and are proud to have been accredited Investors In People (IIP) Gold Standard. As a business, the sustainability of our model underpins our active support for growth and opportunity in Nigeria, Sub-Saharan and West Africa. Our commitment to behaving responsibly is embodied in the values that inform our corporate activities and which we share with the Access Bank Group as a whole.

Access Bank Polo Day 2019

With its continued longstanding support of UNICEF, Access Bank Group, along with Fifth Chukker, The Access Bank UK and Access Private Bank, hosted the Access Bank Polo Day 2019 at the Guards Polo Club, Windsor on Saturday 13 July 2019.

The Polo Day is an annual event, which brings everyone together to help raise funds to support education projects in northern Nigeria in particular in conjunction with UNICEF. This year the event was attended by over 1,000 esteemed guests, and during the day over $2m was pledged towards the building and fully equipping of 120 new classrooms over the next 3 years as part of children's education in Northern Nigeria.

The Access Bank Cup is the culmination of the Fifth Chukker Access Bank/UNICEF Charity Shield Polo Tournament. The day was filled with two exciting polo matches between Fifth Chukker, Kangimi Resorts, Shoreline and Malcomines.

The event was a huge success and its sponsorship provides a platform for supporting orphaned and vulnerable children in Nigeria.

Retail Banking – Project L.E.A.D

In 2019, the Retail Banking Division of Access Bank Plc embarked on Project L.E.A.D (Leadership, Enterprise and Academic Development) in partnership with Project REVAMP Africa. The project's aims were to promote leadership and moral skills in children and equip them with the necessary skills to thrive and achieve academic excellence. Project L.E.A.D had a dual focus, with the Group contributing towards the total wellbeing of the children, by instilling in them the requisite knowledge and upgrading the facilities within the schools.

In addition, Project L.E.A.D adopted public secondary schools across five geo-political zones (South-West, South-East, South-South, North -East, North-Central) in the country and provided the students with knowledge on values, morality, time management, goal setting and financial literacy. The project has had an impact on over 9,450 students and the school libraries were upgraded with new books.

Supporting UNICEF through the 2019 Access Bank Polo Day tournament.

Project L.E.A.D (Employee volunteering).

Information Technology – The Science Set Initiative

In 2019, the Information Technology Group of Access Bank Plc embarked on "The Science Set Initiative". This aimed to provide a solution to the challenges of poor science laboratories in seven selected government secondary schools across Lagos. The initiative exposed the students to practical science, using the science set that was later donated to the schools. In addition, the project has improved access to quality educational facilities with over 200 public school students benefitting from it.

Corporate Operations – Adopt a School Initiative

In 2019, the Corporate Operations Group of Access Bank Plc adopted Ogudu Nursery and Primary School, Ogudu, Lagos. The project focused on the provision of a conducive learning environment for the students, of both the nursery and school. The school classrooms, roof structure and windows were renovated. In addition, the Group equipped the classrooms with furniture and fittings, ceiling fans, boards and floor tiles. The renovation of the school classrooms has contributed to the infrastructural development of the school which hosts over 210 pupils.

The Lord Mayor's Appeal – City Giving Day 2019

The Access Bank UK Limited was proud to support the Lord Mayor's Appeal through the City Giving Day initiative which forms part of The Access Bank UK's Corporate Social Responsibility activities, which is an area of key importance for the Bank.

The Head of Commercial Banking at The Access Bank UK, Johnson Ememandu, joined other participants at the City Giving Day 2019 Countdown Breakfast, on Tuesday 3 September 2019 held at The Mansion House. Everyone came together to hear from the Lord Mayor's Appeal team to cover their plans for City Giving Day.

The Lord Mayor's Appeal aims to support three charity partners: Place2Be, OnSide Youth Zones and Samaritans. With the Lord Mayor's Appeal it will enable Place2Be to deliver a transformational mental health programme in 180 schools in London. It will enable OnSide Youth Zones to build five new state-of-the-art Youth Zones in areas of high deprivation in London and will carry on enabling Samaritans to develop a revolutionary online wellbeing programme for employees in London and beyond.

The Lord Mayor's Appeal aims to have a transformational impact on people's lives by bringing together businesses, neighbouring communities, employees and charities to find solutions to some of London's most pressing societal issues.

The Science Set Initiative (Employee volunteering).

Adopt a School Initiative (Employee volunteering).

Risk Management

The Bank continues to adopt a moderate appetite for risk, which is formalised in our published Risk Appetite Statement and covers all areas of credit, liquidity, operational and market risk. It is fully aligned with our current five-year plan and defines our development of new products and services.

Our risk management structure includes established teams dealing with operational, credit, compliance and anti-money laundering risk and key risk indicators that provide an early warning system for our top 10 risks. We have embedded enhanced risk management tools across our business and increased the leveraging of investment in our IT infrastructure.

The Bank operates in strict accordance with the requirements of its regulators in the UK and Dubai. In respect of the UK, capital and liquidity requirements are managed through detailed planning and stress assumptions contained within the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) documents. These are updated regularly and overseen by the Bank's executives and an established committee structure.

A detailed Recovery Plan and Resolution Pack is in place, with appropriate triggers to ensure management action can be taken at an early stage, if stresses to the Bank's moderate risk appetite in our business plan were to occur. We operate a 'three lines of defence' risk management model: we provide controls through front-line staff, compliance and risk management functions and additional oversight through auditors (internal and external) and Directors.

We support this risk management model with an employee culture in which our risk strategy is firmly embedded and clearly communicated. The consistent risk management approach is supported by the Bank's policy framework. Risk management is integrated into our operations through the attendance at the Executive Committee and all sub-committees of our Risk and Compliance Director.

It is also policy to focus on investment-grade institutions and to deal only with those banks that are generally considered to be both stable and systemically important. As part of our ongoing risk management strategy, we continue to monitor the 10 most significant risks to our business. We have identified these as follows:

Risk	Control Strategy
Reputational Risk The risk of loss resulting from damages to a firm's reputation. This could include a decline in stakeholders' confidence, value lost in respect of the brand name and costs incurred following an actual or potential breach of a socially or professionally accepted code of conduct.	The Bank is wholly-owned by a single shareholder, with whom the Bank has close and transparent relations, and a particular focus on KYC/AML together with the UK Bribery Act, supports this. The Bank conducts careful due diligence of prospective clients, suppliers and financial counterparties. The Bank has a robust approval process which requires its Executive Committee management team to review and approve all high-risk category clients and to have oversight of counterparty relationships and new markets.
Documentation Risk Documentation risk comprises four areas of risk: breach of data handling rules according to the Data Protection Act (DPA); PRA and FCA record keeping rules; accuracy; and archiving and recovery.	Our strategy incorporates clear policies and procedures and document maker checker requirements. Systemic record retention procedures have been established to ensure that records are retained for all systemic activity. The Bank has strict policies and procedures to ensure compliance with the General Data Protection Regulation. These include system controls and safeguards that restrict the misuse of data. Documents are subject to compliance, and senior manager review and oversight. Data is held securely on systems and is backed up on secure and remote locations to ensure that records can be recovered in the event of loss. Enhanced and ongoing due diligence is undertaken on all third-party suppliers to ensure any data held is compliant.
Conduct Risk (including Financial Crime Risk) The risk that the Bank's behaviour will result in poor outcomes for consumers; internal staff theft and false accounting; third party fraud; management fraud; Bribery Act 2010.	The Bank has clear policies and procedures which define our approach. We have a governance structure which ensures the culture is maintained from the Board (including NEDs) down to all areas of the business, with emphasis on the Bank's vision and values. The Bank has established numerous indicators of conduct risk, including customer complaints, new product design and conflicts of interest. The Bank's 'three lines of defence' strategy operates to minimise the risk of loss and fraud at any level.

Risk	Control Strategy
Cyber Risk Cybercrime is any electronic activity which defrauds consumers or businesses, or compromises computers or networks. It includes financial theft, data theft, denial of service, takeover fraud and reputational compromise.	The Bank has a robust IT security strategy, involving multiple security controls, to reduce the impact of a direct attack on its IT systems and customer data. Staff are fully trained and regularly reminded of their responsibilities in terms of security and safe email handling. Personal security procedures are followed that are consistent with industry practices. These include tight password and access security. Internal internet 'firewalls' are employed to protect the Bank's systems from rogue attacks. The Bank's external and internal electronic security is tested annually by the penetration test.
Regulatory Risk Impact of new regulation; regulatory returns; Senior Managers' Regime, licensing and authorisation; and compliance with laws and regulations; capital adequacy; financial reporting; information security; automatic exchange of information, FATCA, CDOT & CRS, Immigration Act 2014, PEP/ high risk accounts, FSCS single customer view file.	Regulation requirements are documented in the Compliance Policy and Anti Money Laundering/ Combatting the Financing of Terrorism Policy. All new and existing employees are required to review these requirements on a regular basis and when joining the Bank, identify new rules and amendments to ensure we maintain the highest standards in this important area. Senior management is updated monthly on all new regulatory changes. The process of Senior Manager authorisation is robust and detailed, ensuring that all staff are fit and proper for their roles.
Liquidity Risk Liquidity risk is the risk that the Bank is unable to meet its payment obligations when they fall due and to replace funds when they are withdrawn. There are two forms of liquidity risk; market liquidity and funding liquidity.	The Bank has a high level of liabilities, above the required regulatory standards, and is not highly leveraged. The Finance Director monitors the Bank's position according to Internal Liquidity Adequacy Assessment Process (ILAAP). The Asset and Liabilities Committee (ALCO) meets regularly to review positions.
Credit Risk Credit Risk is a combination of the following: unauthorised lending; base rate lending changes; country or sovereign risk; concentration risk; new products; collateral and credit default.	A risk review is conducted at the design stage of each new product/ service to identify potential risks. The credit risk team undertakes an analysis of the counterparty risks to provide an independent critical analysis of business, financial, management and security risks in order to formulate a structured view on the realistic probability of default and loss in the event of any default of the counterparty. The credit risk team monitors the value of ongoing security. The risk assessment process requires that each credit proposition is reviewed and recommended by the credit function before approval is sought through the Bank's Committee structure.

Risk	Control Strategy
Counterparty Risk The Counterparty exposure limit refers to the maximum transaction exposure the Bank can have to a counterparty, a requirement to perform ongoing due diligence on trading counterparties and to determine the risk on complex transactions.	Credit limits are monitored by the credit risk and finance department. Limits are publicised to the treasury team to ensure compliance and adherence, with online and real time systems used to support adherence to these limits. The Bank employs highly qualified treasury personnel who are under the supervision of the CEO/MD.
Operational Resilience Risk (including Business Continuity Risk) Operational disruption can impact financial stability, threaten the viability of the Bank and the financial market infrastructures in the financial system. Disruption can be anything from the loss of a staff member's PC to the collapse of a key third party supplier, impacting the Bank's ability to provide a critical service to our customers. It includes people, systems or infrastructure failures.	The Bank has an active Business Continuity Plan and Disaster Recovery provision and a well-established suite of policies and embedded procedures supporting the operational resilience of our systems and processes. The Bank maintains a map of the key component systems, processes and third parties which support its critical services and on an ongoing basis performs assessments of the resilience of these component parts to ensure they are robust and, where necessary, have contingency back-up provisions in place.
Key Person Risk The risk covers the need for succession planning and professional indemnity insurance. The primary reason for business succession planning is to minimise business risk and focus on identifying specific back-up candidates for given key senior management positions.	Senior roles and positions are supported by deputy appointments, so the loss of one individual is unlikely to cause disruption. The payback from the Bank's growing investment in formal training and qualifications is that staff are now better able to cover roles and have increased their skills and knowledge set. Personal development plans ensure that all staff benefit from the personal skills development most relevant to them. The Bank has established good working relations with recruitment agencies. The response to recruitment advertisements is consistently positive and candidates can be readily identified to provide replacement cover if required.

Board of **Directors**

Herbert Wigwe
Chairman and Non-Executive Director

Herbert Wigwe started his professional career with Coopers and Lybrand Associates, an international firm of Chartered Accountants. He spent over 10 years at Guaranty Trust Bank where he managed several portfolios including financial institutions, corporates and multinationals.

He left Guaranty Trust as an Executive Director to co-lead the transformation of Access Bank Plc in March 2002 as Deputy Managing Director. He was appointed Group Managing Director/CEO on 1 January 2014. In March 2019 Access Bank Plc merged with Diamond Bank to form the largest bank in Africa, by customer numbers. He is an Alumnus of Harvard Business School Executive Management Programme. He holds a Master's degree in Banking and International Finance from the University College of North Wales, a Master's degree in Financial Economics from the University of London and a B.Sc. degree in Accounting from the University of Nigeria, Nsukka. He is also a fellow of the Institute of Chartered Accountants of Nigeria (ICAN).

Herbert Wigwe is the Chairman of The Access Bank UK Ltd and Non-Executive Director of Nigerian Mortgage Refinance Company Plc.

Stephen Clark
Independent Non-Executive Director

Independent Non-Executive Director Stephen Clark was formally appointed Non-Executive Director at The Access Bank UK on 7 November 2016.

Stephen was formerly Chief Executive Officer of VTB Bank, responsible for the leadership and transition of the Commercial Bank to the Investment Bank. Prior to this, Stephen served as Chief Executive Officer of Gerrard Ltd, a subsidiary of Old Mutual Plc. He also served as Partner and co-CEO of CIBC Oppenheimer International. Stephen is an Honours Graduate in Financial Services from University of Manchester Institute of Science and Technology (UMIST) and is a qualified banker.

He has a wealth of financial and corporate finance experience, with a career spanning 27 years with NatWest Bank Plc where he became Managing Director and Group Finance Director of the International Investment Bank County NatWest. Stephen is currently a Non-Executive Director at Nutmeg Saving and Investment Limited, Chairman at Medway NHS Trust and is a Senior Advisor and Chairman of the Disciplinary Panel for the Chartered Institute for Securities & Investment (CISI).

David Charters
Independent Non-Executive Director

David Charters was appointed Non-Executive Director at The Access Bank UK on 15 March 2019. David has vast experience of leadership and advisory roles in finance, security/intelligence and legal services. This has been gained through previously being a Director of SG Warburg Securities, Managing Director at Deutsche Bank and Partner at Barchester Group as well as the Chairman of Trinity Investment Partners. He graduated with a first-class honours in Modern and Medieval Languages, Fitzwilliam College, Cambridge.

Roosevelt Ogbonna
Non-Executive Director

Non-Executive Director Roosevelt Ogbonna was appointed Group Deputy Managing Director of Access Bank Plc in April 2017. Prior to his appointment, he served as the Executive Director, wholesale banking division of Access Bank Plc. He has a wealth of experience in the banking industry spanning the various areas of treasury, commercial, corporate and investment banking. Before joining Access Bank in 2002, he managed the largest business team in the Institutional Banking Group of Guaranty Trust Bank Plc.

Roosevelt holds a Master's degree in Business Administration from the Institute of Management Development (IMD), an Executive Master's degree in Business Administration from Cheung Kong Graduate School of Business and a BSc. in Banking & Finance from The University of Nigeria, Nsukka. He is a fellow of the Institute of Chartered Accountants of Nigeria and also sits on the Board of Access Bank Zambia, Africa Finance Corporation and Central Securities Clearing System Plc. He is an alumnus of the Harvard Business School (HBS) and the Institute of Management Development (IMD).

Jamie Simmonds
Chief Executive Officer/Managing Director

Jamie Simmonds was appointed founding CEO/MD of The Access Bank UK Limited in January 2008. He is an alumnus of Harvard Business School Executive Management Programme, an Associate of the Chartered Institute of Bankers, a member of the Association of Foreign Bankers and a certified financial advisor.

He has a wealth of financial services experience, having held a number of director roles at National Westminster, Coutts, Royal Bank of Scotland, Gerrards and Close Brothers. He has a proven track record in the startup and turnaround of financial service businesses, delivering sustainable benefits for all stakeholders. He has extensive knowledge of corporate, retail and private banking.

Sean McLaughlin
Finance Director

Sean McLaughlin is a chartered accountant with excellent financial and operational management skills. He has experience gained in senior positions with international investment banking institutions. He qualified with Deloitte, and worked as a senior manager specialising in the auditing of complex banking and securities firms.

He spent 10 years as Finance Director at Credit Lyonnais Securities, where he had responsibility for the settlements and middle office departments. He spent five years as Chief Operating Officer at Robert W Baird Limited, the UK subsidiary of the US investment bank, and was responsible for all operational functions. Before joining The Access Bank UK in 2008, he spent two years with an internet start-up developing a property trading exchange dealing with small institutions and investors.

Five-Year Record

Statement of financial position	31 December 2015 $	31 December 2016 $	31 December 2017 $	31 December 2018 $	**31 December 2019 $**
Assets					
Placements and cash at banks	226,210,620	664,983,860	875,130,083	915,630,503	**520,798,447**
Loans and advances to banks	438,584,856	339,159,913	459,277,079	529,718,931	**674,309,238**
Loans and advances to customers	216,679,577	292,153,405	365,905,771	592,886,436	**874,086,599**
Investment securities	21,188,301	75,230,771	179,950,519	396,372,949	**417,122,556**
Other assets	8,630,153	7,115,503	12,370,351	10,453,612	**13,282,577**
Total assets	911,293,507	1,378,643,452	1,892,633,803	2,445,062,431	**2,499,599,417**
Liabilities					
Deposits from banks	525,881,168	843,676,406	1,091,975,656	1,552,609,709	**1,357,610,779**
Deposits from customers	253,571,132	384,755,139	574,029,212	616,624,548	**780,959,773**
Other liabilities	15,058,508	9,767,043	16,583,847	22,908,961	**34,070,476**
Total liabilities	794,510,808	1,238,198,588	1,682,588,715	2,192,143,218	**2,172,641,028**
Shareholders' funds	116,782,699	140,444,864	210,045,088	252,919,213	**326,958,389**
Total liabilities and equity	911,293,507	1,378,643,452	1,892,633,803	2,445,062,431	**2,499,599,417**

These are the Bank's Statutory Accounts as required to be delivered to the registrar in accordance with Section 441 Companies Act 2006.

Strategic Report

The Directors of The Access Bank UK Limited have pleasure in presenting their Strategic Report for the year ended 31 December 2019.

Business review

Principal activities

The Access Bank UK Limited (the "Bank") is a wholly owned subsidiary of Access Bank Plc, a bank incorporated in Nigeria (the "parent bank"). Access Bank Plc ranks among the Tier 1 banks in Nigeria.

The Bank was authorised by the Financial Services Authority ("the FSA") on 12 August 2008. The Bank is currently authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority. The Bank is authorised to undertake a wide range of banking activities. The permissions granted to the Bank are set out on the FCA website at: *https://register.fca.org.uk*.

The Bank was established to provide trade finance, treasury services, correspondent banking, commercial banking, private banking, and asset management to corporate and personal customers, and seeks to differentiate itself from other banks currently operating in the UK through excellence in customer service, with a focus on establishing strong relationships with all our customers.

In December 2014, the Bank was granted permission by the PRA to offer regulated mortgages, and this activity commenced in 2015. In April 2015, the Bank was approved and authorised by the Dubai Financial Services Authority and the Dubai International Financial Centre to open an office in Dubai to facilitate trade between the United Arab Emirates and Sub-Saharan Africa, with a strong focus on Nigeria. In October 2016, the Dubai Financial Services Authority approved the upgrade of the office to Branch status.

Performance of the Bank in 2019

As noted in last year's accounts, following a review of the Bank's operations, the Board of the Bank approved that the functional and presentation currency of the Bank would be changed from Pounds Sterling to US Dollar, as of 2 January 2019. The Board therefore approved that the nominal value of the Bank's ordinary shares be redenominated from £1 to $1.26, this being the rate prevailing at the close of business on 2 January 2019 and therefore, balances relating to 2018 have been restated in US Dollars.

The financial statements for the year ended 31 December 2019 are shown on pages 11 to 47 of the Statutory Accounts. During the year the Bank grew operating income by 20% from $71.0m to $85.2m, and profit before tax by 30% from $44.0m to $57.2m. The statement of comprehensive income is set out on page 11 of the Statutory Accounts.

Net fee and commission income grew by 20% from $18.4m to $22.0m, and within this trade finance fees increased by 20% from $17.2m to $20.7m. Net interest income showed an increase of 19% from $52.2m to $62.0m reflecting the increase in loans to banks and customers during the year. A further analysis of income is included in notes 4 and 6 of the financial statements. This increase was achieved whilst still operating within the Bank's moderate risk appetite, relative to the Bank's peers, as set by the UK Board.

Our 2017 Strategic Report highlighted the significant challenges faced by the Nigerian economy during that year, including the restrictions imposed by the Central Bank of Nigeria regarding access to foreign currency, and in particular US Dollars. We also reported that the Central Bank of Nigeria started to ease these restrictions, with the introduction of the Investors and Exporters window for the purchase of foreign currency. This easing saw an increase in trade finance volumes in 2017 and 2018, and we are pleased to report that we saw a further increase in 2019. Having emerged from recession in 2017, the Nigerian economy continued to grow in 2019, with projected GDP growth of 2.3%. This growth in the Nigerian economy in part arises from the maintenance of oil production and also the stabilisation of the underlying oil price, with prices remaining significantly above the low point seen in 2016. The Directors undertake regular reviews of the impact of these and other factors on the asset quality, capital and liquidity of the Bank. Despite this increase in the availability of foreign currency, there continue to be restrictions. In line with Board and parent company discussions, the Bank approved a number of extensions to trade finance loans denominated in US Dollars for the Nigerian banks for which the Bank provides trade confirmations, to allow them time to source the required foreign currency. The related exchange rate risks are borne by these banks.

In previous Strategic Reports we have highlighted the volatility of the value of Sterling against the US Dollar, in part caused by the uncertainty of Brexit. Whilst this volatility continued in 2019, with the exchange rate varying from $1.20 to $1.35, with an average rate of $1.28, the decision of the Bank to change its functional currency to US Dollar, as noted above, served to significantly insulate the Bank from this volatility.

During the year the Bank continued to keep a firm control on costs, which rose by 4% during the year. Within this, personnel expenses increased by 7%, reflecting the continued investment by the Bank in our employees through training and recruitment, with the average headcount increasing from 124 in 2018 to 137 in 2019. The Bank's policy of continued investment in staff was recognised by the Bank receiving the Gold Award from Investors in People in 2017.

The Bank saw a modest growth in total assets during 2019, with growth of 2% from $2.445m as at 31 December 2018 to $2.500m as at 31 December 2019. This growth in assets was in part funded by the continued success of the Bank's Fixed Term Deposit product range which is targeted at the UK retail market. Deposits for this product continue to grow at a consistent and satisfactory rate in line with plan, with good retention levels being maintained.

The Bank's management monitors the business of the Bank using a range of measures, including key performance indicators, which are prepared and presented to management on a monthly basis, and which include the following:

Ratio	**2019**	2018
Cost to income	**32.90%**	37.93%
Pre-tax return on average shareholders' equity	**19.81%**	18.32%
Loans to deposits	**72.40%**	51.75%
Non-interest income / total operating income	**27.55%**	26.47%

Return on average shareholders' equity is calculated as the profit before tax for the year divided by the average of the opening and closing shareholders' funds for the year with an adjustment to reflect the additional shareholders' funds received in July 2019. The improvement in the return reflects the increase in the Bank's operating income and continued control over the rate of increase in costs. This income led strategy, combined with a tight control over costs, was reflected in the reduction in the cost income ratio from 37.93% in 2018 to 32.90% in 2019.

During the year, the ratio of loans to deposits increased to 72.40%, from the 51.75% for 2018, with the 27% growth in deposits from customers allowing for a controlled increase in lending in line with the Bank's moderate risk appetite.

Regulatory capital

The Bank manages its capital to ensure that it fully meets its regulatory capital requirements, and that it will be able to continue as a going concern. As at 31 December 2019 the Bank's equity shareholders' funds stood at $327.0m (2018: $252.9m).

The Internal Capital Adequacy Assessment Process ("ICAAP") is the process under which the management of the Bank oversees and regularly assesses:

- The Bank's processes, strategies and systems;
- The major sources of risk to the Bank's ability to meet its liabilities as they fall due;
- The results of internal stress testing of these risks; and
- The amounts and types of financial and capital resources and whether they are adequate to cover the nature and level of the risks to which the Bank is exposed.

These risks are continually assessed in line with the Bank's business, and include credit risk, market risk, and liquidity risk (further discussed in note 23).

As at 31 December 2019 the Bank's regulatory capital base was $324m (2018: $252m) and the Bank had a Tier 1 capital ratio of 22.28% (2018: 23.4%).

Liquidity

The Individual Liquidity Adequacy Assessment Process ("ILAAP") is the process under which the management of the Bank oversees and regularly assesses:

- The Bank's liquidity management framework;
- The quantification of the Bank's liquidity risks;
- The effects of stress testing on these liquidity risks;
- How the Bank seeks to mitigate these risks; and
- The level of liquidity buffer required in light of these risks.

An analysis of the liquidity risks faced by the Bank and the liquidity position as at 31 December 2019 is set out in note 23 of the financial statements. The Bank undertakes daily liquidity monitoring to ensure that funds are properly managed and PRA liquidity limits (including Liquidity Coverage Ratio and Net Stable Funding Ratio) are fully met at all times.

Note 23 of the financial statements shows the liquidity maturity profile of the Bank, with a strong short- and medium-term net liquidity position, once the liquidity buffer assets held by the Bank are taken into account. Of the Bank's total assets of $2,500m, only $379m (15%) had a contractual maturity date of more than one year. This latter figure includes $149m of loans that were either secured on investment properties in the United Kingdom, or portfolios held by the Asset Management Strategic Business Unit.

Included in the total of investment securities were exposures to US Government securities totalling $415m, held either directly through the purchase of US Treasury Bills, or indirectly through investment in the BlackRock US Treasury Fund, that constituted eligible liquidity buffer securities. Included in cash at bank were reserves account deposits with the Bank of England of $458m, which also constituted eligible buffer securities. Both the US securities and the Bank of England reserves account deposits were available to be realised on demand.

Principal risks and uncertainties

The management of the business and the execution of the Bank's strategy are subject to a number of risks, notwithstanding the improvement in the situation in Nigeria noted above. The principal risks that the Bank faces vary across the different businesses and include principally credit risk, documentary risk, AML/KYC risk and liquidity risk. All risks are formally reviewed by the Board Risk and Audit Committee, together with the Board Credit Committee, with appropriate processes put in place to manage and mitigate these risks. The Bank has adopted the Three Lines of Defence Risk Management Framework which is familiar in the UK financial services environment.

Whilst at the time of the accounts being signed, there is still uncertainty over the exact terms of the UK's departure from the European Union as a result of Brexit, the final outcome is not expected to have a significant impact on the Bank. The Bank's activity is primarily focused on trade into and out of Nigeria and other Sub-Saharan countries. The Bank has significantly mitigated any adverse impact from material movements in the value of Sterling, by changing its functional currency into US Dollar.

Whilst some Brexit scenarios are forecast to potentially have an impact on UK property prices, given the Bank's moderate risk approach to property lending, a result of which is that the Bank's property portfolio does not have a high Loan to Value Ratio, the Bank does not expect this to create issues for this portfolio.

The Bank is mindful of the need to transition away from a reliance on LIBOR, with these rates ceasing to be published from the end of 2021, and the Bank's plan in this respect is being supervised by the Bank's Asset and Liability Committee and reviewed by the Board through the report of the Finance Director. Given the short-term nature of the Bank's balance sheet, the Bank does not have a significant exposure to LIBOR. As at 31 December 2019 the Bank total exposures that had a maturity date past 31 December 2021 and which had a repricing mechanism based on LIBOR totalled only $20m, and therefore the Bank does not consider that it has a material risk from the transition from LIBOR.

During 2019 the PRA published a Policy Statement 11/19 entitled "Enhancing banks' and insurers' approaches to managing the financial risks from climate change", which details some of the physical and transition risks that could arise from climate change. The Terms of Reference for the Board and its sub-committees have been updated in respect of governance responsibilities for strategic decision making in respect of the Bank's response to financial risks from climate change. The Finance Director is the designated Senior Management Function holder (SMF) responsible for ensuring that there is a plan in place to address and implement the PRA's expectations regarding the management of the financial risks from climate change, with regulatory requirements from climate change being overseen by the Bank's Executive Committee. As noted above, the Bank is predominantly focused on trade finance, and as a result the Bank's balance sheet assets are primarily short term in duration, with 85% of the assets having a maturity date of one year or less. In addition, the Bank's lending to corporate and retail customers is typically secured (for example against property (with modest LTVs); investment portfolios; or credit insurance).

In respect of the short-term trade finance related lending, given the tenor of this lending, the Bank has flexibility to change its loan book in a relatively short time, both in terms of counterparties, and the underlying goods being financed, and therefore the Bank does not consider that it has a significant structural exposure to climate change.

Further details of the risks faced by the Bank and the Three Lines of Defence Risk Management Framework are set out in note 23 of the financial statements.

The Bank's management and governance arrangements are designed to ensure that the Bank complies with the relevant legislation and regulation within the UK.

Strategy and future developments

In its first five years of operations from 2008, the Bank achieved its initial objective of providing a credible and sustainable OECD hub to grow the international business of Access Bank Plc. Under the Bank's second strategic plan, the Bank built on this platform and achieved the goal of creating the most profitable Nigerian bank in the UK and increasing the UK contribution to Group performance.

Having met the key targets set out in this plan, with the Bank outperforming the projections for 2017 included in the plan, during the second half of 2017 the Bank developed a new five-year plan which embodies the same principles that have guided the Bank's development to date. This five-year plan reflects and is in line with Access Bank Plc's five-year plan which embodies the vision of becoming "Africa's Gateway to the World".

The Bank will continue to follow a relationship-based banking model, growing its business through the depth and quality of customer relationships, whilst maintaining a moderate appetite for risk, relative to our peers. The success of this strategy was reflected in the Bank being named as the winner of the Capital Finance International Award 2019 for Best Africa Trade Finance Bank for the fourth consecutive time together with the International Finance Award for Best African Trade Finance Bank for the second successive year, and the GTR Leaders in Trade Award for Best Trade Finance Bank.

The current five-year plan is also predicated on the basis that the Bank will continue to work closely with fellow Access Bank Group companies in a number of key areas: to access the growing opportunities primarily in Nigeria; to develop a broader representation in Sub-Saharan Africa in part reflecting the growth of the parent across the continent; to develop the private bank and investment products into an increased share of the affluent professional market in these countries; and to continue to diversify income streams by leveraging the profile and credibility established for the Bank.

With regard to the Bank's core trade finance markets in Africa, Nigeria remains the key market. The decline in oil production volumes during the first half of 2016, combined with a reduction in oil prices, created economic headwinds in Nigeria in 2016, reducing US Dollar based trade and creating uncertainty for the Naira, leading to a fall in GDP in the year. In 2017 both oil production and oil prices improved and as a result the country moved out of recession. This increase in both oil production and oil price continued into 2018 with output reaching 1.8 million barrels per day (bpd) in December. Figures from OPEC show that oil production in 2019 averaged 1.8 million barrels per day, and the oil price remained above $60 per barrel for most of the year. This improvement had a positive impact on Nigerian GDP, with Nigeria having grown by 1.9% for 2018 and forecast to have grown at 2.3% in 2019. The Bank will therefore continue to have a key role to play in facilitating the flow of trade to and from Nigeria.

The Bank will also continue to leverage the brand recognition that it enjoys in its chosen markets to broaden its base of trade finance, commercial banking and private bank customers.

Given the continued signs of improvement in the situation in Nigeria, the Directors are confident that the outlook for the Bank is a positive one.

Approved by the Board of Directors and signed on behalf of the Board.

J. Simmonds
Chief Executive Officer/Managing Director
05 March 2020

Reaching further

Supporting the prosperity of local communities requires a Bank-wide effort to support the numerous initiatives that make a positive difference in those communities. Our priority areas are health, sports, arts, environment, social welfare and education, including raising funds for new classrooms in northern Nigeria.

Directors' Report

The Directors of The Access Bank UK Limited have pleasure in presenting their Directors' Report and audited financial statements for the year ended 31 December 2019.

Principal activities, results and future developments
Details of the Bank's principal activities, results and future developments are detailed in the Bank's Strategic Report.

Dividend
No dividends were paid during the year. The Directors do not recommend a final dividend on ordinary shares to be paid in respect of the year.

Political contributions and charitable donations
During the year the Bank made charitable donations of $319 (2018: $334).

No political donations were made during the year (2018: nil).

Directors
The Directors, who served during the year and up to the date of the signing of the financial statements, were as follows:

H. Wigwe	(Chairman)
R. Ogbonna	(Non-Executive Director)
S. Clark	(Independent Non-Executive Director)
T. Wade*	(Independent Non-Executive Director)
D. Charters**	(Independent Non-Executive Director)
J. Simmonds	(Chief Executive Officer/Managing Director)
S. McLaughlin	(Finance Director)

* Resigned 15 March 2019
** Appointed 15 March 2019

Directors' indemnities
The Bank has made qualifying third-party indemnity provisions for the benefit of its Directors during the year, and these remain in force at the date of this Report.

Future prospects and going concern
The Directors have undertaken a detailed review of the Bank's business model, profitability, capital and liquidity. As at 31 December 2019, the Bank had a capital adequacy ratio that was significantly in excess of the minimum regulatory capital requirements, and it is the intention of the Directors that this will be maintained at satisfactory levels in the future. In addition, as at 31 December 2019 the Bank maintained liquidity buffer assets significantly in excess of the minimum regulatory requirements, and the Directors intend to ensure that the Bank maintains a strong liquidity position to enable it to meet its obligations as they fall due.

The Directors believe that the Bank is well placed to continue to manage its business risks successfully and to trade profitably, and they are satisfied that the business model is robust and sustainable in the current environment. In the Strategic Report the Directors have reviewed the impact on the Bank of the current economic environment in Nigeria. Having undertaken this review, the Directors are satisfied that there is no evidence to believe that a material uncertainty exists which might cause significant doubt as to the Bank's ability to continue as a going concern. The Directors confirm that there are currently no plans to terminate or significantly curtail the Bank's activities.

The Directors are satisfied therefore that it is appropriate to continue to adopt the going concern basis in preparing the financial statements of the Bank.

Financial risk management and future developments are disclosed in the Strategic Report.

Directors' duties
The Directors of the Bank, as those of all UK companies, are required to act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006, under which a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in so doing, have regard (amongst other matters) to:

- The likely consequence of any decisions in the long term;
- The interest of the company's employees;
- The need to foster the Bank's business relationships with suppliers, customers and others;
- The impact of the Bank's operations on the community and environment;
- The desirability of the Bank maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Bank.

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent advisor. It is important to recognise that in an organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the Bank.

The Directors are mindful of the requirements of S172 when performing their duties. The following paragraphs demonstrate how the Directors fulfil their duties:

Employees:
Our relationship-based approach to banking rests upon the skills of our employees in identifying and responding to the needs of our customers. The Bank is therefore committed to investing significantly in the skills of the people that we employ through training and employee development. This investment was recognised in 2017 when the Bank was awarded Gold status by Investors in People.

The Bank systematically provides employees with information on matters of concern to them, consulting with them regularly so that their views may be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Bank is encouraged as a common awareness amongst all employees of the financial and economic factors affecting the Bank plays a major role in maintaining its competitive position. The Bank encourages the involvement of employees by means of regular staff briefings and staff surveys.

The Bank is an equal opportunities employer, and is committed to equality and diversity.

Our customers:
As set out in the Strategic Report, the Bank follows a relationship-based banking model. Our team of experienced relationship managers interacts with our customers regularly, to ensure that the requirements of our customers are considered in everything we do. The Bank fully complies with the FCA's requirements regarding "Treating Customers Fairly".

Maintaining a reputation for high standards of business conduct:
The Board ensures that the Bank fully complies with the Senior Manager Regime set by the PRA, which sets out high standards and accountability for personal and business conduct and receives regular reports from the Risk and Compliance Director in this respect.

Long-term planning:
As noted in the Strategic Report the Bank produces a five-year plan, and updates this with rolling three-year forecasts to monitor the impacts of its decisions in the medium to long term. The Board receives regular updates from management on progress, and reviews and approves the Bank's strategy at the Annual Board Retreat.

Engaging with our shareholder:
The Bank has one shareholder, being Access Bank Plc, with which we maintain a continuous and close relationship, through regular dialogue.

Disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Bank's auditors are unaware, and that each Director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information, and to establish that the Bank's auditors are aware of that information.

Independent auditors
The auditors, PricewaterhouseCoopers LLP, will continue to hold office in accordance with section 487 of the Companies Act 2006.

Internal audit
The Bank has engaged Grant Thornton to perform internal audit services for the Bank. The Bank's Risk and Audit Committee is responsible for approving the annual budget for Internal Audit and it has confirmed that it is satisfied that Internal Audit has the appropriate resources to undertake its role effectively.

Approved by the Board of Directors and signed on behalf of the Board.

J. Simmonds
Chief Executive Officer/Managing Director
05 March 2020

Company Registration No. 06365062

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report
to the members of The Access Bank UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, The Access Bank UK (the "Bank") financial statements:

- Give a true and fair view of the state of the Bank's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- Have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board Risk and Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Bank.

Other than those disclosed in note 10 to the financial statements, we have provided no non-audit services to the Bank in the period from 1 January 2019 to 31 December 2019.

Our audit approach

Overview

- Overall materiality: $2,857,507 (2018: $1,870,000/ £1,473,000), based on 5% of profit before tax.
- The Bank prepares individual company financial statements. The Bank has one branch and three subsidiaries which are immaterial and not in the scope of our audit.
- We perform a full scope audit of the financial statements of the Bank as a whole.
- The appropriateness of the assumptions and methodologies used in the calculation of impairment provisions on loans to banks and customers and the accuracy of critical inputs to the calculation.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Bank and the industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of banking regulations such as, but not limited to, the relevant rules of the Prudential Regulatory Authority as the Bank's lead regulator, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase revenue. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud. There were no such matters identified;
- Reading key correspondence with regulatory authorities such as the Prudential Regulation Authority in relation to compliance with banking regulations;
- Reviewing customer complaints for any indication that there has been a breach of relevant laws and regulations or instances of fraud; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
The appropriateness of the assumptions and methodologies used in the calculation of impairment provisions on loans to banks and customers and the accuracy of critical inputs to the calculation. We focused on this area because the calculation of impairment provisions under IFRS 9 requires judgement. Under IFRS 9 provisions on loans to banks and customers are recognised on an expected credit loss basis. Expected credit losses ("ECLs") are required to incorporate forward-looking information, reflecting management's view of potential future economic environments. The audit was focused on impairment due to the subjective nature of the impairment calculations and the relative size of individual loans compared to materiality.	We evaluated the design and tested the operating effectiveness of controls over the approval of new loans and the monthly review by the Management Credit Committee of watchlist loans and advances. We determined that these controls were designed and operated effectively and therefore we determined that we could place reliance on them for the purposes of our audit. In addition, we performed the following substantive procedures: • We understood and critically assessed the methodology applied in the impairment models, and tested key assumptions and judgements made by management used in the estimation of impairment provisions. • We tested the staging of loans by considering a combination of qualitative and quantitative factors such as the existence of facilities and independently searching for any adverse developments in the borrowers. • We tested the accuracy of critical data inputs used in the impairment model on a sample basis to supporting documentation. • When testing the application of forward-looking information, we compared the assumptions to publicly available benchmarks where available. We also considered the reasonableness of management's downside assumptions and probability weightings. • We tested that the credit risk disclosures made by management were compliant and in accordance with the requirements of IFRS 9. Based on the evidence obtained, we concluded that the impairment provision has been calculated in accordance with IFRS 9 and is reasonable.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Bank, the accounting processes and controls, and the industry in which it operates.

The Bank provides personal, private and corporate banking services. The Bank operates one branch and has three subsidiaries, none of which are material and all are excluded from our audit scope. We consider that the Bank is a single audit component.

Our overall approach to setting our audit scope was to focus our audit in areas where we identified a higher risk of material misstatement to the financial statements, including areas where the Directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. To conduct this risk assessment, we considered the inherent risks facing the Bank, including those arising from its respective business operations, and how the Bank manages these risks.

We also considered a number of other factors including the design and implementation of the Bank's control environment relevant to the audit, the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements and the risk of management override of controls.

We performed audit work for all financial statement line items with balances above our performance materiality of $2,143,130.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Independent Auditors' Report continued

to the members of The Access Bank UK Limited

Materiality (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	\$2,857,507 (2018: \$1,870,000/£1,473,000).
How we determined it	5% of profit before tax.
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders in assessing the performance of the entity and is a generally accepted auditing benchmark.

We agreed with the Board Risk and Audit Committee that we would report to them misstatements identified during our audit above \$137,000 (2018: \$93,500 / £73,650) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- The Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Bank's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Bank's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Bank's trade, customers, suppliers and the wider economy

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 6 of the Statutory Accounts, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Bank's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the Bank, or returns adequate for our audit have not been received from branches not visited by us; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- The financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Board Risk and Audit Committee, we were appointed by the Board of Directors on 4 March 2013 to audit the financial statements for the year ended 31 December 2013 and subsequent financial periods. The period of total uninterrupted engagement is seven years, covering the years ended 31 December 2013 to 31 December 2019.

Nicholas Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
05 March 2020

Statement of Comprehensive Income

For the year ended 31 December 2019

	Note	**Year ended 31 December 2019 $**	Year ended 31 December 2018 (restated) $
Operating income			
Interest income on assets at amortised cost / FVOCI	4	85,559,096	72,505,380
Interest income on assets at FVPL		4,306,380	-
Interest expense	5	(27,900,771)	(20,268,878)
Net interest income		61,964,705	52,236,502
Fee and commission income	6	22,270,590	18,538,740
Fee and commission expense	6	(236,711)	(168,737)
Net fee and commission income		22,033,879	18,370,003
Credit impairment losses		(258,159)	(59,854)
Other income		1,435,142	418,695
Total operating income		**85,175,567**	**70,965,346**
Operating expenses			
Personnel expenses	8	(19,520,635)	(18,212,573)
Depreciation and amortisation	9	(1,762,990)	(638,344)
Other expenses		(6,741,801)	(8,067,705)
Total operating expenses		**(28,025,426)**	**(26,918,622)**
Profit before tax		57,150,141	44,046,724
Taxation	11	(12,855,786)	(9,220,010)
Profit for the year		**44,294,355**	**34,826,714**
Other comprehensive income / (expense)			
Items that may be subsequently reclassified to profit or loss			
Net profit / (loss) on investment securities measured at FVOCI		219,314	(128,758)
Total comprehensive income for the year		**44,513,669**	**34,697,956**

The notes on pages 15 to 47 of the Statutory Accounts form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2019

	Note	**31 December 2019 $**	31 December 2018 (restated) $	01 January 2018 (restated) $
Assets				
Cash at bank		497,558,784	711,079,568	425,155,912
Money market placements		23,239,663	204,550,935	449,974,171
Investment securities	12	417,122,556	396,372,949	179,950,519
Loans and advances to banks	13	674,309,238	529,718,931	459,277,079
Loans and advances to customers	14	874,086,599	592,886,436	365,905,771
Property, plant and equipment	15	2,768,462	1,778,965	515,903
Intangible assets	16	2,509,537	1,242,240	913,256
Other assets	17	8,004,578	7,432,407	10,941,192
Total assets		**2,499,599,417**	**2,445,062,431**	**1,892,633,803**
Liabilities				
Deposits from banks	18	1,357,610,779	1,552,609,709	1,091,975,656
Deposits from customers	19	780,959,773	616,624,548	574,029,212
Other liabilities	20	33,836,818	22,735,543	16,437,522
Deferred tax liability	11	233,658	173,418	146,325
Total liabilities		**2,172,641,028**	**2,192,143,218**	**1,682,588,715**
Equity				
Share capital	24	207,380,250	176,653,800	164,675,600
Retained earnings		124,590,741	80,296,386	45,469,672
Currency translation reserve		(5,013,563)	(3,812,620)	–
Other reserves		961	(218,353)	(100,184)
Total equity		326,958,389	252,919,213	210,045,088
Total liabilities and equity		**2,499,599,417**	**2,445,062,431**	**1,892,633,803**

The notes on pages 15 to 47 of the Statutory Accounts form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 02 March 2020.

They were signed on its behalf by:

J. Simmonds
Chief Executive Officer/Managing Director
05 March 2020

S. McLaughlin
Finance Director

Company Registration No. 06365062

Statement of Changes in Equity
For the year ended 31 December 2019

	Share capital $	Retained earnings $	Other reserves $	Currency translation reserve $	Total equity $
Balance as at 1 January 2019	**176,653,800**	**80,296,386**	**(218,353)**	**(3,812,620)**	**252,919,213**
Profit after tax for the year	–	44,294,355	–	–	44,294,355
Translation impact on SOCI	–	–	–	(1,200,943)	(1,200,943)
Other comprehensive income for the year	–	–	219,314	–	219,314
Total comprehensive income for the year	–	44,294,355	219,314	(1,200,943)	43,312,726
Proceeds from shares issued (note 24)	33,500,250	–	–	–	33,500,250
Translation impact on share capital	(2,773,800)	–	–	–	(2,773,800)
Balance at 31 December 2019	**207,380,250**	**124,590,741**	**961**	**(5,013,563)**	**326,958,389**

	Share capital $	Retained earnings $	Other reserves $	Currency translation reserve $	Total equity $
Balance at 1 January 2018*	**164,675,600**	**45,469,672**	**(100,184)**	**–**	**210,045,088**
Profit after tax for the year	–	34,826,714	–	–	34,826,714
Translation impact on SOCI	–	–	10,589	(3,812,620)	(3,802,031)
Other comprehensive income for the year	–	–	(128,758)	–	(128,758)
Total comprehensive income for the year	–	34,826,714	(118,169)	(3,812,620)	30,895,925
Proceeds from shares issued (note 24)	21,884,640	–	–	–	21,884,640
Translation impact on share capital	(9,906,440)	–	–	–	(9,906,440)
Balance at 31 December 2018*	**176,653,800**	**80,296,386**	**(218,353)**	**(3,812,620)**	**252,919,213**

* Figures for 2018 have been restated.
The notes on pages 15 to 47 of the Statutory Accounts form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2019

	Note	Year ended 31 December 2019 $	Year ended 31 December 2018* (restated) $
Cash flows from operating activities			
Profit before tax		**57,150,141**	**44,046,724**
Adjustments for:			
Depreciation	15	304,713	292,645
Amortisation	16	459,017	331,160
Impairment charge on financial assets		282,959	33,939
Operating cash flows before movements in working capital		**58,196,830**	**44,704,468**
Changes in money market placements		181,311,272	245,423,236
Changes in loans and advances to banks and customers		(425,790,470)	(297,422,517)
Changes in other assets		(572,171)	3,508,785
Changes in deposits from banks		(194,998,930)	460,634,053
Changes in deposits from customers		164,335,225	42,595,336
Changes in other liabilities		7,101,084	5,458,071
		(210,417,160)	**504,901,432**
Taxation paid		(11,008,913)	(7,817,568)
Net cash (outflows) / inflows from operating activities		**(221,426,073)**	**497,083,864**
Cash flows from investing activities			
Net purchase of investment securities		(20,878,365)	(216,640,782)
Net purchase of property, plant and equipment		(400,732)	(1,610,364)
Purchase of intangible assets		(782,582)	(666,978)
Net cash outflows from investing activities		**(22,061,679)**	**(218,918,124)**
Cash flows from financing activities			
Proceeds from issue of share capital	24	33,500,250	21,884,640
Cash inflows from financing activities		**33,500,250**	**21,884,640**
Net (decrease) / increase in cash and cash equivalents		**(209,987,502)**	**300,050,380**
Cash and cash equivalents at the beginning of the year		711,079,568	425,160,911
Currency translation impact		(3,533,282)	(14,131,723)
Cash and cash equivalents at the end of the year		**497,558,784**	**711,079,568**

The notes on pages 15 to 47 of the Statutory Accounts form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2019

1. General information

The Access Bank UK Limited (the Bank) is a company incorporated in the United Kingdom under the Companies Act 2006. It is a private company limited by shares. The address of the registered office is 4 Royal Court, Gadbrook Way, Gadbrook Park, Northwich, Cheshire, CW9 7UT. The immediate and ultimate parent undertaking is Access Bank Plc, a bank incorporated in Nigeria. The Bank provides trade finance, treasury services, correspondent banking, commercial banking, private banking, and asset management services to corporate and retail customers.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost accounting convention as modified by the revaluation of financial assets at fair value through other comprehensive income (FVOCI) and financial instruments at fair value through profit or loss (FVPL). The financial statements incorporate the results of the Bank's Dubai branch. Whilst the Bank has three subsidiaries as detailed in note 27, these have not traded in 2019 and the Bank has taken advantage of the exemption in the Companies Act sections 405(2) from producing consolidated accounts on the grounds that the inclusion of the subsidiaries is not material for the purpose of giving a true and fair view.

2.2 Going concern

The Bank's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 1 to 3 of the Statutory Accounts. Note 23 to the financial statements includes the Bank's financial risk management objectives, details of its financial instruments, and its exposures to credit and liquidity risk.

The Bank has considerable financial resources. As a consequence, the Directors believe that the Bank is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future, accordingly, we have adopted the going concern basis in preparing the financial statements..

2.3 Changes in accounting policies

IFRS 16 Leases

The Bank has adopted IFRS 16 as issued by the IASB in January 2016 with a date of transition of 1 January 2019, which resulted in changes in the accounting policies and adjustments to the amounts previously recognised in the financial statements. The Bank has adopted IFRS 16 Leases from 1 January 2019 but has not restated comparatives for the 2018 reporting year, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. This is disclosed in note 15b.

Leases – Accounting policy from 1 January 2019:

The Bank leases various offices. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease years range from one year to eight years. The lease agreements do not impose any covenants, however, leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The Bank has elected to separate lease and non-lease components.

Until the 2018 financial year, leases of property were classified as operating leases, see note 22(c) for details. From 1 January 2019, leases were recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities

At the commencement date of a lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index rate;
- Amounts expected to be payable by the Bank under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expense in the year in which the event or condition that triggers the payment occurs.

The lease payment is discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Bank's incremental borrowing cost is used, being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank:

- Where possible, uses the recent third-party financing received by the Bank as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received; and
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

The Bank is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease year so as to produce a constant year rate of interest on the remaining balance of the liability for each year.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification; a change in the lease term; a change in the in-substance fixed lease payments; or a change in the assessment to purchase the underlying asset. The lease term refers to the contractual year of a lease.

Right-of-use assets

Right-of-use assets are measured at cost comparing the following:

- The amount of initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases with substantive substitution rights

The Bank applied the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the substantive substitution rights exemption where even if an asset is specified, the Bank does not have the right to use an identified asset if the supplier has the substantive right to substitute the asset throughout the period of use.

Lease payments on short-term leases and leases with substantive substitution rights are recognised as expense in profit or loss on a straight-line basis over the lease term.

Practical expedients applied

In applying IFRS 16 for the first time, the Bank has used the following practical expedient permitted by the standard:

- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Bank recognised lease liabilities for leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Bank's incremental borrowing rate as of 1 January 2019. The weighted average leases' incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.07%.

Impact on the financial statements

The following table summarises the impact of transition to IFRS 16 on the statement of financial position as at 1 January 2019 for each affected individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	Impact of IFRS 16			
	31 December 2018 $	Reclassification $	Remeasurement $	1 January 2019 $
Assets				
Right-of-use asset	–	33,172	2,255,360	2,288,532
Prepayment	154,891	(33,172)	–	121,719
	154,891	**–**	**2,255,360**	**2,410,251**
Liabilities				
Non-current				
Lease liabilities	–	–	1,290,104	1,290,104
Current				
Lease liabilities	–	–	896,417	896,417
	–	**–**	**2,186,521**	**2,186,521**

The adoption of IFRS 16 had nil impact on retained earnings as at 1 January 2019.

Notes to the Financial Statements continued

For the year ended 31 December 2019

2. Basis of preparation and significant accounting policies continued

2.3 Changes in accounting policies continued

Measurement of lease liabilities

A reconciliation of the Bank's remaining operating lease payments as at 31 December 2018 and the lease liability as at 1 January 2019 and 31 December 2019 is shown below:

	$
Operating lease commitments disclosed as at 31 December 2018	3,424,339
Discounted using the lessee's incremental borrowing rate at the date of initial application	(243,904)
Less: Leases with substantive substitution rights not recognised as a liability	(993,914)
Lease liability as at 1 January 2019	**2,186,521**

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepayments relating to the lease recognised in the statement of financial position as at 31 December 2018.

IFRIC 23 Uncertainty over Income Tax Treatments

The Bank has adopted this interpretation from 1 January 2019. The interpretation explains how to recognise and measure deferred, current income tax assets and liabilities where there is uncertainty over a tax treatment.

The Bank in adopting this interpretation will:

- Determine the appropriate unit of account, and if each uncertain tax treatment should be considered separately or together as a Bank, depending on which approach better predicts the resolution of the uncertainty;
- Reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- Determine if the impact of the uncertainty should be measured using either the most likely amount of the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- Determine that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

Based on the above, there was no impact from adopting this interpretation.

Change in functional and presentation currency

On 2 January 2019 the Bank changed its functional and presentation currency from British Pounds (GBP) to US Dollars (US$) following a comprehensive review of the functional currency of its primary economic environment. This review included a study of both current and planned primary economy environments, its underlying transactions, events and circumstances, pricing and direction of planned business expansions and funding plans.

The change included the redenomination of the Bank's GBP ordinary shares to US$.

Comparative information in these financial statements is presented in US$ using the following basis:

- Assets, liabilities, and capital were translated based on the exchange rates at the end of the reporting periods.
- Items of income and expense, and cash flows relating to transactions were translated using the average exchange rates for the period.

Presentation of comparative information on the above basis resulted in a residual balance in equity which is reported via the statement of changes in equity.

The Directors regard US$ as the currency of the primary economic environment in which the Bank operates. Accordingly, US$ is regarded as being the functional currency of the Bank which is also the reporting currency of the Bank.

2.4 Significant accounting policies

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual terms of an instrument.

At the initial recognition, the Bank measures a financial asset or financial liability at its fair value inclusive of transaction costs that are incremental and directly attributable to the acquisition or issue of the financial assets or liabilities such as fees and commissions. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after the initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less the principal repayments including the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, discounts and fees that are integral to the effective interest rate such as originated fees.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

i. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
ii. In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined on an individual basis. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised on settlement.

When the Bank revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the discounted value of the modified cash flows using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or stage 3) for which interest revenue is calculated by applying the effective interest rate to their amortised cost and this interest is then suspended (i.e. net of the expected credit loss provision).

Classification and subsequent measurement of financial assets

In accordance with IFRS 9, the Bank classifies its financial assets in the following measurement categories:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definitions of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classifications and subsequent measurement of debt instruments depend on the Bank's business model for managing the asset; and the cash flow characteristics of the assets.

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in "interest income" using the effective interest rate method.
- Fair value through other comprehensive income: financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payment of principal and interest, are measured at fair value through other comprehensive (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss and recognised in "net interest income". Interest income from these financial instruments is included in "interest income" using the effective interest rate method.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through the statement of comprehensive income and is not part of a hedging relationship is recognised in the statement of comprehensive income in the period in which it arises. Interest income from these financial assets is included in "interest income on assets at FVPL".

Notes to the Financial Statements continued

For the year ended 31 December 2019

2. Basis of preparation and significant accounting policies continued

2.4 Significant accounting policies continued

Debt instruments continued

Business model: the business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending agreement, the related financial asset is classified and measured at fair value through profit or loss.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns; when this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the statement of comprehensive income.

Impairment

The Bank assesses on a forward-looking basis the expect credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and at FVOCI, and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Modification of loans

The Bank may renegotiate or modify the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank considers the new terms of the modification.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a "new" asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the statement of comprehensive income.

Classification and subsequent measurement of financial liabilities

In both the current and prior period, financial liabilities are classified and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income.
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Bank recognises any expense incurred on the financial liability.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Collateral and other credit enhancements

The Bank holds collateral against certain loans and advances to banks and customers in the form of cash margins, pledges/liens over deposits, mortgages, interests over property, credit insurance, other registered securities over assets and guarantees.

The Bank accepts guarantees mainly from well reputed local or international banks, financial institutions, and well established local or multinational organisations. Estimates of fair value are based on the value of collateral assessed at the time of borrowing which are updated during annual reviews.

The Bank may hold collateral against loans and advances and other exposures to banks in the form of pledges/liens over deposits and other registered securities and guarantees.

It is the Bank's policy to ensure that loans are extended to customers within their capability to service interest and repay principal instead of relying excessively on collateral. Accordingly, depending on customers' credit worthiness and the type of product, facilities may be unsecured.

Foreign currency translation

The financial statements are presented in US$ as noted in 2.3, which is the Bank's functional and presentation currency. Transactions in foreign currencies are initially recorded at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into US$ at the balance sheet date. Non-monetary assets and liabilities are translated into US$ at the effective historical rate used on the date of initial recognition.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in the profit or loss for the year.

Presentation of financial statements

The Bank has applied revised IAS 1 Presentation of financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for providing loans, overdrafts and other banking services in the normal course of business, net of discounts and VAT if applicable.

Fee and commission income

The Bank earns fee income from services it provides to its customers. Fee income is accounted for as follows:

i. If the income is earned on the execution of a significant act, it is recognised as revenue when the significant act has been completed (for example, fees arising on negotiating a transaction for a third party, such as the arrangement for the acquisition of securities);
ii. If the income is earned as services are provided, it is recognised as revenue as the services are provided (for example, documentary credit confirmation fees, custody and banking service fees); and
iii. If the income is an integral part of the effective interest rate of a financial instrument, it is recognised as an adjustment to the effective interest rate (for example, loan origination fees) and recorded over the period for which the service is provided.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are deemed to comprise cash at other banks repayable on demand.

Derivative financial instruments

The Bank may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and foreign currency options. Further details of derivative financial instruments are disclosed in note 21 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities. Derivative assets and liabilities are only offset if the transactions are with the same counterparty; a legal right of offset exists; and the parties intend to settle on a net basis.

Valuation of financial instruments

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Valuation derived from unadjusted quoted market prices in an active market for an identical instrument.

Level 2: Valuation where quoted market prices are not available or where the instrument is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Notes to the Financial Statements continued

For the year ended 31 December 2019

2. Basis of preparation and significant accounting policies continued

2.4 Significant accounting policies continued

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation calculated on a straight-line basis to write off the assets over their estimated useful lives as follows:

Computer equipment	3 years
Furniture, fixtures and fittings	5 years
Motor vehicles	5 years
Leasehold improvements	Over the period of the lease

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets that are subject to depreciation or amortisation 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 fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Intangible assets

Intangible assets are stated at cost or fair value on recognition less accumulated amortisation and any impairment in value.

Amortisation is calculated so as to write off the cost or valuation of intangible assets over their estimated useful lives, using the straight-line method, on the following basis:

Software	5 years

Trade and other payables and receivables

Trade and other payables and receivables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Included within other payables are bonuses that have been deferred for three years, as noted on page 23 of the Statutory Accounts.

Impairment of non-financial assets

The Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than the carrying amount, the asset is written down to its recoverable amount. An impairment loss is recognised as an expense.

Provisions

Provisions are recognised when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation and the amount can be reliably estimated. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Current and deferred tax

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of unutilised tax losses and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Pension costs

The Bank operates a defined contribution pension scheme for all staff. The cost of the scheme is equal to the contributions payable to the scheme for the accounting period and is recognised within "Personnel expenses" in the income statement. The Bank has no further obligation once the contributions have been paid.

Restricted Share Plan

The Bank operates a share-based compensation plan under which it receives services from employees as consideration for shares in Access Bank Plc. The minimum vesting period is three years from the award date, and staff may elect for the shares to vest at any time up to the 10th anniversary of the award date. On vesting, the shares are settled in cash. The shares on award date are purchased by The AB EBT Limited on behalf of The Access Bank UK Employee Benefit Trust. As the shares are cash settled, a liability is recognised in the statement of financial position and an expense is recognised in the statement of comprehensive income in operating expenses over the course of the minimum vesting period. The liability is remeasured at each reporting date with gains and losses reported in the statement of other comprehensive income. Should any employee within the scheme leave the Bank within the vesting period, the shares may be forfeited.

3. Critical accounting estimates and judgements

The Bank's principal accounting policies are set out above. UK company law and IFRS require the Directors to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. Where accounting standards are not specific and management have to choose a policy, International Accounting Standard ("IAS") 8 Accounting Policies, Changes in Accounting Estimates and Errors requires them to adopt policies that will result in information that is relevant, reliable, free from bias, prudent and complete in all material respects.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

The Directors consider that the critical accounting judgements and estimates which have the most significance for the financial statements are in relation to the measurement of the expected credit loss allowance.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of models and significant assumptions about future economic condition and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 23, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in note 23.

Notes to the Financial Statements continued

For the year ended 31 December 2019

4. Interest income on assets at amortised cost or FVOCI

	2019 $	2018 $
Derived from:		
Cash and money market placements	1,390,005	479,837
Loans and advances to banks	25,663,675	29,118,763
Loans and advances to customers	56,079,920	39,793,045
Investment securities at FVOCI	2,425,496	3,113,735
Total interest income	**85,559,096**	**72,505,380**

5. Interest expense

	2019 $	2018 $
Payable on:		
Customer term deposits	11,316,112	10,097,315
Other customer deposits	18,761	14,067
Deposits from banks	16,517,896	10,157,496
Interest expense on lease liabilities	48,002	–
Total interest expense	**27,900,771**	**20,268,878**

6. Fee and commission income and expense

	2019 $	2018 $
Derived from:		
Trade finance	20,681,894	17,233,299
Funds transfer	396,893	393,381
Other	1,191,803	912,060
Total fee and commission income	22,270,590	18,538,740
Fee and commission expense on trade finance	(236,711)	(168,737)
Net fee and commission income	**22,033,879**	**18,370,003**

7. Business and geographical segments

The Bank has one main activity, banking, which is carried out in the United Kingdom and in the United Arab Emirates.

8. Information regarding Directors and employees

Employment costs are as follows:

	2019 $	2018 $
Personnel expenses		
Wages and salaries	16,860,075	15,398,830
Pension costs – defined contribution scheme	794,235	767,345
Social security costs	1,049,808	1,054,230
Other personnel expenses	816,517	992,168
Total personnel expenses	**19,520,635**	**18,212,573**

A sum of $501,524 (2018: $761,691) has been awarded in respect of bonuses which have been deferred for three years.

A share-based payments scheme was launched in 2014 for eligible Directors and employees. Shares of Access Bank Plc, the ultimate parent, are acquired and allotted to the Directors and employees. The minimum vesting period is three years from award date, and staff may elect for the shares to vest at any time after this date and up to the 10th anniversary of the award date. On vesting the shares are settled in cash. 23,941,560 shares with an initial value of $427,784 were granted in 2019 (2018: 12,089,082 shares with an initial value of $386,655.49). No shares were forfeited in the year (2018: 1,678,497 shares).

	2019	2018
Number of employees at year end	139	133
Monthly average number of employees during the year	137	124

During the year, there were an average of 62 (2018: 58) employees involved in fee-earning roles and 75 (2018: 66) in administration.

Included within employment costs are:

	2019 $	2018 $
Directors' remuneration and fees		
Fees	203,280	318,484
Other emoluments	2,505,727	2,050,877
Pension contributions	18,669	36,990
	2,727,676	**2,406,351**

The highest paid Director received emoluments excluding pension contribution totalling $1,624,301 (2018: $1,355,413) and pension contributions of Nil (2018: Nil). Retirement benefits are accrued under defined contribution schemes.

9. Operating profit before tax

	2019 $	2018 $
Operating profit before tax is stated after charging:		
Depreciation of property, plant and equipment	304,713	292,646
Depreciation leases of right-of-use asset	999,260	–
Amortisation of intangibles	459,017	345,698
	1,762,990	**638,344**

10. Auditors' remuneration

	2019 $	2018 $
Fees payable to the company's auditors for the audit of the financial statements:		
Audit of these financial statements	162,728	102,501
Audit of the year end group reporting package	57,434	55,784
Review of the half year group reporting package	35,098	58,049
Other audit related services	64,677	79,349
Other assurance services	8,711	3,341
Total auditors' remuneration	**328,648**	**299,024**

The costs of the review of the half year reporting package were incurred by the Bank and recharged to Access Bank Plc.

Notes to the Financial Statements continued

For the year ended 31 December 2019

11. Taxation

	2019 $	2018 $
Current tax:		
UK corporation tax	12,795,546	9,183,839
Deferred tax:		
Temporary difference, origination and reversal	60,240	36,171
Tax charge on profit on ordinary activities	**12,855,786**	**9,220,010**
Effective tax rate	22.49%	20.93%

The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits as follows:

	2019 $	2018 $
Profit before tax	57,150,141	44,046,724
Profit before tax multiplied by the UK mainstream 19% (2018: 19%)	10,858,527	8,368,878
Effect of:		
Expenses not deductible for tax purposes	92,169	4,581
Capital allowances less than depreciation	(161,754)	(32,882)
Bank surcharge	2,019,411	851,138
Temporary difference, origination and reversal	60,240	36,171
Effect of tax rate change	(12,807)	(7,876)
Current tax expense	**12,855,786**	**9,220,010**
Deferred tax liability:		
Balance as at 1 January	173,418	146,325
Credited / (charged) to comprehensive income	60,240	36,171
Currency translation impact	–	(9,078)
Balance as at 31 December	**233,658**	**173,418**

The mainstream rate of corporation tax for the tax year was 19% and the bank corporation tax surcharge rate of 8% was applicable on profits above £25m and this resulted in a weighted average rate of 22.49% for 2019 (2018: 20.92%). The deferred tax liability as at 31 December 2019 has been calculated based on an effective rate of 22.49% (2018: 20.92%).

12. Investment securities

	2019 $	2018 $
US Treasury bills and government bonds	415,118,236	394,950,767
Listed equity securities in financial institutions	2,004,320	1,422,182
	417,122,556	**396,372,949**

The US Treasury bills and government bonds are held as part of the Bank's liquidity buffer and are either held directly or indirectly through the BlackRock US Treasury Fund. As at 31 December 2019 there were no impaired investments (2018: nil). The maturity analysis of these investment securities is disclosed in note 23.

13. Loans and advances to banks

	2019 $	2018 $
Loans to group undertakings		
Parent bank	183,416,408	116,758,938
Fellow subsidiaries	24,397,489	13,090,662
Loans to other banks	466,669,437	400,133,042
Total gross amount	**674,483,334**	**529,982,642**
Allowance for impairment losses	(174,096)	(263,711)
Total net amount	**674,309,238**	**529,718,931**

Loans and advances to banks are categorised as "amortised cost" in accordance with IFRS 9. See note 2 for definition.

As at 31 December 2019 there were no loans to banks that were credit impaired (2018: there were no impaired loans). The fair value of the cash collateral held and the maturity profile of these loans is disclosed in note 23.

14. Loans and advances to customers

	2019 $	2018 $
Loans and advances to corporates	734,181,484	471,415,128
Loans secured on property	114,981,781	106,790,116
Other secured personal loans	25,475,431	14,837,591
Total gross amount	**874,638,696**	**593,042,835**
Allowance for impairment losses	(552,097)	(156,399)
Total net amount	**874,086,599**	**592,886,436**

Loans and advances to customers are categorised as "amortised cost" in accordance with IFRS 9. See note 2 for definition.

As at 31 December 2019 there were two property loans to customers of $16,001,216 that were credit impaired (2018: two property loans to customers of $1,457,573 that were credit impaired). These loans were collateralised with current property value of $24.9m (2018: $2.5m). The maturity profile of these loans is disclosed in note 23.

15. Property, plant, equipment and Leases

a) Property, plant and equipment

	Leasehold improvements $	Computer equipment $	Motor vehicles $	Furniture, fixtures and fittings $	Capital work in progress $	Total $
Cost						
Balance at 1 January 2019	955,227	776,250	92,079	372,741	1,097,246	3,293,543
Additions	12,221	174,424	73,262	16,303	124,522	400,732
Disposals / write-offs	–	–	–	–	–	–
Transfers	–	–	–	–	(1,018,006)	(1,018,006)
FX translation difference	29,625	24,074	2,855	11,559	34,030	102,143
Balance at 31 December 2019	997,073	974,748	168,196	400,603	237,792	2,778,412
Balance at 1 January 2018	531,694	688,356	118,948	360,426	139,780	1,839,204
Additions	433,963	123,439	–	29,406	1,035,621	1,622,429
Disposals / write-offs	–	–	(20,728)	–	(12,065)	(32,793)
Transfers	17,025	–	–	1,520	(58,868)	(40,323)
FX translation difference	(27,455)	(35,545)	(6,141)	(18,611)	(7,222)	(94,974)
Balance at 31 December 2018	955,227	776,250	92,079	372,741	1,097,246	3,293,543

Notes to the Financial Statements continued

For the year ended 31 December 2019

15. Property, plant, equipment and Leases continued

a) Property, plant and equipment continued

	Leasehold improvements $	Computer equipment $	Motor vehicles $	Furniture, fixtures and fittings $	Capital work in progress $	Total $
Accumulated depreciation						
Balance at 1 January 2019	(492,215)	(651,576)	(89,214)	(281,573)	–	(1,514,578)
Depreciation for the year	(183,022)	(82,397)	(11,056)	(28,238)	–	(304,713)
FX translation difference	(21,493)	(22,991)	(3,211)	(9,690)	–	(57,385)
Balance at 31 December 2019	(696,730)	(756,964)	(103,481)	(319,501)	–	(1,876,676)
Balance at 1 January 2018	(386,933)	(564,345)	(103,261)	(268,762)	–	(1,323,301)
Depreciation for the year	(130,762)	(121,482)	(12,541)	(27,861)	–	(292,646)
Disposals	–	–	20,727	–	–	20,727
FX translation difference	25,480	34,251	5,861	15,050	–	80,642
Balance at 31 December 2018	(492,215)	(651,576)	(89,214)	(281,573)	–	(1,514,578)
Net book value						
Right-of-use assets (see note 15b below)						**1,866,726**
At 31 December 2019	**300,343**	**217,784**	**64,715**	**81,102**	**237,792**	**2,768,462**
At 31 December 2018	**463,012**	**124,674**	**2,865**	**91,168**	**1,097,246**	**1,778,965**

Capital work in progress represents costs incurred on various tangible projects, whose costs will be depreciated when brought into primary use.

b) Leases

Right-of-use assets

	Buildings $	Total $
Cost		
Balance at 1 January 2019	2,288,532	2,288,532
Additions	586,314	586,314
Balance at 31 December 2019	**2,874,846**	**2,874,846**
Accumulated depreciation		
Balance at 1 January 2019	–	–
Depreciation for the year	999,260	999,260
FX translation	8,860	8,860
Balance at 31 December 2019	**1,008,120**	**1,008,120**
Net book value at 31 December 2019	**1,866,726**	**1,866,726**

Lease liabilities

	2019 $
Current	669,188
Non-current	988,260
Total carrying amount	**1,657,448**

(i) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following relating to leases:

	2019 $
Depreciation	999,260
Interest expense on lease liabilities (included in Interest expense)	48,002
Expense relating to short-term leases (included in Other expenses)	103,547
Expense relating to leases with substantive substitution right (included in Other expenses)	883,355
Total carrying amount	**2,034,164**

The total cash outflow for leases in 2019 was $998,820.

16. Intangible assets

	Intangible work in progress $	Computer software $	Total $
Cost			
Balance at 1 January 2019	–	3,481,970	3,481,970
Additions	27,168	706,779	733,947
Disposals	(48,635)	–	(48,635)
Transfers from capital work in progress	1,008,599	9,406	1,018,005
FX translation difference	1	107,987	107,988
Balance at 31 December 2019	**987,133**	**4,306,142**	**5,293,275**
Balance at 1 January 2018	–	2,925,746	2,925,746
Additions	–	666,978	666,978
Transfers from capital work in progress	–	40,324	40,324
FX translation difference	–	(151,078)	(151,078)
Balance at 31 December 2018	**–**	**3,481,970**	**3,481,970**
Accumulated amortisation			
Balance at 1 January 2019	–	(2,239,730)	(2,239,730)
Amortisation for the year	–	(459,017)	(459,017)
FX translation difference	–	(84,991)	(84,991)
Balance at 31 December 2019	**–**	**(2,783,738)**	**(2,783,738)**
Balance at 1 January 2018	–	(2,012,490)	(2,012,490)
Amortisation for the year	–	(331,160)	(331,160)
FX translation difference	–	103,920	103,920
Balance at 31 December 2018	**–**	**(2,239,730)**	**(2,239,730)**
Net book value			
As at 31 December 2019	**987,133**	**1,522,404**	**2,509,537**
As at 31 December 2018	**–**	**1,242,240**	**1,242,240**

The intangible assets relate to software applications and licences purchased, and capitalised consultancy fees relating to their implementation. The intangible work in progress represents costs incurred on various software projects, whose costs will be amortised when brought into primary use.

Notes to the Financial Statements continued

For the year ended 31 December 2019

17. Other assets

	2019 $	2018 $
Financial assets		
Derivative financial instruments (see note 21)	112,428	232,036
Accrued income	2,166,345	1,376,461
Amounts due from fellow group undertakings	1,885,128	3,006,029
Other receivables	1,280,267	1,484,244
	5,444,168	**6,098,770**
Non-financial assets		
Prepayments	2,560,410	1,333,637
	8,004,578	**7,432,407**

18. Deposits from banks

	2019 $	2018 $
Amounts due to group undertakings		
Parent bank	494,223,374	451,337,320
Fellow subsidiaries	31,955,110	30,775,958
Amounts due to other banks	831,432,295	1,070,496,431
	1,357,610,779	**1,552,609,709**

The maturity profile of these deposits is disclosed in note 23.

19. Deposits from customers

	2019 $	2018 $
Current accounts	213,525,706	130,295,024
Deposit accounts	567,434,067	486,329,524
	780,959,773	**616,624,548**

The maturity profile of these deposits is disclosed in note 23.

20. Other liabilities

	2019 $	2018 $
Financial liabilities		
Trade creditors	–	6,272
Derivative financial instruments (see note 21)	162,165	55,974
Amounts due to fellow group undertakings	37,207	419,993
Social security and other taxes	351,128	293,545
Other financial liabilities	3,461,758	2,601,406
Lease liabilities	1,657,448	–
Provision for corporation tax	6,566,636	4,189,246
Deferred income	11,460,592	7,828,242
	23,696,934	**15,394,678**
Non-financial liabilities		
Other creditors including accrued expenses	10,139,884	7,340,865
	33,836,818	**22,735,543**

21. Derivative financial instruments

	2019 $	2018 $
Forward foreign currency contracts		
Receivables	112,428	232,036
Payables	(162,165)	(55,974)

Derivative financial instruments consist of short-term forward foreign exchange contracts. Forwards are held for day-to-day cash management rather than for trading purposes and are held at fair value. These foreign exchange contracts have intended settlement dates within 12 months. This is the only category of derivative instruments held by the Bank as at 31 December 2019. All forward contracts are considered to be level 2 (i.e. are priced with reference to observable market data).

22. Commitments and guarantees

a) Pension commitments

The Bank provides a defined contribution pension scheme for all staff. The assets of the scheme are held separately from those of the Bank in independently administered funds. During the year, pension costs of $794,235 (2018: $767,345) were charged to profit and loss. As at balance sheet date there was a pension payable balance of $7,699 (2018: $1,066).

b) Trade finance commitments

	2019 $	2018 $
Letters of credit (including cash-backed)	234,651,076	225,142,966
Other commitments	6,308,353	3,646,906
Guarantees	16,007,622	5,285,752
	256,967,051	**234,075,624**

Included in letters of credit and guarantees are cash collateralised transactions amounting to $153.96m (2018: $115.55m).
Other commitments relate to undrawn property commitments.

c) Operating lease commitments

Non-cancellable operating lease payables:

	2019 $	2018 $
Less than 1 year	228,061	1,812,018
1 – 5 years	347,577	1,086,466
Above 5 years	14,856	525,855
	590,494	**3,424,339**

As noted in 2.3 and 15b above, the Bank has adopted IFRS 16 Leases from 1 January 2019 but has not restated the 2018 reporting year comparatives above. For 2019 this represents leases with substantive substitution rights.

Notes to the Financial Statements continued

For the year ended 31 December 2019

23. Financial instruments

a) Financial instruments classification

2019	Amortised cost $	Financial assets at FVPL $	Financial assets at FVOCI $	Total $
Assets				
Cash at bank	497,558,784	–	–	497,558,784
Money market placements	23,239,663	–	–	23,239,663
Loans and advances to banks	674,309,238	–	–	674,309,238
Loans and advances to customers	874,086,599	–	–	874,086,599
Derivative instruments	–	112,428	–	112,428
Investment securities	–	360,522,123	56,600,433	417,122,556
Other financial assets	5,331,740	–	–	5,331,740
Total assets	**2,074,526,024**	**360,634,551**	**56,600,433**	**2,491,761,008**

2019	Financial liabilities at amortised cost $	Financial liabilities at FVPL $	Total $
Liabilities			
Deposits from banks	1,357,610,779	–	1,357,610,779
Deposits from customers	780,959,773	–	780,959,773
Derivatives	–	162,165	162,165
Other financial liabilities	23,534,769	–	23,547,983
Total liabilities	**2,162,105,321**	**162,165**	**2,162,267,486**

2018	Amortised cost $	Financial assets at FVPL $	Financial assets at FVOCI $	Total $
Assets				
Cash at bank	711,079,568	–	–	711,079,568
Money market placements	204,550,935	–	–	204,550,935
Loans and advances to banks	529,718,931	–	–	529,718,931
Loans and advances to customers	592,886,436	–	–	592,886,436
Derivative instruments	–	232,036	–	232,036
Investment securities	–	120,031,509	276,341,440	396,372,949
Other financial assets	5,866,734	–	–	5,866,734
Total assets	**2,044,102,604**	**120,263,545**	**276,341,440**	**2,440,707,589**

2018	Financial liabilities at amortised cost $	Financial liabilities at FVPL $	Total $
Liabilities			
Deposits from banks	1,552,609,709	–	1,552,609,709
Deposits from customers	616,624,548	–	616,624,548
Derivatives	–	55,974	55,974
Other financial liabilities	15,338,704	–	15,338,704
Total liabilities	**2,184,572,961**	**55,974**	**2,184,628,935**

b) Valuation hierarchy

Financial assets and liabilities carried at fair value

The table below analyses the financial assets and liabilities of the Bank which are carried at fair value, in line with the accounting policy on page 20 of the Statutory Accounts. They are categorised into levels 1 to 3 based on the degree to which their fair value is observable. The fair value measurement approach is recurring in nature.

2019	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at FVPL:				
Investment securities	360,522,123	–	–	360,522,123
Derivative financial instruments	–	112,428	–	112,428
Financial assets at FVOCI:				
Investment securities	54,596,113	2,004,320	–	56,600,433
	415,118,236	**2,116,748**	**–**	**417,234,984**
Financial liabilities at FVPL:				
Derivative financial instruments	–	162,165	–	162,165
	–	**162,165**	**–**	**162,165**

2018	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at FVPL:				
Investment securities	120,031,509	–	–	120,031,509
Derivative financial instruments	–	232,036	–	232,036
Financial assets at FVOCI:				
Investment securities	274,919,258	1,422,182	–	276,341,440
	394,950,767	**1,654,218**	**–**	**396,604,985**
Financial liabilities at FVPL:				
Derivative financial instruments	–	55,974	–	55,974
	–	**55,974**	**–**	**55,974**

c) Risk management

Management of the Bank's risk management function is the responsibility of the Risk and Compliance Director. The Risk and Compliance department is delegated responsibility for the day-to-day monitoring of the individual risks by the Chief Executive Officer/Managing Director. The purpose of each of the areas is to ensure that market, credit, liquidity and operational risk in the Bank is kept within the guidelines set by the Board.

The Chief Executive Officer/ Managing Director is responsible for providing an oversight function that will consider all the risks on a consolidated basis and, in this respect, chairs the main management risk committees. The credit and market risk and operational risk functions report to the Risk and Compliance Director.

In order to manage its risks, the Bank has adopted a Three Lines of Defence model:

- The First Line of Defence is the framework for policies and procedures put in place by the Board, covering all the Bank's operations. Policies are developed covering all operational areas, as well as credit risk, liquidity risk, concentration risk, trading book risk and provisioning.
- The Second Line of Defence consists of the Risk and Compliance department which is in place to establish and oversee appropriate systems for the Bank in proportion to its scale, nature and complexity. Systems are in place to address credit risk, market risk, liquidity risk, and operational risk.
- The Third Line of Defence is the review of all the Bank's operations and risk management operations by the Internal Audit function, reporting to the Board Risk and Audit Committee.

Notes to the Financial Statements continued

For the year ended 31 December 2019

23. Financial instruments continued

d) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsement and acceptances.

The credit risk function encompasses both strategic and operational areas of focus: strategic in the sense that it works closely with the Bank's executive in managing the risk appetite agreed by the Board, researching target markets and clients, reviewing the credit risk dimension of products and having overall responsibility for portfolio credit quality, monitoring and control; and operational in the sense that credit risk works closely with the front office relationship and sales teams, supporting the analysis of credit risk for business written, handling the overall risk assessment for transactions and approving or otherwise the writing and marking of credit exposure.

Several control frameworks are in place; examples include:

- Maximum exposure guidelines relating to the exposures to any individual customer or counterparty;
- Country risk policy specifying risk appetite by country and avoiding excessive concentration of credit risk in individual countries; and
- Policies that limit financing to certain industrial sectors.

Multiple methodologies are used to inform the decision on individual large credits, including internal analysis, rating agency ratings, and for wholesale assets market information such as credit spreads. For smaller credits, a single source may suffice such as the result from a rating agency. The Basel III approach is used to implement the Standardised Model.

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages its exposure to credit risk. Credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of Directors.

The estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The Bank has used reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions. The Bank commissioned a leading Pan African Credit Rating Agency to provide Probability of Default data ("PD") for the Bank's main lending portfolio but has used publicly available PD data for the other key portfolio data (cash and short-term placements with banks rated BBB- and above).

The PDs of the Bank's main portfolios were determined as follows:

Loans to banks

This is mainly made up of loans to Sub-Saharan African correspondent banks and group undertakings (which were fully cash collateralised). The Bank utilised the ratings and data supplied by a leading Pan African Credit Rating Agency across the correspondent banking lending portfolios.

- The Bank has calculated the EAD to be the full value of the exposure plus future interest accrued to maturity (or a 12-month period) on a transaction by transaction basis.
- Loss Given Default (LGD) – LGDs are determined individually for contingent and direct exposures. The starting point for estimating the LGD is the standard LGD rate of 45% set out in the capital requirement framework under Basel II, which is then adjusted to reflect any collateral received, and the specific circumstances of the borrower.

Loans to customers

This is mainly made up of loans and advances to corporates, loans secured by property and other secured personal loans. For the loans and advances to corporates, the Bank has utilised the ratings and probability of default data supplied by Access Bank Plc where available, which management deem to be a reasonable estimation, given their in-depth knowledge of the local market, and these customers. With respect to corporates where Access Bank Plc has been unable to provide a PD, as a proxy we have applied a PD rating of 11.4%, equivalent to a Bank risk rating of 3, being the lowest rated customer that the Bank would lend to under this product.

- The Bank has calculated the EAD to be full value of the exposure plus future interest accrued to maturity (or a 12-month period) on a transaction by transaction basis.
- Loss Given Default (LGD) – LGDs are determined individually for contingent and direct exposures. The starting point for estimating the LGD is the standard LGD rate of 45% set out in the capital requirement framework under Basel II, which is then adjusted to reflect any collateral received, as detailed on page 39 of the Statutory Accounts, and the specific circumstances of the borrower.

Cash at bank and money market placements

This portfolio reflects the following activity:

- Overnight current account balances
- Short-term deposit placements in support of low risk trade finance instruments
- Bank of England reserves account balances

The Bank has utilised the ratings and PD data supplied by the Fitch Ratings Agency.

Investment securities

This portfolio consists of short dated US Government Treasury Bill holdings. The PDs have been derived from historic Fitch Ratings default data, adjusted in accordance with the corresponding short-term and long-term ratings outlook.

Expected credit loss measurement

The introduction of IFRS 9 introduced three mandated staging criteria for assessing the requirement for impairment provisions. The three stages are summarised below:

- Underlying assets classed as "Performing", with no significant increase in credit risk are classified in "Stage 1". Within Stage 1, assets are classified as investment grade where the obligors have Fitch investment grade ratings of AAA, AA or A while all other Stage 1 exposures are classified as non investment grade.
- The underlying asset would be moved to "Stage 2" if there is a significant increase in credit risk. This asset is classed as "Under Performing".
- The underlying asset is moved to "Stage 3" if it is classed as "Non-Performing" and is deemed to be credit impaired.

Financial instruments in Stage 1 have their ECL measured at initial recognition for a 12-month period, with the loss allowance being charged through other comprehensive income.

Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis following the occurrence of an event that significantly increases the credit risk of a financial asset since initial recognition.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since original recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Default / Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Transition from Stage 1 to Stage 2

Transition from Stage 1 to Stage 2 occurs when a loan or debt instrument is assessed to have experienced significant increase in credit risk:

Quantitative measures

The Bank will downgrade an exposure when an exposure is not being serviced and/or where an interest payment is not covered (servicing difficulties).

As a default assumption any asset for which a payment is past due by more than 30 days will move from Stage 1 to Stage 2.

Qualitative measures

The Bank will assess a number of criteria to assess whether there is an indication of a significant increase in credit risk, the most significant of which are:

- Covenant breaches
- Security shortfalls
- Significant adverse developments

Notes to the Financial Statements continued
For the year ended 31 December 2019

23. Financial instruments continued
d) Credit risk continued

Transition from Stage 2 to Stage 3
A loan or debt instrument is moved from Stage 2 to Stage 3 when the facility is considered to be in default or credit impaired.

Quantitative measures
Any exposures with more than three missed payments, or which are more than 90 days past due, are considered to be in default for IFRS 9 purposes.

Qualitative measures
The Bank will assess a number of criteria to assess whether an asset is credit impaired, the most significant of which are:
- Where there are continual requests for the rolling or extension of the exposure, which prompt a requirement for enhanced scrutiny
- Continued covenant breaches
- Continued security shortfalls
- Continued adverse developments

The above measures are not exhaustive and a recommendation can be made for the exposure to be downgraded if there are other factors which indicate an increase in credit risk.

Measuring ECL – explanations of inputs, assumptions and estimation techniques
The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), defined as below:
- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not been prepaid or defaulted in an earlier month).

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The majority of the loan book consists of amortising products and bullet repayment loans, and the EADs are based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type. For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models
The recognition and measurement of ECL is complex and involves the use of significant judgement and estimation. This includes the formulation and incorporation of forward-looking economic scenarios to meet the measurement objective of IFRS 9. In considering the forward-looking economic scenarios, the Bank has assessed its various portfolios to identity those that share common characteristics. An analysis of the Bank's business model and balance sheet shows three main portfolios, each sharing common characteristics, being cash at bank and money market placements, loans to banks and corporates that are related to Nigeria and other Sub-Saharan countries, and loans to individuals and corporates that are secured on UK property. For each portfolio the Bank has determined three economic scenarios, representative of our view of forecast economic conditions for each, which are selected in order to calculate an unbiased ECL. They represent a most likely outcome ("base" scenario) and two, less likely, outer scenarios, referred to as the "upside" and "downside" scenarios.

For cash at bank and money market placements, in determining the three scenarios, we have considered GDP growth, interest rates, and total consumer spending. The base scenario is assigned a weighting of 75%, the upside scenario 10% and the downside scenario 15%. To model the impact of each scenario, we have assumed that for the upside scenario the PDs and LGDs are each decreased by 10% (i.e. a 20% PD would become 18%), and for the downside scenario the PDs and LGDs are each increased by 15%.

For loans and advances to banks and corporates that are related to Nigeria and other Sub-Saharan countries, in determining the three scenarios, we have considered GDP growth, oil prices, oil production and foreign currency reserves. The base scenario is assigned a weighting of 60%, the upside scenario 10% and the downside scenario 30%. To model the impact of each scenario, we have assumed that for the upside scenario the PDs and LGDs are each decreased by 10%, and for the downside scenario the PDs and LGDs are each increased by 20%.

For loans secured on property, the key determinant was house prices. The base scenario is assigned a weighting of 50%, the upside scenario 15% and the downside scenario 35%. For the upside scenario we have assumed a one-year increase in house prices of 4%, and for the downside scenario we have assumed a one-year decrease in house prices of 16%.

Across the portfolio, the credit impairment provision is not particularly sensitive to a change in the weightings. A 20% increase in the scenario weighting of the downside scenarios across the portfolios (e.g. the downside weighting for cash at bank and money market placements increases from 15% to 35%), coupled with a 20% decrease in the weighting of the base scenario, would result in an increase of £29k in the impairment provision.

Applying a weighting of 100% to the downside scenario would result in an increase of $139k in the impairment provision.

The forward-looking economic scenarios and weightings above are deemed appropriate for the computation of an unbiased ECL.

Credit risk exposure
Maximum exposure to credit risk – financial instruments subject to impairment
The maximum exposure to credit risk in the event of other parties failing to perform their obligations is presented below.
No account is taken of any collateral held and the maximum exposure to loss is considered to be the balance sheet carrying amount or, for non-derivative off-balance sheet transactions, their contractual nominal amounts.

	2019 $	2018 $
Cash at bank	497,558,784	711,079,568
Money market placements	23,239,663	204,550,935
Investment securities	417,122,556	396,372,949
Loans to customers:		
Retail loans (including retail mortgages)	110,686,719	93,420,418
Corporate loans (including corporate mortgages)	763,399,880	499,466,018
Loans to banks	674,309,238	529,718,931
Total on balance sheet	**2,486,316,840**	**2,434,608,819**
Guarantees	16,007,622	5,285,752
Other commitments	6,308,353	3,646,906
Letters of credit	234,651,076	225,142,966
Maximum credit risk exposure	**2,743,283,891**	**2,668,684,443**

The following tables contain an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets.

Notes to the Financial Statements continued

For the year ended 31 December 2019

23. Financial instruments continued

d) Credit risk continued

Cash at bank 2019 ECL Staging

	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Credit grade				
Investment grade	497,539,450	–	–	497,539,450
Non investment grade	19,885	–	–	19,885
Gross carrying amount	**497,559,335**	–	–	**497,559,335**
Loss allowance	(551)	–	–	(551)
Carrying amount	**497,558,784**	**–**	**–**	**497,558,784**

Cash at bank 2018 ECL Staging

	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Credit grade				
Investment grade	695,681,366	–	–	695,681,366
Non investment grade	15,423,027	–	–	15,423,027
Gross carrying amount	**711,104,393**	**–**	**–**	**711,104,393**
Loss allowance	(24,825)	–	–	(24,825)
Carrying amount	**711,079,568**	**–**	**–**	**711,079,568**

Money market placements 2019 ECL Staging

	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Credit grade				
Investment grade	13,230,187	–	–	13,230,187
Non investment grade	10,013,560	–	–	10,013,560
Gross carrying amount	**23,243,747**	**–**	**–**	**23,243,747**
Loss allowance	(4,084)	–	–	(4,084)
Carrying amount	**23,239,663**	**–**	**–**	**23,239,663**

Money market placements 2018 ECL Staging

	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Credit grade				
Investment grade	73,763,561	–	–	73,763,561
Non investment grade	130,805,309	–	–	130,805,309
Gross carrying amount	**204,568,870**	**–**	**–**	**204,568,870**
Loss allowance	(17,935)	–	–	(17,935)
Carrying amount	**204,550,935**	**–**	**–**	**204,550,935**

Loans to customers* 2019 ECL Staging

	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Credit grade				
Non investment grade	820,606,770	–	–	820,606,770
Under performing	–	38,030,710	–	38,030,710
Default monitoring / credit impaired	–	–	16,001,216	16,001,216
Gross carrying amount	**820,606,770**	**38,030,710**	**16,001,216**	**874,638,696**
Loss allowance	(151,066)	(401,031)	–	(552,097)
Carrying amount	**820,455,704**	**37,629,679**	**16,001,216**	**874,086,599**

Loans to customers 2018 ECL Staging

	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Credit grade				
Non investment grade	590,352,528	–	–	590,352,528
Under performing	–	1,232,734	–	1,232,734
Default monitoring / credit impaired	–	–	1,457,573	1,457,573
Gross carrying amount	**590,352,528**	**1,232,734**	**1,457,573**	**593,042,835**
Loss allowance	(156,399)	–	–	(156,399)
Carrying amount	**590,196,129**	**1,232,734**	**1,457,573**	**592,886,436**

Loans to banks 2019 ECL Staging

	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Credit grade				
Investment grade	278,822	–	–	278,822
Non investment grade	674,204,512	–	–	674,204,512
Gross carrying amount	**674,483,334**	**–**	**–**	**674,483,334**
Loss allowance	(174,096)	–	–	(174,096)
Carrying amount	**674,309,238**	**–**	**–**	**674,309,238**

Loans to banks 2018 ECL Staging

	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Credit grade				
Non investment grade	529,982,642	–	–	529,982,642
Gross carrying amount	**529,982,642**	**–**	**–**	**529,982,642**
Loss allowance	(263,711)	–	–	(263,711)
Carrying amount	**529,718,931**	**–**	**–**	**529,718,931**

*Subsequent to year end, the Bank was made aware of an adverse development regarding a specific customer which the Bank believes may have existed at year end. Accordingly, the Bank has included exposures of $33,811k in respect of this customer in Stage 2. The Bank believes that it holds adequate collateral against this exposure.

Notes to the Financial Statements continued

For the year ended 31 December 2019

23. Financial instruments continued

d) Credit risk continued

Maximum exposure to credit risk – financial instruments subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVPL):

2019	Maximum exposure to credit risk $
Derivatives	112,428
Financial asset at fair value	360,522,123
Other financial assets not subject to impairment	5,331,740

2018	Maximum exposure to credit risk $
Derivatives	231,698
Financial asset at fair value	120,031,509
Other financial assets not subject to impairment	5,866,698

Collateral and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Bank prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Mortgages over residential and non-residential properties
- Margin agreement for derivatives, for which the Bank has also entered into master netting agreements
- Guarantees from well reputed local or international banks or financial institutions
- Charges over financial instruments such as debt securities and equities
- Credit insurance policies

Longer-term finance and lending to corporate entities are generally secured.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

The Bank's financial assets originated by the mortgage business have sufficiently low "loan to value" (LTV) ratios, which results in no loss allowance being recognised in accordance with the Bank's expected credit loss model. The carrying amount of such financial assets is $115.0m as at 31 December 2019.

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related to collateral held in order to mitigate potential losses are shown below:

2019	Gross exposure $	Impairment allowance $	Carrying amount $
Credit-impaired assets			
Loans to customers:			
Mortgages	16,001,216	–	16,001,216
Total credit-impaired assets	16,001,216	–	16,001,216

2018	Gross exposure $	Impairment allowance $	Carrying amount $
Credit-impaired assets			
Loans to customers:			
Mortgages	1,457,573	–	1,457,573
Total credit-impaired assets	**1,457,573**	**–**	**1,457,573**

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of the ECL due to changes made to the model and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Cash at bank	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Loss allowance as at 1 January 2019	24,825	–	–	24,825
New financial assets originated or purchased	(24,274)	–	–	(24,274)
Total net P&L charge during the period	**(24,274)**	**–**	**–**	**(24,274)**
Loss allowance as at 31 December 2019	**551**	**–**	**–**	**551**

Money market placements	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Loss allowance as at 1 January 2019	19,705	–	–	19,705
New financial assets originated or purchased	(15,620)	–	–	(15,620)
Total net P&L charge during the period	**(15,620)**	**–**	**–**	**(15,620)**
Loss allowance as at 31 December 2019	**4,085**	**–**	**–**	**4,085**

Loans to customers	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Loss allowance as at 1 January 2019	156,399	–	–	156,399
New financial assets originated or purchased	(5,333)	401,031	–	395,698
Total net P&L charge during the period	**(5,333)**	**401,031**	**–**	**395,698**
Loss allowance as at 31 December 2019	**151,066**	**401,031**	**–**	**552,097**

Loans to banks	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Loss allowance as at 1 January 2019	263,701	–	–	263,701
New financial assets originated or purchased	(89,605)	–	–	(89,605)
Total net P&L charge during the period	**(89,605)**	**–**	**–**	**(89,605)**
Loss allowance as at 31 December 2019	**174,096**	**–**	**–**	**174,096**

Notes to the Financial Statements continued

For the year ended 31 December 2019

23. Financial instruments continued

d) Credit risk continued

Cash at bank	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Loss allowance as at 1 January 2018	5,000	–	–	5,000
New financial assets originated or purchased	19,825	–	–	19,825
Total net P&L charge during the period	**19,825**	**–**	**–**	**19,825**
Loss allowance as at 31 December 2018	**24,825**	**–**	**–**	**24,825**

Money market placements	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Loss allowance as at 1 January 2018	21,779	–	–	21,779
New financial assets originated or purchased	(2,074)	–	–	(2,074)
Total net P&L charge during the period	**(2,074)**	**–**	**–**	**(2,074)**
Loss allowance as at 31 December 2018	**19,705**	**–**	**–**	**19,705**

Loans to customers	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Loss allowance as at 1 January 2018	141,750	–	–	141,750
New financial assets originated or purchased	14,649	–	–	14,649
Total net P&L charge during the period	**14,649**	**–**	**–**	**14,649**
Loss allowance as at 31 December 2018	**156,399**	**–**	**–**	**156,399**

Loans to banks	Stage 1 12-month ECL $	Stage 2 lifetime ECL $	Stage 3 lifetime ECL $	Total $
Loss allowance as at 1 January 2018	236,819	–	–	236,819
New financial assets originated or purchased	26,882	–	–	26,882
Total net P&L charge during the period	**26,882**	**–**	**–**	**26,882**
Loss allowance as at 31 December 2018	**263,701**	**–**	**–**	**263,701**

Significant increases in the gross carrying amount of the various financial assets was the main driver of changes in the loss allowance.

Write-off policy

The Bank will write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The table below shows the Bank's exposure based on the markets and regions in which the Bank's customers conduct their business. The location for debt securities is measured based on the location of the issuer of the security.

	2019 $	2018 $
Concentration by sector		
Banks	736,370,494	857,405,063
Corporate	753,257,241	613,532,846
Government / multilateral development banks	884,533,395	869,570,400
Retail	117,599,878	100,199,280
	2,491,761,008	**2,440,707,589**
Concentration by location		
Africa	1,121,492,927	1,033,037,301
Europe	640,354,618	814,458,631
Other	729,913,463	593,211,657
	2,491,761,008	**2,440,707,589**

The above sector and geographical analyses include only cash at bank and money market placements, loans and advances to banks and to customers, financial assets, derivatives and other financial assets.

The Bank extends credit facilities for international trades to quality rated and unrated counterparties. In respect of placements with banks, all must have a Fitch (or equivalent) rating of no less than BBB-. In respect of banks for which correspondent banking services are provided, all rated counterparties must have a Fitch (or equivalent) rating of no less than B-. As at 31 December 2019, 98% of the Bank's cash and money market placements were held with financial institutions, with ratings of A- or above (2018: 78%).

The Bank's maximum exposure to credit risk before allowing for collateral held was $2,743m (2018: $2,669m), of which property loans of $16.00m (2018: $1.41m) which were fully collateralised were impaired. These amounts include all financial assets and commitments.

As at 31 December 2019, the Bank's maximum exposure to credit risk after allowing for collateral held was $1,559m (2018: $1,995m).

Total trade related exposure was $1,643m (2018: $1,235m) against which the Bank had cash collateral of $441m (2018: $370m), Nigerian Treasury Bills and Federal Government of Nigeria Bonds of $157m held with Access Bank Plc (2018: $112m), and Ghanaian Treasury Bills of $12m with Access Bank (Ghana) Plc (2018: $0.51m).

e) Market risk

The market risk that the Bank faces is in changes in market prices, such as interest rates and foreign exchange rates, which have an effect on the Bank's income and the value of debt securities.

Management is managing and controlling market risk exposures and ensures that it is within acceptable parameters, while optimising the return on risk.

Foreign exchange risk

The Bank is exposed to foreign exchange risk to the extent of its open position in each non-Sterling currency. The Bank has stipulated an internal limit for the maximum open position that can be taken and it is measuring and monitoring this open position on a daily basis.
The Bank does not intend to hold securities for trading or undertake any other trading activity, and the only other source of foreign exchange risk to which it is exposed relates to its fulfilling of customer foreign exchange orders.

Notes to the Financial Statements continued

For the year ended 31 December 2019

23. Financial instruments continued

e) Market risk continued

Assets and liabilities in foreign currency

The Bank manages its exposure to foreign exchange rate fluctuations by matching assets with liabilities in the same currency as far as possible.

2019	Sterling $	US Dollars $	Euro $	Other currencies $	Total $
Assets	593,841,651	1,880,434,166	16,060,116	1,425,075	2,491,761,008
Liabilities	531,609,376	1,561,848,016	68,802,320	7,774	2,162,267,486
Foreign exchange forward contracts	(63,085,829)	11,574,248	52,747,014	(1,235,433)	–
Net financial assets/(liabilities)	(853,554)	330,160,398	4,810	181,868	329,493,522

2018	Sterling $	US Dollars $	Euro $	Other currencies $	Total $
Assets	722,687,474	1,680,709,696	36,186,820	1,123,599	2,440,707,589
Liabilities	447,176,390	1,700,289,457	36,553,376	609,712	2,184,628,935
Foreign exchange forward contracts	(19,074,423)	19,256,547	285,883	(468,007)	–
Net financial assets/(liabilities)	256,436,661	(323,214)	(80,673)	45,880	256,078,654

A sensitivity analysis has been carried out on the foreign currency open position as at year end using a 10% increase / (decrease) in exchange rates and the foreign currency risk is considered to be immaterial.

Interest rate risk

Interest rate risk represents the sensitivity of the Bank to changes in interest rates. The principal risk to which non-trading assets and liabilities are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of changes in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps. The Bank's Asset and Liability Committee is the monitoring body for compliance with the Bank's policies and is assisted by Treasury in its day-to-day monitoring activities.

The overall non-trading interest rate risk position is managed by Treasury, which uses advances to banks, deposits from banks, and derivative instruments to manage the overall position arising from the Bank's non-trading activities.

A sensitivity analysis carried out on floating rate assets and liabilities as at the statement of financial position date using a 100 basis points increase/(decrease) in interest rates would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the changes occurred at the statement of financial position date and had been applied to risk exposures existing at that date.

Impact on profit or loss and equity

	31 Dec 2019 $	31 Dec 2018 $
Increase	3,349,000	2,725,333
Decrease	(3,460,000)	(2,807,260)

f) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset. The Bank has documented a Liquidity and Funding Policy Statement and a Liquidity Risk Appetite and Funding Risk Appetite Statement, within the guidelines issued by the Prudential Regulation Authority. The Directors are primarily responsible for overseeing the implementation of the Liquidity and Funding Policy of the Bank and ensuring that the Bank has appropriate procedures to ensure that the Bank's Liquidity Risk Appetite and Funding Risk Appetite are met. The Bank measures and monitors the liquidity position on a daily basis. The Bank considers its funding ability before committing to additional credit facilities and closely monitors upcoming payment obligations.

The Bank undertakes stress tests on its liquidity position which are incorporated into the Bank's Individual Liquidity Adequacy Assessment Process ("ILAAP"). The Bank has also put in place contingency plans to meet its liquidity obligations under stressed scenarios. Aside from any Eligible Liquidity Buffer required by the Bank's ILAAP, the Bank's policy is to hold cash and near liquid assets (including marketable assets) equivalent to at least 10% of its deposit liabilities to meet its liquidity obligations.

The liquidity positions are reported to the Board and the policy is reviewed periodically to meet the changing needs.

This table shows the liquidity analysis of financial assets and liabilities analysed based on their contractual maturity date. The figures are shown on an undiscounted basis and there is no significant difference between the contractual amounts of financial liabilities and their carrying amount.

2019	Less than 3 months $	Between 3 & 12 months $	More than 12 months $	Carrying amount $
Assets				
Cash at bank	497,558,784	–	–	497,558,784
Money market placements	12,426,443	10,813,220	–	23,239,663
Loans and advances to banks	3,301,309	574,753,693	96,254,236	674,309,238
Loans and advances to customers	6,378,484	587,931,030	279,777,085	874,086,599
Financial derivatives	100,104	12,324	–	112,428
Investment securities	362,540,966	54,581,590	–	417,122,556
Other financial assets	146,511	2,393,095	2,792,134	5,331,740
Total assets	**882,452,601**	**1,230,484,952**	**378,823,455**	**2,491,761,008**
Liabilities				
Customers' deposits	220,845,663	121,415,754	438,698,356	780,959,773
Deposits from banks	684,334,688	471,386,532	201,889,559	1,357,610,779
Financial derivatives	148,442	13,723	–	162,165
Other financial liabilities	6,686,419	11,863,668	4,984,682	23,534,769
Total liabilities	**912,015,212**	**604,679,677**	**645,572,597**	**2,162,267,486**

Included in cash at bank is an amount of $458m (2018: $594m) held in a reserve account with the Bank of England, which is held to manage liquidity and meet the Bank's liquidity requirements. Included in investment securities is an amount of $415m (2018: $396m), also held to manage liquidity and meet the Bank's liquidity requirements, and which consists of direct holdings in US Treasuries and indirect exposures to US Treasuries through investment in the BlackRock US Treasury Fund.

2018	Less than 3 months $	Between 3 & 12 months $	More than 12 months $	Carrying amount $
Assets				
Cash at bank	711,079,568	–	–	711,079,568
Money market placements	198,014,853	6,536,082	–	204,550,935
Loans and advances to banks	184,964,702	293,030,132	51,724,097	529,718,931
Loans and advances to customers	253,152,820	191,972,874	147,760,742	592,886,436
Financial derivatives	187,915	44,121	–	232,036
Investment securities	145,009,435	249,941,333	1,422,181	396,372,949
Other financial assets	273	5,057,643	808,818	5,866,734
Total assets	**1,492,409,566**	**746,582,185**	**201,715,838**	**2,440,707,589**
Liabilities				
Customers' deposits	133,522,928	189,094,475	294,007,145	616,624,548
Deposits from banks	1,082,625,782	444,795,968	25,187,959	1,552,609,709
Financial derivatives	4,549	51,425	–	55,974
Other financial liabilities	15,338,704	–	–	15,338,704
Total liabilities	**1,231,491,963**	**633,941,868**	**319,195,104**	**2,184,628,935**

Notes to the Financial Statements continued

For the year ended 31 December 2019

23. Financial instruments continued

g) Capital management

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital at 31 December 2019 was $327,000,035 (2018: $252,919,213). Regulatory capital is determined in accordance with the requirements of the PRA in the UK. Total regulatory capital as at 31 December 2019 was $324,357,702 (2018: $251,647,683).

Capital adequacy and the use of regulatory capital are monitored regularly by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the PRA in the UK, for supervisory purposes. The PRA requires each bank to maintain a ratio of total regulatory capital to risk-weighted assets at or above a level determined for each institution.

Currently the Bank's regulatory capital consists solely of Tier 1 capital, which is the total issued share capital and retained earnings of the Bank, less intangible assets, deferred tax assets and unrealised gains on investment securities.

The Bank has calculated its regulatory capital as at 31 December 2019 in accordance with these definitions as laid out in the table below:

Capital resources	2019 $	2018 $
Tier 1 capital		
Shareholders' funds	327,000,035	252,919,213
Less:		
Intangible assets	(2,509,537)	(1,242,240)
Other adjustments	(132,796)	(29,289)
Total Tier 1 capital	324,357,702	251,647,684
Total regulatory capital	**324,357,702**	**251,647,684**

The Bank complied with its regulatory capital requirements throughout the year.

The Bank publishes its set of disclosures in accordance with Pillar 3 of the Basel III Capital measurement requirements on its website: www.theaccessbankukltd.co.uk/about-us/financial-reports.

24. Share capital

	Ordinary shares	
	No. of shares	Amount $
As at 1 January 2019	138,000,000	176,653,800
Proceeds from shares issued	26,587,500	33,500,250
Impact on translation of functional currency to US Dollar	–	(2,773,800)
As at 31 December 2019	164,587,500	207,380,250

	Ordinary shares	
	No. of shares	Amount $
As at 1 January 2018	122,000,000	164,675,600
Proceeds from shares issued	16,000,000	21,884,640
Impact on translation of functional currency to US Dollar	–	(9,906,440)
As at 31 December 2018	138,000,000	176,653,800

The Bank changed its functional currency as noted in note 2.3 to US Dollars. This involved a redenomination of its share capital from Sterling to US Dollars on 2 January 2019. The Bank's share capital of 138,000,000 with nominal share value of £1 was redenominated to a nominal share value of $1.26.

On 18 July 2019, the Bank issued and the parent company subscribed for a further 26,587,500 shares at par. As at 31 December 2019 the issued share capital comprised 164,587,500 ordinary shares (2018: 138,000,000) with a par value of $1.26 (2018: £1). All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Bank. All shares rank equally with regards to the Bank's residual assets.

25. Related party transactions

Key management personnel are considered to be the Directors. Disclosures regarding Directors' emoluments and other transactions are given in note 8.

A number of banking transactions were entered into with related parties within the Access Bank Group in the normal course of business. These include loans and deposits and foreign currency transactions. Outstanding balances at the end of the year, related party income and expense for the year are as follows:

	2019 $	2018 $
Assets		
Amounts due from parent bank	197,312,801	247,339,426
Amounts due from fellow subsidiaries	24,397,489	13,090,662
	221,710,290	260,430,088

	2019 $	2018 $
Liabilities		
Amounts due to parent bank	494,260,581	451,700,731
Amounts due to fellow subsidiaries	32,517,227	30,775,957
	526,777,808	482,476,688

The Bank has entered into a Deed of Set-Off with Access Bank Plc that allows the Bank to offset any amounts due from the parent, against amounts due to the parent. This complies with the Capital Requirements Directive.

	2019 $	2018 $
Fee and commission income		
Parent bank	2,025,600	1,483,022
Fellow subsidiaries	285,035	414,196
	2,310,635	1,897,218

	2019 $	2018 $
Interest income		
Parent bank	10,857,266	13,911,667
Fellow subsidiaries	103,002	(49,934)
	10,960,268	13,861,733

	2019 $	2018 $
Interest expense		
Parent bank	10,487,891	6,158,731
Fellow subsidiaries	232,891	259,925
	10,720,782	6,418,656

There was one mortgage approved and advanced, to a Director of the parent company for $2,375,640 (2018: $2,304,180). As at 31 December 2019, the outstanding amount for the mortgage was $2,208,951 (2018: $2,214,361) in respect of the Director of the parent company.

Notes to the Financial Statements continued

For the year ended 31 December 2019

25. Related party transactions continued

In 2019, a portfolio secured loan was approved and advanced to a Director of the parent company for $500,000. As at 31 December 2019, the outstanding amount for the loan was $504,222 in respect of the Director of the parent company.

Deposits by Directors of the parent company as at 31 December 2019 were $54,081 (2018: $104,594) with the largest deposit as at year end being $27,030 (2018: $58,979).

All transactions with Directors are at an arm's length basis.

There were no other related party transactions or balances requiring disclosure.

26. Fair values of financial instruments

Cash and money market placements

These consist of cash held in hand, balances held in nostro accounts with other banks and short-term placement with banks. The carrying amount of the cash balances and placements are deemed to be a reasonable representation and reasonable approximation of fair value respectively.

Loans and advances to banks

These consist of loans granted to financial institutions. The carrying amount is deemed a reasonable approximation of their fair value.

Loans and advances to customers

These consist of loans granted to non-bank customers. The carrying amount is deemed a reasonable approximation of their fair value.

Financial assets and liabilities – derivatives

These consist mainly of forward foreign exchange contracts. The book value is determined using the market spot rate as at the balance sheet date.

Investment securities

These comprise investment securities at fair value measured through other comprehensive income, and fair value through profit and loss. The basis of estimating the fair value of these assets is by ascertaining the market value as at balance sheet date.

Deposits from customers

These comprise mainly deposits taken from non-bank customers and the carrying amount of these deposits is a reasonable approximation of market value.

Deposits from other banks

These comprise mainly deposits taken from financial institutions and the carrying amount of these deposits is a reasonable approximation of market value.

These consist mainly of forward foreign exchange contracts. The book value is determined using the market spot rates as at the balance sheet date.

The book values of all assets and liabilities approximate the fair values in 2019 and 2018.

27. Subsidiary undertakings

The Bank has established three wholly owned subsidiaries which did not trade during 2019. The Bank has taken advantage of the exemption in the Companies Act from producing consolidated financial statements on the grounds that the inclusion of the subsidiaries is not material for the purpose of giving a true and fair view.

28. Ultimate parent company and controlling party

The Bank's immediate and ultimate parent and controlling party is Access Bank Plc, a bank incorporated in Nigeria. Group financial statements into which the Bank is consolidated are available from the Head Office, at 14/15, Prince Alaba Abiodun, Oniru Road, Victoria Island, Lagos, Nigeria.

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