The Access Bank UK Limited
Annual Report and Accounts 2015

WHERE RELATIONSHIPS MATTER

The Access Bank UK's objective is to grow the international business of Access Bank Group through customer service excellence, innovative solutions in trade finance, commercial banking and asset management, and exemplary corporate governance.

Contents

We are licensed and regulated by the UK's Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) and are therefore in a strong position to support opportunities in OECD markets for Access Bank Group customers. Our role as Access Bank Group's OECD operational hub supports the flow of investment into markets in Nigeria, Sub-Saharan and West Africa. We are also authorised by the Dubai Financial Services Authority (DFSA) and the Dubai International Financial Centre (DIFC) to run our Dubai operation, which enables us to assist with trade and investment requirements between UAE and Sub-Saharan Africa. The Access Bank UK is a wholly owned subsidiary of Access Bank Plc, a Nigerian Stock Exchange listed company.

We take the time to build long-term relationships and work closely with our customers to understand their goals in order to create a strategy designed to meet their needs. We provide constant support and development opportunities for our employees, which reflect in their dedication and professionalism. The Bank is led by a team of accomplished individuals determined to deliver superior financial solutions for businesses and individuals. Our staff are highly experienced and many have spent time working in the Sub-Saharan, West African and international marketplaces.

Like our parent, The Access Bank UK is committed to developing a sustainable business model for the environment in which we operate. This is reflected in our moderate appetite for risk, our passion for customer service, and our commitment to building long-term relationships by working in partnership with our customers.

We play a key role in our 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. Instead, we focus on building our business through the strength of our customer relationships.

2015 Highlights

Launched operations in the UAE

Launched high net worth regulated execution-only mortgage product

Launched our online retail savings product

Operating income increased 31% year-on-year to £19.7m

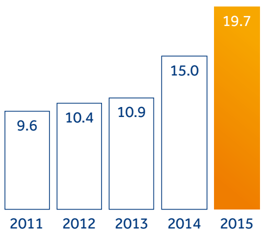
Pre-tax profits increased 71% year-on-year to £8.6m

Post-tax profits increased 74% year-on-year to £6.8m

Operating Income (£m)

£19.7m

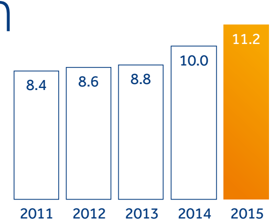
+31%



Operating Costs (£m)

£11.2m

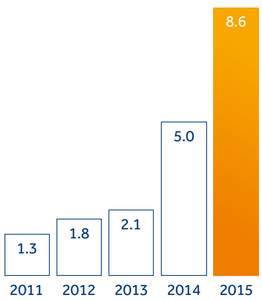
+12%



Pre-Tax Profits (£m)

£8.6m

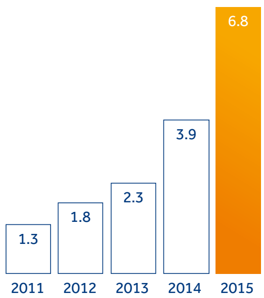
+71%



Post-Tax Profits (£m)

£6.8m

+74%



The growth The Access Bank UK achieved during the year was built squarely upon our commitment to customer service and through the implementation of our six core values: Excellence; Passion for customers; Innovation; Empowered employees; Professionalism and Leadership.

You can find more details about our values on page 7.

Strategic Business Units overview

The Access Bank UK is a wholly owned subsidiary of Access Bank Plc. We provide Trade Finance, Commercial Banking and Asset Management services for clients of Access Bank Group in their dealings with OECD markets, and support companies exporting to African markets.

The Access Bank UK is regulated by the UK's Prudential Regulation Authority and Financial Conduct Authority (PRA and FCA). All of our IT systems are independent, wholly located in the UK, and adhere to these authorities' standards of data collection and management.

Our operations comprise the **Trade Finance, Commercial Banking and Asset Management Strategic Business Units:**

Trade Finance

OECD trade finance hub for Access Bank Group.

Confirming bank for customers of Access Bank Group and exporters to African markets.

Correspondent bank to institutions in Nigeria and other countries in Sub-Saharan Africa.

Active as a leader and participant in syndicated loans for clients.

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 IFC (World Banking Commercial Arm).

Correspondent banking transactions:
$431.3m +31% yoy

Trade finance income:
£13.63m +34% yoy

Risk syndication income:
$1.82m +14% yoy

LC discounting income:
$1.5m +104% yoy

Commercial Banking

Relationship-based service for corporate and private 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 and other Sub-Saharan African countries.

Offers both investment and owner-occupied loans on UK properties.

Commercial banking income:
£4.19m +53% yoy

Packaged trade finance income:
$1.6m +45% yoy

Property lending book:
£42m +126% yoy

Asset Management

Relationship-based service provided in conjunction with Lagos-based private banking team.

Provides bespoke discretionary portfolio management services, bringing worldwide investment products to high net worth customers primarily in Nigeria, Ghana and Sub-Saharan Africa.

Investor visa product provides a route to a UK passport through investing in qualifying assets.

Lending services through portfolio and other asset instruments.

Income:
£1.16m +167% yoy

Property lending book:
£16m +75% yoy

Assets under management:
$53.2m +3.3% yoy

RECRUITING AND RETAINING THE RIGHT PEOPLE AND TEAMS, BASED ON SHARED VALUES AND VISION

Our values

The Access Bank UK's six key values have informed our second five-year plan and our approach to meeting the targets within it. These values are also shared with Access Bank Group as a whole.

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.

Passion for customers

- We live to serve our customers
- In addition to delivering excellent customer service, we will be focusing on our corporate responsibilities as a bank, supporting growth and opportunity in Africa and elsewhere.

Innovation

- Identifying new market needs and opportunities
- Creativity, invention, inspiration, exploration
- Pioneering new ways of doing things, new products and services, new approaches to clients/customers
- Being first, testing the waters, pushing boundaries
- Going from concept to market/reality
- Anticipating and responding quickly to market needs with the right technology, products and services to achieve customer objectives.

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 whilst 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; respect for and appreciation of differences in ethnicity, gender, age, national origin, disability and religion.

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 of our interactions with our stakeholders
- Setting the highest standards in our work ethic, behaviours 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 continuous growth and career development.

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 VISION IS TO BE THE WORLD'S MOST RESPECTED AFRICAN BANK

Our business model

Summary

Our success in establishing The Access Bank UK has been built on ensuring that we develop strong relationships with our customers. This enables us to understand and anticipate their individual needs better, which also serves to reduce the operational risk of the Bank. Our relationship-based approach has driven the successful delivery of the key milestones in the Bank's development, as shown on page 11.

Developing our business model

Our relationship-based philosophy continues to drive the growth being delivered as part of the Bank's second five-year plan. We are confident that this strong focus on relationships will enable the Bank to secure the achievements delivered to date despite the current challenges resulting from the headwinds in global growth and the adverse impact of oil prices in Sub-Saharan Africa.

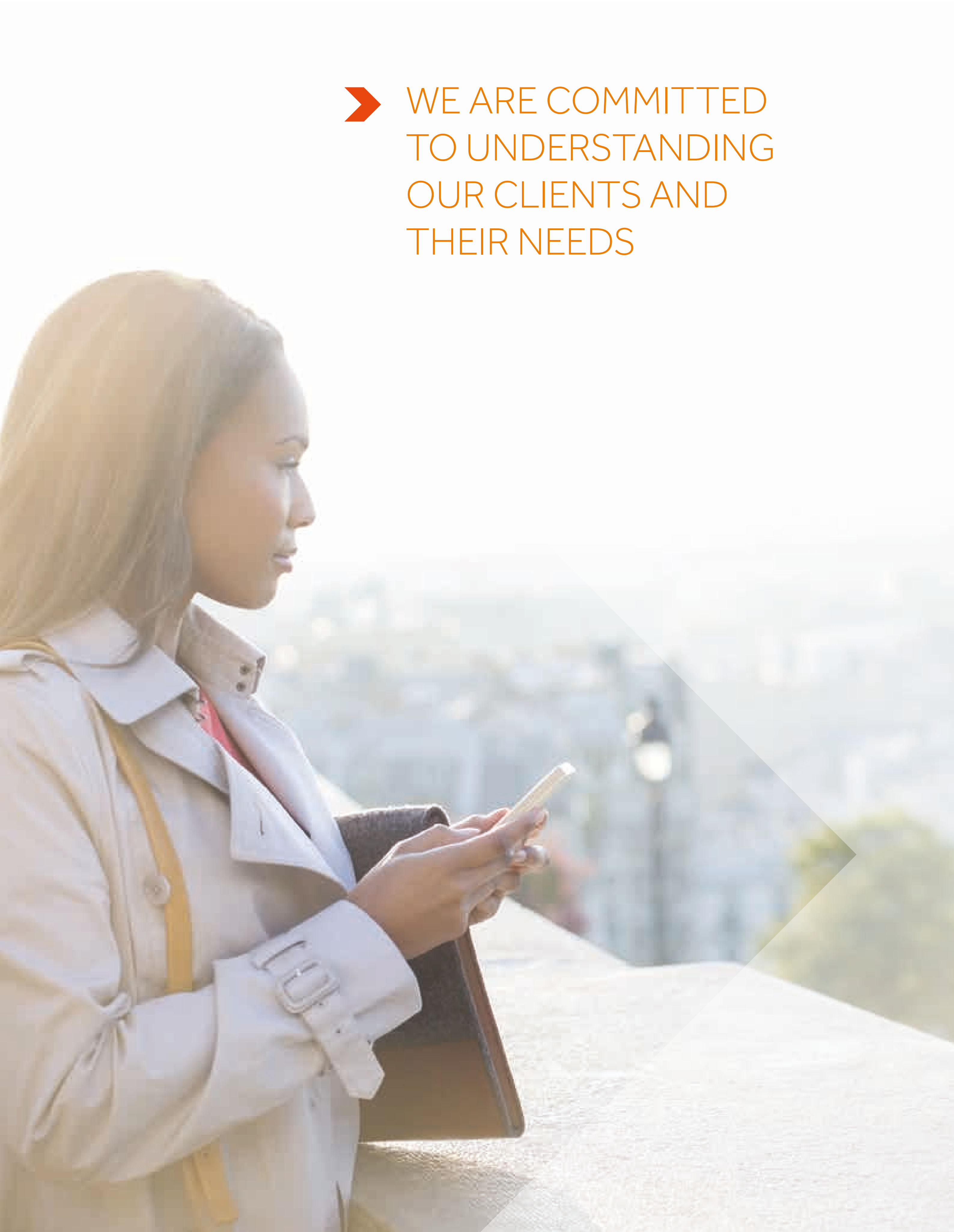
Our vision

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.

WE ARE COMMITTED TO UNDERSTANDING OUR CLIENTS AND THEIR NEEDS



Our milestones

2012

Embedded a sustainable business model

The Access Bank UK's Risk Appetite Statement clearly defines a moderate appetite for risk. This appetite governs our approach to trade finance, foreign exchange, the placement of our balance sheet, and counterparty risk. The strong growth delivered within this framework testifies to the sustainability of our business model.

Established broad income streams

We have diversified our business successfully through significant and growing contributions from all three business units, and a broadening range of products. We now offer 18 separate banking products and services, and continue to look at opportunities for enhancing and expanding our product range to meet customers' requirements.

2013

Fifth anniversary

The Access Bank UK's fifth anniversary and successful completion of the first five-year plan culminated in the most profitable year since the Bank was authorised.

Launched first institutional portfolio

The first institutional portfolio offered by our Asset Management SBU significantly broadened the range of offshore money management options that we are able to offer private customers.

2014

Took a lead role in syndication activity

We successfully led the syndication of a $52.5m, one-year trade loan for a key Nigerian bank, making the transition from syndication participant to syndication leader. This is a significant development for The Access Bank UK, enabling us to broaden the range of trade facilities that we offer and build our reputation in the syndication market.

Launched retail savings bonds in the UK

Our one-year and two-year fixed-rate retail savings bonds offer UK residents competitive rates on savings and open up a new channel of business for our Commercial Banking operation.

Received approval for high net worth regulated execution-only mortgage products

The Access Bank UK secured approval to expand its range of loans for property purchases in the UK, enabling us to offer loans on owner-occupied properties in addition to buy-to-let investments.

Investors in People – Bronze accreditation

We were proud to have been awarded bronze accreditation by Investors in People.

2015

Launched operations in the UAE

We were authorised by the DFSA and DIFC to establish and run our office in Dubai. This is located in the prestigious DIFC and enables us to serve our customers based in the region and facilitate trade and investment between Sub-Saharan Africa and the UAE.

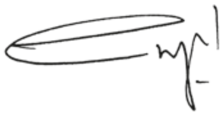
Launched high net worth regulated execution-only mortgage product

We were authorised by the PRA/FCA to undertake regulated execution-only mortgage products for our high net worth customers. This provides our customers with expanding options for property ownership.

Launched our online retail savings product

This was to enhance the service channels and product offering to our retail savings customers. We launched a quick and simple online application and also expanded the product range to incorporate a three-year fixed-rate bond.

Chairman's statement



MR HERBERT WIGWE
Chairman and Non-Executive Director

The Access Bank UK has become the business we always envisaged it would. Founded on a model of excellent service, strong customer relationships and a moderate risk appetite, it has grown income, increased profit and delivers a healthy return on equity. Importantly, it is adding value to Access Bank Group as a whole and enhancing the Group's stature on the international stage.

We can all take a great deal of pride in the development of The Access Bank UK. It has not only established itself as the OECD flag bearer of Access Bank Group, which was the primary objective when it was founded in 2008, but it has also become a successful bank in its own right with a diversified and profitable business base.

Since formation, The Access Bank UK has created a credible, sustainable OECD hub for Access Bank Group. Its focus on service excellence and product innovation in trade finance, commercial banking, asset management, private banking and treasury services have provided significant added value to Access Bank Group businesses and customers. This, in turn, has helped raise the profile of Access Bank Plc on the international stage and facilitated new business opportunities for sister banks and their customers within the Group across Sub-Saharan Africa.

The Access Bank UK has an operational culture built upon strong customer relationships and the delivery of bespoke, high quality services. As such, many high net worth customers who utilise The Access Bank UK's trade finance and commercial banking services for their business interests also use the Bank's asset management and private banking for their UK personal financial interests. Having such comprehensive services available is a particular benefit at a time when businesses in Nigeria and Sub-Saharan Africa are dealing with the effects of ever lower oil and commodity prices and a slowdown in trade volumes for general goods.

As a mark of our customer commitment, in 2015 we opened an office in Dubai to enhance our trade finance, commercial and private banking services. Throughout the year we also worked closely with Access Bank Group to support its customers transacting with China via the Group's Shanghai office.

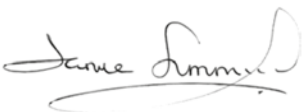
WE CAN ALL TAKE A GREAT DEAL OF PRIDE IN THE DEVELOPMENT OF THE ACCESS BANK UK

Financially, The Access Bank UK had a very successful year in 2015. Our operating income increased to £19.7m, pre-tax profit rose to £8.6m and our return on equity rose to 13.2%.

Underpinning our developments and successes during 2015 is the proven effectiveness of our business model. The Access Bank UK continues to operate with the same sustainable approach on which it was founded. We serve our customers well, refuse to chase yield and will not compromise on our moderate appetite for risk. We have invested in future-proofing our technology systems and remain committed to supporting and developing our loyal and extremely capable team of employees.

Looking forward, there remains a degree of uncertainty in all our markets and we must be resolute in maintaining our discipline and best practices. However, I am very positive for the future. I would like to thank all our customers for their support over the past years and also thank our employees whose skills, hard work and commitment are at the heart of all that we do and everything that we have achieved.

Chief Executive's review



MR JAMIE SIMMONDS
Chief Executive Officer

In 2015, our diversified revenue streams and growing customer base delivered better than ever income, profit and return on equity. We continued investing in our operational performance and we enhanced our brand across the international marketplace. From every perspective, our success reflects the now well-proven efficacy of our service orientated, customer focused, moderate risk appetite business model.

2015 was not only our most profitable year, it was also the most successful in terms of our growth and development as a business.

Overall, our operating income rose by 31% year-on-year to £19.7m and our pre-tax profit rose by 71% to £8.6m. Our return on equity for the year was 13.2%, which is up from 8.5% in 2014.

We continued to invest in the development of our business and our costs rose by 12% year-on-year to £11.2m. This was largely attributable to an increase in employee numbers and investment in our IT enhancement programme, which both reflect our business focus on service and strong customer relationships. We also established an office in Dubai to better serve our growing base of customers operating via the UAE and MENA region. Reassuringly, our cost to income ratio was down to 57% compared to 67% in 2014.

Total assets on the balance sheet increased by 32% year-on-year to £615m. Within this, customer deposits increased to £171.1m as we continued broadening and strengthening the Bank's liabilities.

Our activities in 2015 illustrate that The Access Bank UK is now established in the international marketplace. We have been accepted by the Bank of England to hold a reserve account and our relationship-based approach continues to reinforce our position as a preferred partner with correspondent banking customers on an ongoing basis.

The performance of our business units

Trade Finance

Our Trade Finance business put in another strong performance in 2015 and generated £13.63m revenue for the year. What is particularly encouraging is that the different elements of the business all contributed to our increasingly diverse base of revenue streams.

During the year we built on our role as a confirming bank for Access Bank Plc and increased our correspondent activities with other Access Bank Group businesses and with third party banks.

Similarly, we broadened our customer base in the petroleum products sector providing support for oil export activities from Nigeria and Sub-Saharan Africa and also for import activities for finished petroleum products into the region.

Commercial Banking

Our Commercial Banking business aligns its activities with the distinct needs of our business and individual customers in Nigeria and Sub-Saharan Africa. In 2015 it continued developing its customer base and generated £4.19m revenue.

The services we provide in the property sector contributed significantly to the Bank's performance in that we have now been approved to offer high net worth owner-occupied execution-only property loans in addition to our existing buy-to-let products. By the end of the year our property lending book had grown to £42m, a year-on-year increase of 126%.

We continued the development of our retails bonds by offering a quick and easy online application and expanding our product range to incorporate a three-year bond to complement the existing one and two-year products. This assisted with the growth of our customer deposits, which reached £171.1m by the year end.

We continued to grow our Packaged Trade Finance solutions in response to the needs of business customers importing goods across Sub-Saharan Africa. We also developed our direct trade lending to meet the growing demand from customers in the commodities sector for access to UK credit facilities.

Reflecting the growing volume and value of our Commercial Banking business, in 2015 we established an office in Dubai to enhance our services to customers seeking to undertake trade and investment activities between UAE and Sub-Saharan Africa.

Asset Management

Our Asset Management and private banking business grew revenues to £1.16m, which represents a year-on-year increase of 167% and resulted in a profit of £235k in 2015. This is the first time the business has shown a profit since its inception and reflects both our commitment to customer service and recognition of The Access Bank UK as a brand to be relied upon.

Revenues during the year were generated from an increasingly diversified income base. We expanded our investor visa portfolio to incorporate a broader range of investment options, developed and launched our execution-only portfolio services and grew our buy-to-let property book to £16m, representing a year-on-year increase of 75%.

Treasury

The Treasury function at The Access Bank UK provides essential support to our other business operations, delivers secure and effective management of the Bank's balance sheet, and manages our ability to meet all of the increased regulatory requirements concerning liquidity management.

Reflecting our growing reputation and credibility, in 2015 The Access Bank UK was accepted by the Bank of England to hold a reserve account with it as part of its sterling monetary framework programme.

Investing in our people

Our relationship-based approach to banking rests upon the skills of our people in identifying and responding to the needs of our customers. During the year we selectively recruited additional people into key positions in line with the broadening of our service offering and the development of the Bank as a whole. However, of equal importance, we also continued investing significantly in the skills of the people we already employ.

The Access Bank UK was the first and to date only Nigerian bank to achieve Investors in People accreditation; a status that we have subsequently advanced to Bronze level. Our commitment is reflected in the fact that around 90% of our middle and senior managers originally joined us as junior members of staff. Close to 53% of our employees have now been with us for more than five years and our annual attrition rate is only 10%, which is far below the national average.

Developing our operations

In 2014 we began a programme to refresh and update our telephony and IT infrastructure to ensure that our operational systems remain comparable to the highest industry standards. In 2015 we completed the major goals of this project on time and on budget. We are now well advanced on the upgrade of our core banking system, which is scheduled to be completed in early 2016. These investments will significantly enhance operational resilience and IT future-proofing.

Risk management and compliance

We have a policy of continuous improvement for our risk and compliance infrastructure.

During the year we invested considerable time and resources to implement the Senior Managers Regime in line with the strategy of the FCA and PRA to improve individual accountability in the banking sector. All the requirements were in place ahead of the March 2016 deadline.

The roll-out of our e-learning platform to embed risk management and reinforce a compliance culture at all levels of our business continued during the year. We also enhanced controls to ensure that the requirements of new customers can be met within our moderate appetite for risk as part of our relationship-based model.

Outlook for 2016

From the earliest days of The Access Bank UK we were always very clear as to what we wanted to achieve and how we would go about delivering it. Our focus on building strong relationships with customers, on service and on moderate risk remains the essence of our culture. Such a business model has served us well through one of the most turbulent periods in global economic history and we are confident that it will remain a solid foundation for us in the years ahead.

Our markets in Nigeria and across Sub-Saharan and West Africa have been impacted significantly by the continued downward pressure on oil and commodity prices and the slowing of trade finance volumes across many of the region's other import and export sectors. However, although those market conditions will undoubtedly affect our business, we have established strong customer relationships and a diversified base of income streams that will enable us to continue developing during 2016 and the years ahead.

Business segment review

The Access Bank UK's mission is to grow the international business of Access Bank Group. Central to achieving this are our three strategic business units and the support given to them by our Treasury team.

Trade Finance

Commercial Banking

Asset Management

Our strategy for each business unit is to grow revenues through outstanding service levels and strong customer relationships while also maintaining our moderate appetite for risk.

Trade Finance

Correspondent banking transactions:

$431.3m +31% yoy

Trade finance income:

£13.63m +34% yoy

Risk syndication income:

$1.82m +14% yoy

LC discounting income:

$1.5m +104% yoy

We have continued our role as a confirming bank for Access Bank Group and built on progress made in previous years to increase our correspondent activities with other Access Bank Group businesses and third party banks across Sub-Saharan Africa.

During 2015 we broadened our base of customers in the petroleum products sector. The Access Bank UK works with many significant players in the industry and provides support for the export of crude oil from Nigeria and other Sub-Saharan African countries and also for the import of finished petroleum products into the region. A number of our customers are active in developing the region's refining infrastructure with the ultimate aim of reducing the region's reliance on imports for finished petroleum goods. We expect to see our involvement in this sector increase in the coming years.

Throughout 2015 we continued acting for Access Bank Plc and our sister companies within the Group. In addition to our support for customers of Access Bank in Nigeria and Ghana, we increased support for customers in Rwanda and DR Congo. We are also working closely with Access Bank Group to support customers undertaking import and export transactions with China via the Group's Shanghai office, and with the UAE via our office in Dubai.

Strong customer relationships are central to our trade finance activities. Our knowledge of local markets enhances our competitiveness, keeps us close to our customers, and enables us to develop solutions that meet their needs. As such, we can be selective in deciding which transactions are right for our business and therefore maintain flexibility to better manage our Bank's exposure levels.

The depth and breadth of our activities in 2015 illustrate that The Access Bank UK is now recognised and accepted in international markets. Our relationship-based approach enhances our appeal as a preferred partner for correspondent banking customers on an ongoing basis.

Commercial Banking

Commercial banking income:

£4.19m +53% yoy

Packaged trade finance income:

$1.6m +45% yoy

Property lending book:

£42m +126% yoy

Our Commercial Banking business developed well in 2015 and returned an increased profit of £2.2m year-on-year. As a business it is specifically structured to align with the recognised needs of business and high net worth individual customers in Nigeria and Sub-Saharan Africa.

The activities of our Commercial Banking business effectively cover the three core areas of property related financial products, packaged trade finance solutions and direct trade operations.

Our services in the property sector reflect the strong relationships we have with Nigerian business customers and the ambitions of the high net worth individuals associated with those businesses to invest in the UK. We have offered buy-to-let financial products since 2014 and, following approval by the PRA/FCA, began offering owner-occupier financial products from Q3 in 2015. Our overall property lending book increased to £42m by the end of 2015. In keeping with our moderate appetite for risk, our loan to property value ratio for new lending is typically 65%.

We have continued to grow our packaged trade finance solutions in response to the needs of The Access Bank UK and Access Bank Group customers across Sub-Saharan Africa. With our in-depth knowledge of our customers' businesses and the markets in which they operate we are well positioned to offer competitive credit facilities in support of transactions involving the import of goods into the region. We have also developed our direct trade lending to meet the growing demand from customers in the commodities sector for access to UK credit facilities.

In 2015 we established an office in Dubai to enhance our services to customers even further. Dubai is a hub in the trade corridor importing goods into the Sub-Saharan region and our presence provides an experienced and dependable resource to facilitate transactions for FMCG businesses and buying houses and also for customers in the commodities markets.

Our range of one and two-year fixed Sensible Savings bonds, which were launched in 2014, were enhanced further with the addition of a quick and easy online application and the expansion of the product range to incorporate a new three-year bond. This assisted in growing our customer deposits to £171.1m by year end.

Asset Management

Income:

£1.16m +167% yoy

Property lending book:

£16m +75% yoy

Assets under management:

$53.2m +3.3% yoy

2015 witnessed a significant milestone in the development of The Access Bank UK, both as a commercial organisation and as a brand to be relied upon, when our Asset Management business returned a profit of £235k. This is the first time the business has shown a profit since its inception and reflects our commitment to offering a full range of services to our customers.

Asset Management at The Access Bank UK is built upon strong customer relationships and the delivery of bespoke, high quality services. As such, many high net worth customers who utilise our commercial banking services for their business interests also use our Asset Management services for their personal financial interests.

This reflects accepted practice in many countries around the world for high net worth individuals to manage financial risk by having a portion of their wealth invested offshore. Such is the case for high net worth individuals in Nigeria and other select Sub-Saharan African countries, many of whom bank with Access Bank Group companies.

In general, the Asset Management services provided by The Access Bank UK address the overlapping needs our customers have for building and managing offshore investments. For some customers, we manage existing funds they are seeking to invest in the UK and elsewhere, for other customers we provide loans to leverage such investments, and for others we offer a combination of both services. In recent years we have witnessed steady growth in all three categories of business as our reputation for being a trusted partner in wealth management has grown.

In 2015, our Asset Management business generated revenues from an increasingly diversified income base. This included the development of our investor visa portfolio to incorporate a broader range of investment options and our authorisation to offer both buy-to-let and owner-occupier property loans, further augmented by execution-only portfolio services.

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 of major importance for The Access Bank UK Limited.

Behaving in a socially responsible manner and having respect for all people are values at the heart of our sustainability as a business.

We are committed to building long-term relationships with our customers and developing products and services that meet their evolving needs. As an employer, we provide the leadership and resources to help our staff reach their full potential. And, as an organisation, we actively support growth and opportunity in Nigeria, Sub-Saharan and West Africa.

Passion for customers and those empowered by our business
In addition to service excellence, we strive to achieve the following goals for our customers who use our products and services and all those who are empowered by their contact with our business:

- Economic empowerment: Enabling greater achievement through the provision of finance.
- Financial education: Increasing the understanding of how our products and services work.
- Trust and fair-play: Building long-term relationships based on trust, fairness and transparency.

Empowering our employees
We are firmly committed to the diversity of our workforce and encourage a sense of individual ownership while also fostering team spirit. Reflecting this, we help our employees reach their full potential through the provision of continuous learning opportunities and the tools and training to help them grow.

We are proud to have been awarded Investors in People (IIP) accreditation, which we have held since 2011. This has subsequently been upgraded to IIP Bronze status.

The Bank currently works in partnership with BPP professional apprenticeships and CIPD programmes. We operate the Higher Apprenticeship Scheme, which aims to develop an apprentice's skills, knowledge and abilities in their job role while also requiring them to complete additional learning activities. This helps enhance the skill set and talent pool within the Bank.

It is our belief that the consistently low staff turnover rate enjoyed by The Access Bank UK is in part due to the advances we have made in training and development.

AS AN EMPLOYER, WE PROVIDE THE LEADERSHIP AND RESOURCES TO HELP OUR STAFF REACH THEIR FULL POTENTIAL

Supporting the broader community

Access Bank Group's corporate social responsibility activities have recently focused on women empowerment initiatives and employee volunteering activities.

The empowerment of women project aims to help women with their employability, training and access to finances as well as raising awareness of the importance of gender equality. In 2015, Access Bank hosted the W Awards, which recognised and celebrated Nigerian women who defy the odds to stand out in their career, commerce and the community.

Additionally, Access Bank Group has continued its commitment to a variety of other community initiatives such as school renovations and the sponsoring of less advantaged pupils.

Access Bank supports UNICEF through the high profile Access Bank Charity Shield polo matches in Nigeria that have been run for the past five years in conjunction with 5th Chukker. The sponsorship provides a platform for supporting orphaned and vulnerable children in Nigeria.

In the UK, the private banking arm of The Access Bank UK sponsors the Annual Access Charity Shield at the prestigious Guards Polo Club, Windsor. This provides a foundation for extending the Group's charity partnership to the UK.

Contributing to the renovation of Keke Primary School, Agege, Lagos.

Helping young people through the 'Improving Quality of Education' project.

Supporting UNICEF through Access Bank Charity Shield 2015 tournament

Players in action at Access Bank Charity Shield 2015

Risk management

The Access Bank UK has established a moderate appetite for risk, which is formalised in our published Risk Appetite Statement. This statement covers all areas of credit, liquidity and operational 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 ten business risks. We have embedded enhanced risk management tools across our business and increased the leveraging of investment in IT infrastructure in 2015.

The Access Bank UK complies with all relevant requirements of the European Banking Authority's Recovery Plan and Resolution Pack, with all significant loss and continuity risks for our business identified and analysed. We operate a 'three lines of defence' risk management model: we have identified our top ten key risks, we provide control through front-line staff, compliance and risk management functions, and additional oversight through auditors and Directors.

We support this risk management model with an employee culture in which our risk strategy is firmly embedded and clearly communicated. Risk management is closely integrated within our operations through the attendance of our Risk & Compliance Director at the Executive Committee and all sub-committees. In addition, it is our policy to focus on investment-grade institutions, and only deal with those banks that are generally considered to be both stable and systemically important.

As part of this ongoing risk management strategy, we continue to monitor the ten most significant risks for our business as follows:

Risk	Control strategy
Business Continuity Risk **Losses arising from disruption of business or system failures, including people, systems or infrastructure failures.**	All IT is supported by an offsite recovery centre that is designed to ensure records are secured and operations can be recovered. The Bank has an IT Disaster Recovery plan that has been the subject of a satisfactory audit review. The Bank has enhanced recovery plans by contracting with a work area recovery provider to enable staff to continue to operate in London and Manchester in the event of any interruption or office access restriction. Remote access services for some critical actions have been implemented with HSBC to ensure that these transactions can be performed in the event that systems are lost.
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, currently indefinitely. The Bank has strict policies and procedures to ensure compliance with the Data Protection Act. These include system controls and safeguards that restrict the misuse of data. Documents are required to be the subject of 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.
Regulatory Risk **Impact of New Regulation; Regulatory Returns; Licensing and Authorisation; and Compliance with Laws and Regulations.**	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. An update is provided monthly to the senior management on all new regulatory changes.

Risk	Control strategy
Financial Crime Risk The risk of: Internal Staff Theft and False Accounting; Third Party Fraud; Management Fraud; Cybercrime; and a failure to prevent corruption and bribery as detailed in the Bribery Act 2010. Losses typically involving at least one external third party and/or involving internal staff due to fraud, misappropriation of property or breach of regulations or Bank policy. Cybercrime is criminal activity performed using computers and the internet. This includes stealing from online bank accounts and non-monetary offences, such as creating and distributing viruses.	The Bank has an active monitoring plan to identify 'phishing' site activity and takes immediate action to have these sites removed. The Bank cannot prevent the proliferation of these sites and phishing activity on the internet, and the threat will therefore not be contained and will persist. Front office and back office segregation and four eyes principle controls exist over transactions. Security checks on identity are required to be performed. Call back procedures are performed for payments and all other instructions. The threshold for these controls is subject to periodic change. Internet controls are in place to ensure appropriate security checks are required to be satisfied by customers.
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 cash holding, 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) and Individual Capital Adequacy Assessment Process (ICAAP). The Asset and Liabilities Committee (ALCO) meets regularly to review positions. The PRA approved the Bank's ICAAP modelling and stress testing in early 2015.
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 for each new product/service to identify 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 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 approved by the Management Credit Committee.
Counterparty Risk The Counterparty Exposure Limit refers to the maximum transaction exposure the Bank can have to a counterparty and a requirement to perform ongoing due diligence on trading counterparties and 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 assist with compliance and adherence. New online and real-time systems are being improved which support adherence to these limits. The Bank employs highly qualified Treasury personnel who are supervised by the MD/CEO of the Bank.

Risk	Control strategy
Staff Competence Risk Staff Competence Risk covers: Training and Competence; Health and Safety; Resourcing; and Remuneration.	All senior appointments are the subject of review and approval by the parent, PRA and FCA, and the MD/CEO of the Bank. All staff appointments are the subject of review and interview by the CEO/MD together with appropriate EXCO members. A wider programme of personal development is being managed to improve broader competency amongst Bank employees. The Bank has a policy of reward and remuneration that sits in the upper quartile of industry expectations.
Key Person Risk The risk covers the need for Succession Planning and Professional Indemnity Insurance. The primary reason for business succession planning is to assure that business risk is minimised and is focused on identifying specific back-up candidates for given senior management positions.	Senior roles and positions are supported by deputy appointments; therefore the loss of one individual is unlikely to give rise to immediate disruption. Increasing investment by the Bank in formal training and qualifications across the Bank is increasing the skills and knowledge set and the ability of staff to cover roles. Personal development plans are in place for all staff to ensure that appropriate personal skills development is taking place. The Bank has established good working relations with recruitment agencies and candidates can be readily identified to provide replacement cover if required.
Strategic Risk The loss resulting from a strategy that is defective, ineffective or inappropriate. This includes consideration of: competitor analysis; capital availability; political influence and change; industry; technology and innovation; and customer demand and requirement.	The Bank is a wholly owned subsidiary of an established Nigerian bank which remains committed and supportive of the development of the UK Bank. The Bank operates a robust five-year planning process which takes all strategic risks into account. The ICAAP and ILAAP are prepared on an annual basis and fully reviewed and updated each quarter at ALCO, and any changes presented to Board meetings each quarter. The IT Steering Committee reviews the prioritisation and management of IT projects to ensure that appropriate resource is applied to the most important and priority needs of the Bank and customers.

Board of Directors

1


2


3


4


5


6


1. MR HERBERT WIGWE
Chairman and Non-Executive Director

Herbert Wigwe is the CEO of Access Bank, one of Nigeria's top five banking institutions, which has set itself the goal of becoming the world's most respected African bank. Following a more than 25-year career in financial services including over a decade as Deputy Managing Director, Herbert was appointed CEO and Group Managing Director in January 2013.

Herbert Wigwe began his career at Coopers & Lybrand, Lagos as a management consultant, later qualifying as a Chartered Accountant. After a period at Capital Bank he joined GT Bank where he spent over a decade working in corporate and institutional banking including three years as Executive Director in charge of institutional banking. In 2002 Herbert co-led the acquisition and was given the mandate by the Board to transform a relatively small bank into a world-class financial service provider.

Since then Herbert has been part of a team which has revolutionised the Nigerian banking sector. As Deputy Managing Director Herbert had responsibility for overseeing and providing strategic direction for the Bank; for the subsidiaries; and for increasing market share. As one of Nigeria's foremost corporate bankers he helped develop some of Africa's biggest companies in the construction, telecommunications, energy and oil and gas sectors through a unique model which involved understanding and providing financial support and expertise throughout a company's value chain.

Herbert also served as the Chairman of Access Bank (Ghana) Limited and Access Investment & Securities Limited. He is a Board Member of Nigerian Mortgage Refinance Company and a member of the advisory Board for Friends Africa. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN – FCA), a Fellow of The Institute of Credit Administration, and an Honorary member of the Chartered Institute of Bankers of Nigeria. Herbert has a degree in accountancy from the University of Nigeria, an MA in Banking and Finance from the University College of North Wales, an MSc in Financial Economics from the University of London, and is an alumnus of the Harvard Business School.

2. MR DEREK ROSS
Independent Non-Executive Director

Derek Ross has 43 years' experience in banking, corporate treasury and finance. He is a Chartered Accountant, a Chartered Management Accountant and a Fellow of the Association of Corporate Treasurers. He is a retired Partner of Deloitte London, where he was responsible for the Capital Markets and Risk practice and where his clients included most of the major banks and over a quarter of the top 100 companies. He has served on the Boards of Nationwide Building Society and Friends Life, and is currently on the Boards and Chairs the Audit Committees of GE Capital Bank, Sumitomo Mitsui Banking Corporation Europe and Depository Trust and Clearing Corporation.

3. MR TIM WADE
Independent Non-Executive Director

Tim Wade was formerly a Managing Director of AMP Limited, responsible for the Group's banking operations in the UK and Australia. Previously, Tim was Chief Financial Officer of Colonial Limited, where he was an Executive Director of Colonial State Bank Limited. Before that, Tim worked at Arthur Andersen in Melbourne and Singapore where he became a Partner in 1992. Tim is qualified as a lawyer and an accountant, and has a long career in financial services around the world. Tim is Chairman of the Credit and Remuneration Committees of The Access Bank UK Limited.

Tim is an Independent Non-Executive Director at Resolution Limited, Macquarie Bank International Limited and Monitise PLC. He Chairs the Audit Committee of all three companies. He is also the Chair of the Board of Governors of Coeliac UK.

4. MR OBINNA NWOSU
Non-Executive Director

Obinna Nwosu was appointed the Group Deputy Managing Director and Chief Operating Officer of Access Bank Group in December 2013. Obinna has over two decades of banking experience spanning banking operations, sales, and relationship management, garnered from Guaranty Trust Bank and Access Bank. He joined Access Bank in 2002 as a Senior Manager after nine years at Guaranty Trust Bank. Obinna was a director of several Access Bank subsidiaries including WAPIC Insurance and the banking subsidiaries in Rwanda and Burundi. He holds an MBA (Management) and a Second Class Upper Degree in Accountancy from University of Nigeria, Nsukka. Obinna has attended several Executive Management and Leadership Development programmes in leading international institutions.

Obinna was Divisional Head, Retail Banking of Access Bank until December 2012 when he undertook a post-graduate programme in Public Policy at Columbia University, New York.

5. MR JAMIE SIMMONDS
Chief Executive Officer/Managing Director

Jamie Simmonds was appointed the founding Chief Executive Officer/Managing Director of The Access Bank UK Limited in January 2008. He is an alumnus of Harvard Business School Executive Management Programme. Jamie is also an Associate of the Chartered Institute of Bankers, a Certified Financial Adviser and also a member of the Association of Foreign Bankers.

He has enjoyed a career spanning 39 years in financial services, holding a series of director roles for 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 both Corporate, Retail and Private Banking services.

6. MR SEAN MCLAUGHLIN
Finance Director

Sean McLaughlin is a Chartered Accountant with excellent financial and operational management skills. He has over 18 years of proven success 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 ten years at Credit Lyonnais Securities as Finance Director, where he also had responsibility for the settlements and middle office departments. He then worked for five years at Robert W Baird Limited, the UK subsidiary of the US investment bank, as Chief Operating Officer with responsibility for all operational functions. Prior to joining Access in 2008 he spent two years with an internet start-up developing a property trading exchange dealing with small institutions and investors.

Strategic report

The Directors of The Access Bank UK Limited have pleasure in presenting their Strategic Report for the year ended 31 December 2015.

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 top four banks in Nigeria by many metrics.

The Bank was authorised by the Financial Services Authority ("the FSA") on 12 August 2008. Following the reorganisation of the Regulatory Regime in the UK on 1 April 2013 with the introduction of Twin Peaks regulation, the Bank is currently regulated by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). 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: http://www.fsa.gov.uk/register/firmPermissions.do?sid=197517

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 Nigeria.

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.

Performance of the Bank in 2015

The financial statements for the year ended 31 December 2015 are shown on pages 31 to 55. During the year the Bank grew operating income by 31% from £15.0m to £19.7m, and profit before tax by 72% from £5.0m to £8.6m. The statement of comprehensive income is set out on page 31.

Net fee and commission income grew by only 1.3% from £8.0m to £8.1m, and within this Trade Finance fees were flat year-on-year reflecting the economic headwinds in Nigeria as noted below. Net interest income showed a significant increase of 70% from £6.4m to £10.9m reflecting the increase in the loans to correspondent banks and customers during the year. A further analysis of income is included in notes 4 and 5 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.

Towards the end of the year the Bank's Trade Finance fee income was affected by the events in Nigeria, where the Nigerian domestic economy is currently undergoing significant challenges, associated primarily with the fall in the price of oil, the fall in the value of the Naira, and the restrictions imposed by the Central Bank of Nigeria regarding access to foreign currency, and in particular US Dollars. This is affecting the ability of some of the Bank's trade finance correspondent banks to remit US Dollars and Euro in settlement of their borrowings, although funds do continue to be received on a regular basis. The Directors undertake regular reviews of the impact of these and other factors on the asset quality, capital and liquidity of the Bank. In line with Board and parent company discussions, the Bank has approved a number of extensions to loans denominated in US Dollars and Euro 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 risk is borne by these banks.

The Board's continuous business oversight and risk management activities have resulted in updates to the Bank's business strategy, and appropriate adjustments to lending and other limits, to reflect this current trading environment, and this has resulted in a reduction in the Bank's core trade finance activities into 2016. An increased focus on cash-collateralised trade finance, as well as the Bank's credit risk procedures, will help to mitigate the consequences from any further deterioration in the business environment.

The Bank continues to keep a firm control on costs, which rose by 12% during the year, which is a rate significantly behind the rate of growth of income, with this increase in cost a result of continued investment in delivering our customer service through the opening of our new office in Dubai.

During the year the Bank expanded its Fixed Term Deposit product range which is targeted at the UK retail market, with the introduction of a three-year deposit. Deposits for this product continue to grow at a consistent and satisfactory rate in line with plan.

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	2015	2014
Cost to income	**56.57%**	66.67%
Return on average shareholders' equity	**13.19%**	9.04%
Loans to deposit	**84.07%**	78.27%
Non interest income/total operating income	**44.67%**	57.19%

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 September 2015. The improvement in the return reflects the significant increase in the Bank's operating income and continued control over the rate of increase in costs.

The improvement in the cost to income ratio is as a result of the 31% growth in income during the year whilst costs were well controlled and increased by 12% as noted above.

During the year, the ratio of loans to deposits increased to 84.07%, as a result of the provision of short-term trade finance related loans to customers and correspondent banks (including Access Bank Plc), following the negotiation of the underlying trade finance instruments. In addition the Bank has expanded its lending book secured on property, which includes both owner occupied and investment property, as evidenced in note 12. The tenor of these loans range from five to twenty five years.

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 2015 the Bank's equity shareholders' funds stood at £78.8m.

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 2015 the Bank's regulatory capital base was £78.6m and the Bank had a Tier 1 capital ratio of 23.9%.

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 2015 is set out in note 23 of the audited financial statements. The Bank undertakes daily liquidity compliance monitoring to ensure that funds are properly managed and PRA liquidity limits are fully met at all times.

Note 23 of the audited 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 assets £451m (74%) had a contractual maturity date of less than three months, and only £122m (20%) had a contractual maturity date of more than one year. This latter figure includes £13m of syndicated loans to banks, and £65m of loans that were either secured on investment properties in the United Kingdom, or portfolios held by the Asset Management division.

Included in the total of available for sale investments were £5.7m of government securities that constituted eligible liquidity buffer securities, which were held to meet the PRA's liquidity requirements, and which 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, which have increased during 2015 and into 2016 given the situation in Nigeria noted above. The principal risks that the Bank faces vary across the different businesses and include principally credit risk and liquidity risk. All risks are formally reviewed by the Board Risk and Audit Committee, and 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.

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 audited 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.

Strategic report
continued

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. In 2013 the Directors began the process of building on this platform with the goal of creating the most profitable Nigerian bank in the UK, and increasing the UK contribution to parent bank Group performance, and this process continued in 2015.

To guide progress towards this new goal, in late 2013 the Bank developed a second five-year plan that embodies the same principles that have guided the Bank's development to date. 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 second five-year plan covering the period 2014 to 2018 assumes 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 and Ghana; 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.

The Directors believe that, subject to a satisfactory out-turn in the current situation in Nigeria, which is impacting trade and business volumes generally, the outlook for the Bank is a positive one. In 2015 the Bank outperformed the projections for the year included in the Bank's second five-year plan. With regard to the Bank's core trade finance markets in Africa, Nigeria remains the key market. Nigeria's growth has increasingly been a key theme of the global economy and it is seen as representing one of the economies with strong growth potential. The recent decline in the global oil price has caused significant economic headwinds in Nigeria, reducing US Dollar based trade and creating uncertainty for the Naira. The latest forecasts estimate that Nigerian GDP is still expected to grow albeit at a reduced rate of circa 2.5% – 3% for 2016. The Bank will therefore continue to have a key role to play in facilitating the flow of trade to and from the country, despite the current challenges being experienced.

The Bank will also continue to leverage the brand recognition that it enjoys in its chosen markets to broaden its base of trade finance and commercial banking customers. The Bank's success in expanding the scope of its trade finance, correspondent and syndication businesses demonstrates the potential that exists in these areas, and helps to ensure that as in the first five years, the growth that the Bank delivers will continue on a sustainable basis.

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

J Simmonds
Director
7 April 2016

ESTABLISHING STRONG RELATIONSHIPS WITH ALL OUR CUSTOMERS

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 2015.

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 £2,250 (2014: £2,000).
No political donations were made during the year (2014: nil).

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

H Wigwe	Chairman
O Nwosu	Non-Executive Director
D Ross	Independent Non-Executive Director
T Wade	Independent Non-Executive Director
J Simmonds	Chief Executive Officer/Managing Director
S McLaughlin	Finance Director

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 2015 the Bank had a high 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 2015 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, and that the Bank has received confirmation of the continued financial support of the parent bank in Nigeria. 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.

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, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Board Risk and Audit Committee.

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
Director
7 April 2016

Company Registration No. 06365062

Statement of Directors' responsibilities
in respect of the Directors' Report and financial statements

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 company 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.

Independent auditor's report

to the members of The Access Bank UK Limited

Report on the financial statements

Our opinion

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

- give a true and fair view of the state of the Bank's affairs as at 31 December 2015 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.

What we have audited

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2015;
- the Statement of comprehensive income for the year then ended;
- the Statement of cash flow for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities in respect of the Directors' Report and Financial Statements set out on page 29, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Bank's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Jeremy Foster

Jeremy Foster
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors London
7 April 2016

Statement of comprehensive income

for the year ended 31 December 2015

	Note	**Year ended 31 December 2015 £**	Year ended 31 December 2014 £
Income			
Interest income	4	14,073,534	7,517,695
Interest expense		(3,157,909)	(1,092,637)
Net interest income		10,915,625	6,425,058
Fee and commission income	5	8,247,127	8,144,614
Fee and commission expense	5	(116,353)	(132,147)
Net fee and commission income		8,130,774	8,012,467
Other income		681,563	572,048
Operating income		**19,727,962**	**15,009,573**
Expenses			
Personnel expenses	7	(7,682,177)	(6,720,147)
Depreciation and amortisation	8	(131,001)	(199,511)
Other expenses		(3,347,438)	(3,086,511)
Total expenses		**(11,160,616)**	**(10,006,169)**
Operating profit before tax		8,567,346	5,003,404
Taxation	10	(1,664,330)	(1,028,899)
Profit for the year		**6,903,016**	**3,974,505**
Other comprehensive income			
items that may be subsequently reclassified to profit or loss			
Change in value of available-for-sale financial assets		(276,169)	(300,069)
Total comprehensive income for the year		**6,626,847**	**3,674,436**

The notes on pages 35 to 55 form an integral part of these financial statements.

Statement of financial position

As at 31 December 2015

	Note	31 December 2015 £	31 December 2014 £
Assets			
Cash at bank		117,647,524	33,102,658
Money market placements		35,001,521	35,898,420
Loans and advances to banks	11	295,961,169	223,036,626
Loans and advances to customers	12	146,217,408	94,704,132
Available for sale investments	13	7,813,426	69,735,372
Held to maturity investments	14	6,484,638	6,205,839
Property, plant and equipment	15	998,915	622,084
Intangible assets	16	101,364	108,586
Other assets	17	4,723,429	2,898,790
Deferred tax asset		-	85,101
Total assets		**614,949,394**	**466,397,608**
Liabilities			
Deposits from banks	18	354,869,538	324,355,083
Deposits from customers	19	171,112,175	81,587,463
Other liabilities	20	10,161,622	3,275,850
Total liabilities		**536,143,335**	**409,218,396**
Equity			
Share capital	24	73,000,000	58,000,000
Retained earnings		6,355,523	(547,493)
Available for sale reserve		(549,464)	(273,295)
Total equity		78,806,059	57,179,212
Total liabilities and equity		**614,949,394**	**466,397,608**

The notes on pages 35 to 55 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 7 April 2016.

They were signed on its behalf by:

J. Simmonds
Managing Director/Chief Executive Officer
7 April 2016

S. McLaughlin
Finance Director

Company Registration No. 06365062

Statement of changes in equity

For the year ended 31 December 2015

	Share capital £	Retained earnings £	Available for sale reserve £	Total equity £
Balance as at 1 January 2015	58,000,000	(547,493)	(273,295)	57,179,212
Profit for the year	-	6,903,016	-	6,903,016
Other comprehensive income for the year	-	-	(276,169)	(276,169)
Total comprehensive income for the year	-	6,903,016	(276,169)	6,626,847
Proceeds from shares issued	15,000,000	-	-	15,000,000
Balance at 31 December 2015	**73,000,000**	**6,355,523**	**(549,464)**	**78,806,059**

	Share capital £	Retained earnings £	Available for sale reserve £	Total equity £
Balance as at 1 January 2014	58,000,000	(4,521,998)	26,774	53,504,776
Profit for the year	-	3,974,505	-	3,974,505
Other comprehensive income for the year	-	-	(300,069)	(300,069)
Total comprehensive income for the year	-	3,974,505	(300,069)	3,674,436
Proceeds from shares issued	-	-	-	-
Balance at 31 December 2014	**58,000,000**	**(547,493)**	**(273,295)**	**57,179,212**

The notes on pages 35 to 55 form an integral part of these financial statements.

Statement of cash flow

For the year ended 31 December 2015

	Note	**Year ended 31 December 2015 £**	Year ended 31 December 2014 £
Cash flows from operating activities			
Profit before tax		**8,567,346**	**5,003,404**
Adjustments for:			
Depreciation	15	85,166	93,171
Amortisation	16	45,835	106,340
Operating cash flows before movements in working capital		**8,698,347**	**5,202,915**
Changes in money market placements		896,899	311,401,591
Changes in loans and advances to banks and customers		(124,437,819)	(206,577,304)
Changes in other assets		(1,824,639)	353,776
Changes in deposits from banks		30,514,455	(81,789,244)
Changes in deposits from customers		89,524,712	(43,614,379)
Changes in other liabilities		5,306,543	1,967,059
		(19,849)	**(18,258,501)**
Taxation paid		-	-
Net cash inflow generated from/ (used in) operating activities		**8,678,498**	**(13,055,586)**
Cash flows from investing activities			
Net disposal of investment securities		61,366,978	8,748,766
Purchase of property, plant and equipment		(461,997)	(478,547)
Purchase of intangible assets		(38,613)	(62,015)
Net cash generated from investing activities		**60,866,368**	**8,208,204**
Cash flows from financing activities			
Net proceeds from issue of share capital		15,000,000	-
Net cash inflows generated from financing activities		15,000,000	-
Net increase/(decrease) in cash and cash equivalents		**84,544,866**	**(4,847,382)**
Cash and cash equivalents at the beginning of the year		33,102,658	37,950,040
Cash and cash equivalents at the end of the year		**117,647,524**	**33,102,658**

The notes on pages 35 to 55 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2015

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 parent and ultimate parent undertaking is Access Bank Plc, a bank incorporated in Nigeria. The Bank primarily provides trade finance, treasury services, correspondent banking, commercial banking, private banking, and asset management to corporate and retail customers.

The Bank is not required to adopt the following Standards and Interpretations which are issued by IASB but not yet effective (and in some cases had not yet been endorsed by the EU):

- IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018)

IFRS 9 addresses the classification, measurement and recognition of financial assets and liabilities. It replaces the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset.

There is also a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The Bank is yet to fully assess IFRS 9's impact but it is not expected to be material.

- IFRS 15 Revenue from contracts (effective for accounting periods beginning on or after 1 January 2017).

This replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 establishes principles for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Financial instruments, leases and insurance contracts are out of scope and so this standard is not expected to have an impact on the Bank.

- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019)

On 13 January 2016 the IASB issued IFRS 16 to replace IAS 17 Leases. IFRS 16 requires lessees to recognise a right of use asset and a liability for future payments arising from a lease contract. Lessor accounting requirements remain aligned to the current approach under IAS 17. The changes are not expected to have a significant impact on the Bank.

- Amendments to IAS 7 Statement of Cash Flows and IAS 12 Income Taxes (effective for annual periods beginning on or after 1 January 2017)

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows which require additional disclosure about an entity's financing activities and IAS 12 Income Taxes which clarify when a deferred tax asset should be recognised for unrealised losses. These revised requirements, which are effective for annual periods beginning on or after 1 January 2017, are not expected to have a significant impact on the Bank.

2. Basis of preparation and significant accounting policies

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 available for sale financial assets and derivative financial instruments at fair value through profit or loss.

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 24 to 26. Note 23 to the financial statements includes the Bank's financial risk management objectives, details of its financial instruments and hedging activities, 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.

After making enquiries, the Directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. The Directors have satisfied themselves that there is no evidence to believe that a material uncertainty exists in respect of the economic situation in Nigeria that might cast doubt on the Bank's going concern assumption. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Foreign currency translation

The financial statements are presented in sterling, 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 sterling at the balance sheet date. Non-monetary assets and liabilities are translated into sterling at the effective historical rate used on the date of initial recognition. Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in the profit or loss for the year.

Notes to the financial statements continued

For the year ended 31 December 2015

2. Basis of preparation and significant accounting policies (continued)

Changes in accounting policy

There have been no changes in accounting policy during 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.

Interest income and expense

Interest income and expense for all interest bearing financial instruments are recognised in interest and similar income and interest expenses and similar charges in the income statement using the effective interest rates of the financial assets or financial liabilities to which they relate.

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.

Financial instruments

Financial assets and financial liabilities are recognised in the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities

On initial recognition, financial assets are classified into fair value through profit or loss (FVTPL), available for sale financial assets, held to maturity investments or loans and receivables. Financial liabilities are measured at amortised cost, except for trading liabilities and other financial liabilities designated at fair value through profit or loss on initial recognition which are held at fair value. The Bank initially recognises loans and receivables and deposits when the Bank becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of securities and other financial assets and trading liabilities are recognised on trade date, being the date that the Bank is committed to purchase or sell an asset.

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognise a collateralised borrowing for the process received.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation is discharged), cancelled or expire.

Financial instruments at FVTPL

Financial instruments are classified as at FVTPL where the financial instrument is either held for trading or it was designated by management as being at FVTPL on initial recognition.

A financial instrument is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identical portfolio of financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designed and effective as a hedging instrument.

A financial instrument other than a financial instrument held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial instrument forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the Bank is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial instruments at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest on the financial instrument.

Use of effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees payable or receivable that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Held to maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available for sale

Available for sale financial assets are non-derivatives. These assets are initially recognised at fair value, with subsequent changes recognised in equity until the financial assets are derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in statement of comprehensive income.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Collateral and other credit enhancements

The Bank holds collateral against certain loans and advances to customers in the form of cash margins, pledges/liens over deposits, mortgage interests over property, 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.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For bonds classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

When an AFS debt instrument is considered to be impaired, cumulative gains previously recognised in equity are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Bank after deducting all of its liabilities.

Equity instruments issued by the Bank are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Other financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Notes to the financial statements continued

For the year ended 31 December 2015

2. Basis of preparation and significant accounting policies (continued)

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 20 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.

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	4 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 bases:

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.

Impairment of non-financial assets

The Bank reviews the carrying amounts of its 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 Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. 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 Group'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 shares vest after three years and are settled in cash at the end of the vesting period. The shares are valued at market price and any gains and losses are recognised in other comprehensive income. As the shares are cash settled, over the course of the vesting period a liability is recognised in the statement of financial position and an expense is recognised in the statement of comprehensive income in operating expenses. Should any employee within the scheme leave the Bank within the vesting period, the shares may be forfeited.

3. Critical accounting judgements and key sources of estimation uncertainty

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. The Directors consider that the critical accounting judgements and estimates which have the most significance for the financial statements are in relation to the valuation of Level 2 financial instruments.

Notes to the financial statements continued

For the year ended 31 December 2015

4. Interest income

	2015 £	2014 £
Derived from		
Cash and cash equivalents	4,820	3,299
Loans and advances to banks	6,791,909	2,116,125
Loans and advances to customers	6,601,702	4,728,014
Investment securities	675,103	670,257
Total interest income	14,073,534	7,517,695

5. Fee and commission income and expense

	2015 £	2014 £
Derived from		
Trade finance	7,264,077	7,295,200
Funds transfer	159,061	334,179
Other	823,989	515,235
Total fees and commission income	8,247,127	8,144,614
Fee and commission expense on trade finance	(116,353)	(132,147)
Net fees and commission income	8,130,774	8,012,467

6. Business and geographical segments

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

7. Information regarding Directors and employees

Employment costs are as follows:

Personnel expenses	2015 £	2014 £
Wages and salaries	6,280,412	5,524,588
Pension costs – defined contribution scheme	456,726	421,747
Social security costs	672,801	563,662
Other personnel expenses	272,238	210,150
Total personnel expenses	7,682,177	6,720,147

Included in wages and salaries is the sum of £300,000 (2014: £160,000) in respect of bonuses that 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 up to the tenth anniversary of the award date. On vesting the shares are settled in cash. 12,908,532 shares with an initial value of £302,872 were granted in 2015 (2014: 5,418,085 shares with an initial value of £186,000). 258,039 shares were forfeited in the year (2014: none).

7. Information regarding Directors and employees (continued)

	2015	2014
Number of employees at year end	102	98
Average number of employees during the year	100	96

During the year, there were an average of 44 (2014: 44) employees involved in fee-earning roles and 56 (2014: 52) in administration.

Included within employment costs are:

Directors' remuneration and fees	**2015 £**	2014 £
Fees	140,000	140,000
Other emoluments	1,013,401	941,394
Pension contributions	63,151	61,611
	1,216,552	1,143,005

The highest paid Director received emoluments excluding pension contribution totalling of £685,091 (2014: £619,384) and pension of £37,320 (2014: £36,410). Retirement benefits are accrued under defined contribution schemes.

8. Operating profit before tax

	2015 £	2014 £
Operating profit before tax is stated after charging		
Depreciation	85,166	93,171
Amortisation	45,835	106,340

9. Auditor's remuneration

	2015 £	2014 £
Fees payable to company's auditor for the audit of the financial statements		
Audit of these financial statements	67,200	69,000
Audit of the year end Group reporting package	28,000	20,000
Audit of the half year Group reporting package	35,000	35,000
Total auditor's remuneration	130,200	124,000

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

10. Taxation

	2015 £	2014 £
Current tax		
Analysis of tax charge on the profit for the year:		
UK Corporation tax based on profit for the year	1,642,721	1,028,899
Deferred tax:		
Effect of tax rate change	21,609	-
Tax charge on profits on ordinary activities	1,664,330	1,028,899
Effective tax rate	19.43%	20.56%

Notes to the financial statements continued

For the year ended 31 December 2015

10. Taxation (continued)

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:

	2015 £	2014 £
Reconciliation of tax charge on profit for the year		
Profit on ordinary activities before taxation	8,567,346	5,003,404
Profit on ordinary activities multiplied by the rate of UK	1,734,888	1,075,732
Corporation tax at 20.25% (2014: 21.5%)		
Effect of:		
Expenses not deductible for tax purposes	1,512	23,747
Capital allowances less than depreciation	(93,325)	(70,580)
Adjustment to tax charge in respect of previous periods	(354)	-
Effect of tax rate change	21,609	-
Current tax expense	1,664,330	1,028,899

Deferred tax asset	2015 £	2014 £
Balance as at 1 January	85,101	1,114,000
Effect of tax rate change	(21,609)	-
Utilised in period	(63,492)	(1,028,899)
Balance as at 31 December	-	85,101

The main rate of corporation tax for the tax year beginning 1 April 2015 was reduced to 20% and this resulted in a weighted average rate of 20.25% for 2015 (2014: 21.5%).

11. Loans and advances to banks

	2015 £	2014 £
Loans to Group undertakings	163,200,698	106,964,970
Loans to other banks	132,760,471	116,071,656
	295,961,169	223,036,626

Loans and advances to banks are categorised as 'loans and receivables' in accordance with IAS 39. See note 2 for definition.

As at 31 December 2015 there were no impaired loans (2014: nil). The fair value of the cash collateral held and the maturity profile of these loans is discussed in note 23.

12. Loans and advances to customers

	2015 **£**	2014 £
Commercial loans and advances	81,462,971	68,023,024
Loans secured on property	59,245,543	20,413,905
Other secured personal loans	5,508,894	6,267,203
	146,217,408	94,704,132

Loans and advances to customers are categorised as 'loans and receivables' in accordance with IAS 39. See note 2 for definition.

As at 31 December 2015 there were no impaired loans (2014: nil). The maturity profile of these loans is disclosed in note 23.

13. Available for sale investments

	2015 **£**	2014 £
Treasury bills and government bonds	5,739,338	61,764,428
Bank bonds	2,074,088	7,970,944
	7,813,426	69,735,372

As at 31 December 2015 there were no impaired investments (2014: nil).

The maturity analysis of these available for sale investments is disclosed in note 23.

The Treasury bills and government bonds are held as part of the Bank's liquidity buffer.

14. Held to maturity investments

	2015 **£**	2014 £
Bank bonds	6,484,638	6,205,839
	6,484,638	6,205,839

No held to maturity investments were purchased in the year (2014: nil). As at 31 December 2015 there were no impaired investments (2014: nil).

The maturity analysis of these held to maturity investments is disclosed in note 23.

Notes to the financial statements continued

For the year ended 31 December 2015

15. Property, plant and equipment

	Leasehold improvements £	Computer equipment £	Motor vehicles £	Furniture, fixtures and fittings £	Capital work in progress £	Total £
Cost						
Balance at 1 January 2015	321,406	294,717	88,123	191,214	373,611	1,269,071
Additions	-	7,139	-	3,408	451,450	461,997
Disposals	-	-	-	-	-	-
Balance at 31 December 2015	321,406	301,856	88,123	194,622	825,061	1,731,068
Balance at 1 January 2014	321,406	242,656	42,577	183,885	-	790,524
Additions	-	52,061	45,546	7,329	373,611	478,547
Disposals	-	-	-	-	-	-
Balance at 31 December 2014	321,406	294,717	88,123	191,214	373,611	1,269,071

	Leasehold improvements £	Computer equipment £	Motor vehicles £	Furniture, fixtures and fittings £	Capital work in progress £	Total £
Accumulated depreciation						
Balance at 1 January 2015	(201,649)	(252,966)	(36,016)	(156,356)	-	(646,987)
Depreciation for the year	(26,894)	(22,395)	(19,592)	(16,285)	-	(85,166)
Disposals	-	-	-	-	-	-
Balance at 31 December 2015	(228,543)	(275,361)	(55,608)	(172,641)	-	(732,153)
Balance at 1 January 2014	(174,755)	(227,808)	(19,583)	(131,670)	-	(553,816)
Depreciation for the year	(26,894)	(25,158)	(16,433)	(24,686)	-	(93,171)
Disposals	-	-	-	-	-	-
Balance at 31 December 2014	(201,649)	(252,966)	(36,016)	(156,356)	-	(646,987)
Net book value						
At 31 December 2015	92,863	26,495	32,515	21,981	825,061	998,915
At 31 December 2014	119,757	41,751	52,107	34,858	373,611	622,084

Capital work in progress represents costs incurred in the upgrade of the Bank's IT infrastructure and will be depreciated when brought into use.

16. Intangible assets

	2015 £	2014 £
Cost		
Balance at the beginning of the year	1,120,507	1,058,492
Additions	38,613	62,015
Balance at the end of the year	1,159,120	1,120,507
Accumulated amortisation		
Balance at the beginning of the year	(1,011,921)	(905,581)
Amortisation for the year	(45,835)	(106,340)
Balance at the end of the year	(1,057,756)	(1,011,921)
Net book value		
Balance at the end of the year	101,364	108,586

The intangible assets relate to software licences purchased.

17. Other assets

	2015 £	2014 £
Derivative financial instruments (see note 21)	217,225	126,418
Accrued income	1,292,765	608,595
Amounts due from fellow Group undertakings	2,061,926	1,163,340
Other receivables	443,512	340,070
	4,015,428	2,238,423
Non-financial assets		
Prepayments	708,001	660,367
	4,723,429	2,898,790

18. Deposits from banks

	2015 £	2014 £
Amounts due to Group undertakings	243,277,649	233,299,932
Amounts due to other banks	111,591,889	91,055,151
	354,869,538	324,355,083

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

19. Deposits from customers

	2015 £	2014 £
Current accounts	65,944,476	58,471,864
Deposit accounts	105,167,699	23,115,599
	171,112,175	81,587,463

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

Notes to the financial statements continued

For the year ended 31 December 2015

20. Other liabilities

	2015 £	2014 £
Financial liabilities		
Trade creditors	157,418	15,426
Derivative financial instruments (see note 21)	2,299,202	896,015
Amounts due to fellow Group undertakings	21,744	27,960
Social security and other taxes	1,868	318
Provision for corporation tax	1,579,229	-
Other financial creditors	466,164	276,658
Deferred income	3,633,907	530,860
	8,159,532	1,747,237
Non-financial liabilities		
Other creditors including accrued expenses	2,002,090	1,528,613
	10,161,622	3,275,850

21. Derivative financial instruments

Forward foreign currency contracts	2015 £	2014 £
Receivables	217,225	126,418
Payables	(2,299,202)	(896,015)

Derivative financial instruments consist of short-term forward 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 2015. All forward contracts are considered to be Level 2 i.e. are priced with reference to observable market data.

22. Commitments and contingencies

a) Pension commitments

The Bank provides a defined pension contribution 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 £456,726 (2014: £421,747) were charged to the income statement. As at balance sheet date there was a pension payable balance of £3,406.

b) Trade finance – contingent liabilities

	2015 £	2014 £
Letters of credit (including cash-backed)	97,629,582	147,856,306
Risk participation	-	3,510,330
Guarantees	3,043,776	3,815,132
	100,673,358	155,181,768

Included in letters of credit and guarantees are cash collateralised transactions amounting to £67,315,913 (2014: 79,703,612).

22. Commitments and contingencies (continued)

c) Operating lease commitments

Non-cancellable operating lease payables	2015 £	2014 £
Less than 1 year	620,783	694,893
1 – 5 years	377,699	831,783
Above 5 years	553,675	-
	1,552,157	1,526,676

The above table shows the total of future minimum lease payments under non-cancellable operating leases including value added tax. Significant lease payables relate to the Bank's leased properties. During the year, £611,084 (2014: £606,901) was recognised as an expense in the income statement in respect of operating leases.

23. Financial instruments

a) Classifications and fair value

The accounting policies in note 2 describe how different classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

Financial instruments classification

2015	Loans & receivables £	Financial assets at fair value through profit or loss £	Held to maturity investments £	Available for sale investments £	Total £
Assets					
Cash and cash equivalents	152,649,045	-	-	-	152,649,045
Loans and advances to banks	295,961,169	-	-	-	295,961,169
Loans and advances to customers	146,217,408	-	-	-	146,217,408
Derivatives	-	217,225	-	-	217,225
Investment securities	-	-	6,484,638	7,813,426	14,298,064
Other financial assets	3,798,203	-	-	-	3,798,203
Total assets	598,625,825	217,225	6,484,638	7,813,426	613,141,114

	Other financial liabilities at amortised cost £	Financial liabilities at fair value through profit or loss £	Total £
Liabilities			
Deposits from banks	354,869,538	-	354,869,538
Deposits from customers	171,112,175	-	171,112,175
Derivatives	-	2,299,202	2,299,202
Other financial liabilities	5,860,330	-	5,860,330
Total liabilities	531,842,043	2,299,202	534,141,245

Notes to the financial statements continued

For the year ended 31 December 2015

23. Financial instruments (continued)

2014	Loans & receivables £	Financial assets at fair value through profit or loss £	Held to maturity investments £	Available for sale financial assets £	Total £
Assets					
Cash and cash equivalents	69,001,078	-	-	-	69,001,078
Loans and advances to banks	223,036,626	-	-	-	223,036,626
Loans and advances to customers	94,704,132	-	-	-	94,704,132
Derivatives	-	126,418	-	-	126,418
Investment securities	-	-	6,205,839	69,735,372	75,941,211
Other financial assets	2,112,005	-	-	-	2,112,005
Total assets	388,853,841	126,418	6,205,839	69,735,372	464,921,470

	Other financial liabilities at amortised cost £	Financial liabilities at fair value through profit or loss £	Total £
Liabilities			
Deposits from banks	324,355,083	-	324,355,083
Deposits from customers	81,587,463	-	81,587,463
Derivatives	-	896,015	896,015
Other financial liabilities	851,222	-	851,222
Total liabilities	406,793,768	896,015	407,689,783

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. 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.

2015	**Level 1 £**	**Level 2 £**	**Level 3 £**	**Total £**
Financial assets at fair value through profit or loss				
Derivatives	-	217,225	-	217,225
Available for sale financial assets:				
Investment securities	7,476,755	336,671	-	7,813,426
	7,476,755	553,896	-	8,030,651
Financial liabilities at fair value through profit or loss				
Derivatives	-	2,299,202	-	2,299,202
	-	2,299,202	-	2,299,202

23. Financial instruments (continued)

2014	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Derivatives	-	126,418	-	126,418
Available for sale financial assets:				
Investment securities	67,870,718	1,864,654	-	69,735,372
	67,870,718	1,991,072	-	69,861,790
Financial liabilities at fair value through profit or loss				
Derivatives	-	896,015	-	896,015
	-	896,015	-	896,015

b) Risk Management

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 Risk and Audit Committee and the Internal Audit function.

c) Credit risk

The credit risk that the Bank faces arises mainly from trade finance, treasury activities and lending.

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.

Notes to the financial statements continued

For the year ended 31 December 2015

23. Financial instruments (continued)

Age analysis of past due but not impaired assets

The table below shows the age analysis of past due but not impaired risk assets. These relate to a number of customers for whom there is no recent history of default.

	2015 £	2014 £
Less than three months	21,418	860
Between three to six months	134,381	-
Over six months but less than one year	-	-
Over one year	-	-
	155,799	860

The table below shows the Bank's exposure to credit risk based on the markets and countries 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.

	2015 £	2014 £
Concentration by sector		
Banks	460,208,276	308,001,832
Corporate	95,715,865	74,794,788
Government/Multilateral Development Banks	5,894,223	61,949,856
Retail	51,322,750	20,174,994
	613,141,114	464,921,470
Concentration by location		
Africa	378,550,436	269,098,372
Europe	168,460,154	61,425,912
Other	66,130,524	134,397,186
	613,141,114	464,921,470

The above sector and geographical analyses only include cash at bank and in hand, loans and advances to banks and to customers, financial assets held-to-maturity, financial assets available-for-sale and financial assets – derivatives.

The Bank extends credit facilities to quality rated and unrated counterparties. In respect of placements with market counterparties, 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 2015 79% of the Bank's cash and cash equivalents were held with high quality financial institutions, with ratings of A- or above (2014: 99%).

As at 31 December 2015, the Bank's maximum exposure to credit was £716m (2014: £620m), none of which was deemed to be impaired or doubtful (2014: nil). These amounts include all financial assets and trade commitments.

Total trade related exposure was £478m (2014: £446m) against which the Bank held cash collateral of £246m (2014: £200m).

Included in loans and advances to banks and customers are collateralised transactions amounting to £179m (2014: £121m).

d) Market risk

The market risk that the Bank faces is in changes in market prices, such as interest rates, foreign exchange rates and credit spreads, 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 maximum open position and it is measuring and monitoring this open position on a daily basis. The Bank does not intend to hold securities or undertake any 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.

23. Financial instruments (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.

2015	**Sterling £**	**US Dollars £**	**Euro £**	**Other currencies £**	**Total £**
Assets	148,573,750	448,100,049	16,197,965	269,350	613,141,114
Liabilities	123,548,256	403,470,657	6,977,779	144,553	534,141,245
Foreign exchange forward contracts	54,086,660	(44,687,966)	(9,285,279)	(113,415)	-
Net financial assets/(liabilities)	79,112,154	(58,574)	(65,093)	11,382	78,999,869

2014	Sterling £	US Dollars £	Euro £	Other currencies £	Total £
Assets	34,714,601	421,742,405	8,270,058	194,406	464,921,470
Liabilities	49,382,650	343,002,176	15,291,242	13,715	407,689,783
Foreign exchange forward contracts	72,030,628	(78,881,690)	7,023,530	(172,468)	-
Net financial assets/(liabilities)	57,362,579	(141,461)	2,346	8,223	57,231,687

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 change 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.

Overall non-trading interest rate risk positions are managed by the Treasury department, 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 has been carried out on floating rate assets and liabilities as at year end using a 100 basis points increase/(decrease) in interest rates and the interest rate risk is considered to be immaterial.

e) 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 Risk Policy and Liquidity Risk Appetite Statement, within the guidelines issued by the Prudential Regulation Authority. The Directors are primarily responsible for overseeing the implementation of the Liquidity Risk Policy of the Bank and ensuring that the Bank has appropriate procedures to ensure that the Bank's Liquidity Risk Appetite is 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 ("ILAA"). 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 ILAA, 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.

Notes to the financial statements continued

For the year ended 31 December 2015

23. Financial instruments (continued)

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, there is no significant difference between the contractual amounts of financial liabilities and their carrying amount.

2015	Less than 3 months £	Between 3 & 12 months £	More than 12 months £	Carrying amount £
Assets				
Cash and cash equivalents	152,649,045	-	-	152,649,045
Loans and advances to banks	234,289,801	20,486,654	41,184,714	295,961,169
Loans and advances to customers	55,031,875	12,575,526	78,610,007	146,217,408
Financial derivatives	217,225	-	-	217,225
Investment securities	5,739,338	6,484,638	2,074,088	14,298,064
Other financial assets	3,288,335	285,818	224,050	3,798,203
Total assets	451,215,619	39,832,636	122,092,859	613,141,114
Liabilities				
Customer deposits	110,979,565	15,221,231	44,911,379	171,112,175
Deposits from banks	203,334,813	151,534,725	-	354,869,538
Financial derivatives	2,116,150	183,052	-	2,299,202
Other financial liabilities	1,970,892	367,091	3,522,347	5,860,330
Total liabilities	318,401,420	167,306,099	48,433,726	534,141,245

Included in the Cash and cash equivalents is an amount of £55m held in a reserve account with the Bank of England and included in Investment securities are £7.8m of Treasury bills and government bonds held on an available for sale basis. Both amounts are held to meet liquidity buffer requirements, which can be drawn upon on demand.

2014	Less than 3 months £	Between 3 & 12 months £	More than 12 months £	Carrying amount £
Assets				
Cash and cash equivalents	68,137,364	863,714	-	69,001,078
Loans and advances to banks	159,433,734	47,515,113	16,087,779	223,036,626
Loans and advances to customers	53,952,748	15,693,128	25,058,256	94,704,132
Financial derivatives	126,418	-	-	126,418
Investment securities	-	34,722,382	41,218,829	75,941,211
Other financial assets	1,727,746	152,819	231,440	2,112,005
Total assets	283,378,010	98,947,156	82,596,304	464,921,470
Liabilities				
Customer deposits	76,030,412	757,862	4,799,189	81,587,463
Deposits from banks	180,363,217	143,991,866	-	324,355,083
Financial derivatives	896,015	-	-	896,015
Other financial liabilities	300,386	414,040	136,796	851,222
Total liabilities	257,590,030	145,163,768	4,935,985	407,689,783

23. Financial instruments (continued)

f) Capital management

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital at 31 December 2015 was £78,806,059 (2014: £57,179,212). Regulatory capital is determined in accordance with the requirements of the PRA in the UK. Total regulatory capital as at 31 December 2015 was £78,700,370 (2014: £56,981,059).

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 2015 in accordance with these definitions as laid out in the table below:

Capital resources	2015 £	2014 £
Tier 1 capital		
Shareholders' funds	78,806,059	57,179,212
Less:		
Intangible assets	(101,364)	(108,586)
CRD IV adjustments:		
Deferred tax	-	(85,101)
Unrealised gains	(4,325)	(4,466)
Total Tier 1 capital	78,700,370	56,981,059
Total regulatory capital	78,700,370	56,981,059

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 2015	58,000,000	58,000,000
Proceeds from shares issued	15,000,000	15,000,000
As at 31 December 2015	73,000,000	73,000,000

	Ordinary shares	
	No. of shares	Amount £
As at 1 January 2014	58,000,000	58,000,000
Proceeds from shares issued	-	-
As at 31 December 2014	58,000,000	58,000,000

At 31 December 2015 the issued share capital comprised 73,000,000 ordinary shares (2014: 58,000,000) with a par value of £1. All issued shares are fully paid. On 14 September 2015, Access Bank Plc purchased a further 15,000,000 shares at par.

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.

Notes to the financial statements continued

For the year ended 31 December 2015

25. Related party transactions

Key management personnel are considered to be the Directors. Disclosures regarding Directors' emoluments and other transactions are given in note 7.

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

	2015 £	2014 £
Assets		
Amounts due from parent bank	161,563,668	105,116,140
Amounts from fellow subsidiaries	3,742,384	3,234,798
	165,306,052	108,350,938
Liabilities		
Amounts due to parent bank	216,210,018	203,822,475
Amounts due to fellow subsidiaries	27,426,046	29,477,457
	243,636,064	233,299,932
Fees and commission income		
Parent bank	1,205,219	2,046,308
Fellow subsidiaries	622,829	1,326,135
	1,828,048	3,372,443
Interest income		
Parent bank	3,446,561	1,418,962
Fellow subsidiaries	105,170	130,435
	3,551,731	1,549,397
Interest expense		
Parent bank	1,185,845	719,410
Fellow subsidiaries	191,635	47,423
	1,377,480	766,833

There are four mortgages approved and advanced to directors of the parent company for £2,979,651 (2014: £359,000). As at 31 December 2015, the outstanding amounts for the mortgages were £2,983,257 in respect of the directors of the parent company (2014: £359,148).

Deposits by Directors as at 31 December 2015 were £94,751 (2014: £111,674), with the largest deposit as at year end being £33,782 (2014: £44,573).

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

26. Fair values of financial instruments

Set out below is the year end comparison of book and fair values of all the Bank's financial instruments by category. The fair values are determined as stated below:

Cash and cash equivalents

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.

26. Fair values of financial instruments (continued)

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

Investment securities
These comprise available for sale and held to maturity debt securities. The basis of estimating the fair value of these assets is by ascertaining the market value as at balance sheet date. The book value of the held to maturity debt securities represents the total amortised costs of the asset as at the balance sheet date.

Deposits from customers
These comprise mainly deposits taken from non bank customers and the carrying amount of these deposits is based on reasonable approximation of market value, in the absence of which the Directors' estimation is used.

Deposits from other banks
These comprise mainly deposits taken from financial institutions and the carrying amount of these deposits is based on reasonable approximation of market value, in the absence of which the Directors' estimation is used.

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

	2015 Book value £	**2015 Fair value £**	2014 Book value £	2014 Fair value £
Assets				
Cash and cash equivalents	152,649,045	152,649,045	69,001,078	69,001,078
Loans and advances to banks	295,961,169	295,961,169	223,036,626	223,036,626
Loans and advances to customers	146,217,408	146,217,408	94,704,132	94,704,132
Derivative financial instruments	217,225	217,225	126,418	126,418
Investment securities	14,298,064	14,260,245	75,941,211	75,913,698
Other financial assets	3,798,203	3,798,203	2,112,005	2,112,005
	613,141,114	613,103,295	464,921,470	464,893,957
Liabilities				
Deposits from customers	171,112,175	171,112,175	81,587,463	81,587,463
Deposits from banks	354,869,538	354,869,538	324,355,083	324,355,083
Derivative financial instruments	2,299,202	2,299,202	896,015	896,015
Other financial liabilities	5,860,330	5,860,330	851,222	851,222
	534,141,245	534,141,245	407,689,783	407,689,783

27. Subsidiary undertaking

The Bank has established two wholly owned subsidiaries, The Access Bank UK Nominees Ltd, to facilitate the Bank's private banking and asset management business and The Access EBT Ltd to serve as trustee for the Bank's employee share scheme. The subsidiaries are not operating companies and have both been incorporated in England and Wales with a share capital of £1 each.

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 Plot 999c, Danmole Street, Off Adeola Odeku/Idejo Street, Victoria Island, Lagos, Nigeria.

29. Events subsequent to the balance sheet date

Trade flows and US$ remittances from Nigeria have been adversely affected since the balance sheet date mainly as a result of the fall in oil prices and fall in value of the Naira. The Central Bank of Nigeria is restricting the availability of foreign currency through the weekly auctions. The Directors are continuously monitoring the impact that this is having on the repayment of a number of correspondent bank receivables (note 23).

Five-year record

Statement of financial position	31 December 2011 £	31 December 2012 £	31 December 2013 £	31 December 2014 £	**31 December 2015 £**
Assets					
Placements and cash at bank	228,477,528	355,632,879	385,250,051	69,001,078	152,649,045
Loans and advances to banks	64,014,531	23,397,055	85,397,214	223,036,626	295,961,169
Loans and advances to customers	29,385,087	46,754,465	25,766,240	94,704,132	146,217,408
Investment securities	35,295,237	27,083,656	84,990,046	75,941,211	14,298,064
Other assets	5,285,238	4,247,534	4,756,185	3,714,561	5,823,708
Total assets	362,457,621	457,115,589	586,159,736	466,397,608	614,949,394
Liabilities					
Deposits from banks	232,300,376	323,558,254	406,144,327	324,355,083	354,869,538
Deposits from customers	95,645,314	97,485,685	125,201,842	81,587,463	171,112,175
Other liabilities	1,498,396	1,684,887	1,308,791	3,275,850	10,161,622
Total liabilities	329,444,086	422,728,826	532,654,960	409,218,396	536,143,335
Shareholders' funds inc. subordinated liabilities	33,013,535	34,386,763	53,504,776	57,179,212	78,806,059
Total liabilities and equity	362,457,621	457,115,589	586,159,736	466,397,608	614,949,394

Advisors

Deloitte
Hill House
1 Little New Street
London
EC4A 3TR

Internal Auditors
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

External Auditors
PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Retained Lawyers
CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London
EC1A 4DD

Employment Lawyers
Squire Sanders
7 Devonshire Square
London
EC2M 4YH

Offices

The Access Bank UK Limited
4 Royal Court
Gadbrook Way
Gadbrook Park
Northwich
Cheshire
CW9 7UT

The Access Bank UK Limited
1 Cornhill
London
EC3V 3ND

The Access Bank UK
Representative Office
No. 7, 6th Street
Osborne Estate
Ikoyi
Lagos
Nigeria

The Access Bank UK
Representative Office
Unit 43, Level 15 The Gate Building- East
Dubai International Finance Centre
Dubai, 121208,
United Arab Emirates

MIX
From responsible sources
FSC® C018885
www.fsc.org

This report has been printed on Amadeus Silk, a FSC certified stock, using vegetable oil based inks, by Jigsaw Colour.

Designed and produced by Rare, London. www.thisisrare.co.uk

The Access Bank UK Limited
4 Royal Court
Gadbrook Way
Gadbrook Park
Northwich
Cheshire
CW9 7UT

www.theaccessbankukltd.co.uk