the access bank uk

LOOKING TO THE FUTURE

The Access Bank UK Limited
Annual Report and Accounts 2017

Contents

Professionalism

Growing our international business through customer service excellence and the provision by our high-performing teams of innovative solutions relating to trade finance, commercial banking and asset management.

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 and asset management and exemplary corporate governance.

2018 marks the start of the Bank's third five-year strategic plan and it is looking to the future, with confidence to deliver further growth.

OPPORTUNITIES FOR GROWTH

We are authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority and are therefore in a strong position to support opportunities in the Organisation for Economic Co-operation of Development (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 reflects 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 having 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.

Innovation

Building on the solid foundations laid down during ten years of steady growth to expand our international presence and establish the bank as Africa's gateway to the world. We are exceptionally well placed to create innovative solutions for our customers.

2017 HIGHLIGHTS

We broadened our range of Asset Management products with the launch of our fixed income portfolios.

We were awarded Gold Standard Status by Investors in People.

We were awarded Best Africa Trade Finance Bank 2017 by Capital Finance International (CFI).

Operating income increased 45% year-on–year to £36.2m

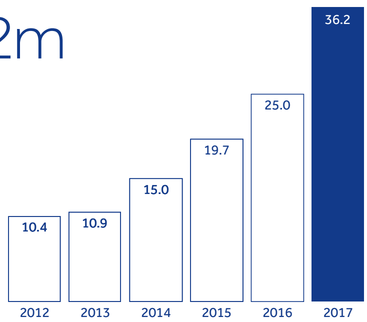
Pre-tax profits increased 76% year-on-year to £22.0m

Post-tax profits increased 80% year-on-year to £17.8m

Operating Income (£m)

£36.2m

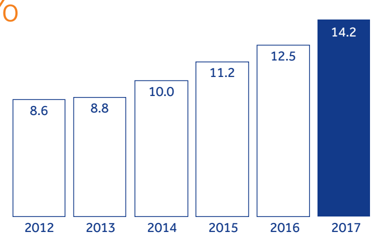
+45%



Operating Costs (£m)

£14.2m

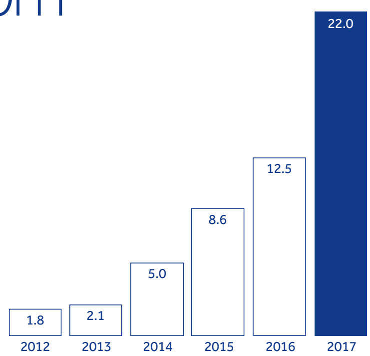
+13.6%



Pre-Tax Profits (£m)

£22.0m

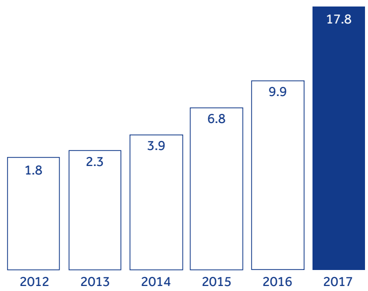
+76%



Post-Tax Profits (£m)

£17.8m

+80%



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 authorised by the Prudential Regulation Authority (PRA) and regulated by the UK's Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). Our operation in Dubai is regulated by the Dubai Financial Services Authority (DFSA). 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 following Business Units: **Trade Finance, Commercial Banking, Asset Management** and **Dubai.**

Trade Finance

OECD trade finance hub for Access Bank Group.

Confirming bank for customers of Access Bank Group and exporters to Sub-Saharan African and MENA markets.

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

Approved correspondent and trade finance bank for the Central Bank of Nigeria (CBN).

Issues Letters of Credit on behalf of the Nigerian government and Nigerian National Petroleum Company (NNPC).

Accredited by IFC (World Banking Commercial Arm).

Trade finance income:

£19.8m +15% yoy

Petroleum products:

£2.514m +28% yoy

Correspondent Banking:

£6.4m +17% yoy

Commercial Banking

Relationship-based service for corporate and individual customers encompassing bank accounts, international transfers, foreign exchange transactions and a range of Dollar, Sterling and Euro deposit-based products.

Bespoke trade finance solutions to facilitate the import of goods into Nigeria and other Sub-Saharan African countries.

Offers Retail Savings Bonds 1, 2 & 3 year fixed rates for UK nationals.

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

Commercial banking income:

£11.5m +113% yoy

Infrastructure:

£838k +490% yoy

Customer deposits:

£425m +37% yoy

Nigerian Corporates:

£3m +729% yoy

Asset Management

Relationship-based service developing a clear understanding of our clients' changing requirements.

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

Lending services through portfolio and other asset instruments.

Income:

£1.5m +15.3% yoy

Lending book:

£33.7m +35% yoy

Assets under management:

$78.4m +28% yoy

Dubai

Linking Sub-Saharan Africa and Europe with the MENA region.

Bespoke trade finance solutions to facilitate the import and export of goods between these regions.

Income:

£671k first full year profit covering all direct costs

Excellence

Remaining resolute to our relationship-based philosophy, continue to drive the growth and were Awarded 'Best Africa Trade Finance Bank 2017' by CFI.co for the second consecutive year.

A CULTURE OF SUCCESS

OUR VALUES

The Access Bank UK's six key values have informed all of our five-year plans 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.

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.

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.

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.

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.

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.

DEVELOPING SKILLS

Empowered Employees

A Gold Standard Accreditation from Investors in People, presented in recognition of the support we give our employees. Actively encouraging them to become world-class professionals by investing heavily in their training and development, and facilitating their acquisition of additional qualifications.

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 build on the achievements delivered to date, despite the current challenges resulting from the headwinds in global growth.

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.

LEADING THE WAY

Leadership

Continuing to build our reputation as the world's most respected and trusted African bank, setting the standards for others to follow in delivering successful outcomes that are economically, environmentally and socially responsible.

OUR MILESTONES

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 our 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 on-line retail savings product

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

2016

Achieved full branch status

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

Expanding range of products

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

Winning awards

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

Success with staff graduation

We achieved successful Staff Graduation from our Higher Apprentice Scheme.

Developing skills within the Bank

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

2017

Winning Awards

We were awarded 'Best Africa Trade Finance Bank 2017' by Capital Finance International for the second consecutive year. This award recognises our progress towards our vision of being the World's Most Respected African Bank.

Developing skills within the Bank

We were delighted to have been awarded IIP Gold Standard Status reflecting the focus that we have to continually invest and develop the skills and abilities of our people.

Expanding range of products

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

CHAIRMAN'S STATEMENT

MR HERBERT WIGWE
Chairman and Non-Executive Director

This year marks the end of The Access Bank UK's 9th full year of trading during which time the Bank has gone from strength to strength, routinely meeting and often exceeding all its annual growth targets despite the long-lasting worldwide financial and economic challenges arising from the global crisis of 2008.

The Bank's vision is to be The World's Most Respected African Bank and we are pleased to be named in 2017 as the Best Africa Trade Finance Bank for the second consecutive year by the influential London based Capital Finance International journal CFI.co.

Fundamental to the Bank's success is our continuing commitment to a culture of building and maintaining strong relationships with a core customer base, displaying agility and flexibility in developing innovative, high quality solutions and products tailored to both the specific commercial banking needs of our corporate clients and also the asset management requirements of high net worth individuals and corporates among our customers.

Achieving all our strategic targets during this testing period for economies, businesses and banking institutions worldwide, but especially in our market place, The Access Bank UK is well positioned to take full advantage of the economic recovery that is now under way in those areas, reflecting a gradual rise in oil prices over the last twelve months, an easing of currency restrictions and greater overall stability.

The Bank's continued focus on providing relationship management within our moderate risk appetite provided another strong financial performance. In 2017, we achieved pre-tax profits of £22m, up 76% year-on-year. This produced a return on equity of 16.6%, well above the benchmark for our peer group operating in this marketplace.

Looking forward to 2018 we are well prepared to take advantage of an improving economic outlook, in our market place and we are confident The Access Bank UK will continue to make good progress as we embark on our third five-year plan with the declared aim of helping to establish Access Bank Group as 'Africa's Gateway to the World'.

This would not be possible without the loyalty of our customers who I thank for the continued trust they put in the Bank. I would also like to thank our staff who continue to focus on the delivery of high class standards of service to delight our customers.

> In 2017, we achieved pre-tax profits of £22m, up 76% year-on-year.

CHIEF EXECUTIVE'S REVIEW

MR JAMIE SIMMONDS
CEO & Managing Director

The Access Bank UK continued to build the trust and loyalty of our customers by providing consistent support throughout a period when the business environment in key markets has often been extremely challenging. In doing so, we have developed even stronger relationships with our existing customers whilst also attracting new ones, creating a solid platform for further growth in an improving economic environment.

The Access Bank UK recorded yet another year of significant all-round growth, in 2017, achieving and exceeding target for all our main growth strategies.

Operating income was up 45% year-on-year to £36.2m, with all four strategic business units performing well. Pre-tax profits overall grew by a substantial 76% to £22m and the return on equity rose to 16.6%, up from 13.54% in 2016.

At the same time, we increased the Bank's liability base by 24% to £1,246m. This provided a solid platform that enabled us to meet our customers' growing needs with a 20% increase in loans to a total of £612m, while maintaining our loan-to-deposit ratio at just under 50%, well within our moderate risk appetite.

The Bank's Cost to Income ratio was reduced from 50% to 39% without compromising the delivery of our relationship management service to customers. To ensure consistency in this respect, the number of front-end staff was increased and we also continued to invest further in developing our DIFC Branch and in improving our IT infrastructure.

A key factor in influencing what has been a satisfactory year overall has been the uplift in the Nigerian economy, which emerged from its first recession in twenty-five years and started to record positive growth and rising production levels in 2017, driven in part by higher oil prices.

In Dubai, the first full year of trading delivered income of £671k, meaning that the DIFC Branch more than covered its direct operating costs and was able to make a contribution to the UK as a whole.

We were the first Sub-Saharan African bank to be approved by the Dubai authorities and we are pleased to be able to deliver our customer service model in this new location.

We continue to carefully and successfully build the brand and have now reached the point where The Access Bank UK is recognised and trusted in international markets around the world. As a result, we have created a strong platform for continued growth as we embark on our next five-year plan.

Trade Finance

Our Trade Finance team's consistent success was yet again recognised internationally when, for the second year running, The Access Bank UK was named Best Africa Trade Finance Bank by the respected Capital Finance International journal CFI.co.

Trade revenues increased year-on-year by 15% to £19.8m in 2017. A key factor contributing to this success has been the consistent support we were able to provide for corporate customers and banks in maintaining clean credit lines throughout the difficult period during 2015/16 when the Nigerian economy was in recession. This helped us to enhance our strong brand reputation in the delivery of consistent support to our customers.

CHIEF EXECUTIVE'S REVIEW CONTINUED

We continued to diversify our income streams by product and by sector to assist performance growth in a recovering economic cycle.

Commercial Banking
2017 was an outstanding year for our Commercial Banking team, with income up to £11.5m, an increase of 113% year-on-year. Customer deposits grew to £425m, up 37% on the previous year.

In achieving this exceptional growth, our commercial banking team developed a range of responsive and innovative solutions, tailored to each customer's specific requirements for working capital and foreign exchange. Although the Nigerian economy was already starting to come out of recession in early 2017, dollar flows were still in short supply overall and this remained a challenge for customers wanting to take advantage of the general economic upturn.

As a result, we have been able to attract new customers. Importantly, this growth in our loan book has been achieved without moving outside our moderate risk appetite.

In the UK, we continued to offer buy-to-let and owner-occupier property loans to both corporate and private clients seeking exposure to the UK property market, our property lending book rising 25% to £55m.

Dubai
We continued expanding the depth and breadth of the services in our recently opened Dubai office and in its first full year trading it has delivered income of £671k covering all of its Direct Costs.

Our presence in Dubai now enables us to service the trade finance flows through what is a pivotal location, including not just commodities but also finished goods coming from China and other countries in India, Asia and the Far East.

Asset Management
We have again seen steady growth here with 2017 being the third consecutive year we delivered a profit from these activities, with revenues from Asset Management and Private Banking rising 15.3% to £1.5m.

Our services are founded on the strong relationships we have with our customers and our understanding of their banking needs. Many of our customers are high net worth individuals or corporates who also use The Access Bank UK for their personal and business banking.

During 2016 we introduced a range of fixed income products and execution-only investment services which gained traction in 2017 as many of our customers continued to adopt a more defensive investment strategy. Also attractive to private investors has been our discretionary investment product which allows the flexibility to borrow against the investment.

Although Asset Management remains a relatively small part of our overall operation in terms of income generation, the value of having the facility available within the Bank for our customers should not be underestimated given our on-going

2017 was an outstanding year for our Commercial Banking team, with income increased to £11.5m.

commitment to the development of a relationship based business model.

By year end assets under management had grown to $78.4m representing an encouraging 28% year-on-year growth.

Treasury
In supporting our business operations, Treasury's principal function is the effective management of our balance sheet, ensuring that we are able to meet regulatory requirements, that we maintain our capital and liquidity ratios and that we abide by our moderate risk appetite.

In all respects, Treasury has again been effective in applying a clear strategy in supporting the Bank's operations in line with our risk appetite, as evidenced by the fact that our loan-to-deposit and cost income ratios have strengthened. This has been achieved despite a significant 20% expansion of the loan book, along with further investment in internal office facilities and infrastructure.

The 1, 2 and 3-year bonds that we launched in 2014, with attractive yields to UK nationals, have continued to attract substantial deposits amounting to £280m by the end of 2017, this extra liquidity is used to provide enhanced solutions for our customers.

Investing in People
Our people are fundamental to our Bank's continued development. They are key to establishing the strong customer relationships that are an integral part of our business culture. The majority of our frontline team have been with us for eight years or more. Most of our middle and senior managers joined us as juniors and have grown with the Bank and overall, our staff turnover is well below the national average.

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

The Access Bank UK was the first Nigerian bank to achieve Investor in People accreditation. We are proud to have now advanced our status to gold, putting us among the top companies in the UK.

Operations Development
The major upgrade of our core IT operations system that was completed towards the end of the 2016 performed well during 2017. We continue to invest in the latest technology in order to ensure that our infrastructure aligns to leading Industry standards and provides essential operational resilience and future-proofing.

Cybercrime is high on our agenda and we continue to invest in state-of-the-art security systems, along with regular external penetration testing.

Risk Management and Compliance
Having to implement new and increasingly complex regulatory demands relating to risk management, compliance and data protection is a major responsibility for everyone involved in the modern international banking industry. In order to keep ahead of all requirements we have continually strengthened our compliance team in recent years and will shortly be doing so again, with the addition of several more specialist staff.

As a result of our commitment in this area, we were able to implement both complex MiFID II (Markets in Financial Instruments Directive II) and the PSD2 (Payments Service Directive 2) regulations seamlessly within the required timeline and on budget. We are now on schedule to deliver the latest EU data protection directive, GDPR (General Data Protection Regulation).

Outlook for 2018
There are good reasons for cautious optimism given the on-going improvement in the economic environment in Nigeria. At the same time, however, that recovery will bring other challenges. As confidence returns and the international banks return to Nigeria there is likely to be downward pressure on pricing.

We are however confident that our relationship based approach within our moderate risk appetite will enable us to build on the success achieved this year.

By year end assets under management had grown to $78.4m.

BUSINESS SEGMENT REVIEW

The Access Bank UK was established to grow the international business of the Access Bank Group. Fundamental to achieving this are our four strategic Business Units and the support provided to them by our Treasury team.

For each Business Unit, our on-going plan is to grow revenues through outstanding service levels and strong customer relationships while maintaining our moderate appetite for risk.

Trade Finance

Trade finance income:

£19.8m +15% yoy

Correspondent Banking:

£6.4m +17% yoy

Petroleum products:

£2.514m +28% yoy

Dubai

Branch income:

£671k first year profit covering all direct costs

In its first full year of trading our DIFC Branch in Dubai expanded its activities, increased its headcount and successfully grew the volume of transactions for our own and Access Bank Group's customers, delivering an income of £671k, covering all of its direct operating costs.

Having made a solid and satisfactory debut in what is a pivotal hub in the trade corridors linking Sub-Saharan Africa and Europe with the MENA region, China and South Asia, it has already made further progress in the early part of 2018 and is well positioned to strengthen and grow, extending the influence of the Access Bank Group overall.

As the OECD hub for Access Bank Plc, our reach has been significantly extended through the establishment of our new DIFC Branch in Dubai, which completed its first full year of trading in 2017. Our presence in the Dubai International Finance Centre, the leading financial centre for the Middle East, Africa and South Asia, gives us a very strong platform with access to the UAE, the MENA region and further afield to China and India, where the Group has representative offices in Shanghai and Mumbai, enabling us to tap into the trade flows to and from these markets.

A continuing focus on developing strong customer relationships, along with our proven ability to provide innovative solutions tailored to clients' specific needs, enabled The Access Bank UK to take full advantage of an improving economic environment in its key markets in 2017, achieving another year of steady growth in trade finance.

In addition to our role as confirming bank for Access Bank Plc we continued to develop our correspondent activities with other Access Bank Group entities and external banks across Sub-Saharan Africa in Nigeria, Ghana, Rwanda and the Democratic Republic of Congo (DRC).

Correspondent activities constitute an important part of The Access Bank UK's overall business stream and represent a significant aspect of the service we offer to our customers. Faced with the trade finance challenges that existed in Nigeria during 2016, when the country slipped into recession, we consolidated our reputation for developing innovative solutions for clients, especially with regard to maintaining dependable LC facilities at a time of severe US$ liquidity problems.

The resilience that we were able to provide for our customers created a strong platform for continued growth in 2017, forming the basis for another good set of figures and helping us to win the coveted Capital Finance International award as Best Africa Trade Finance Bank for a second consecutive year.

Commercial Banking

Commercial banking income:

£11.5m +113% yoy

Customer deposits:

£425m +37% yoy

Infrastructure:

£838K +490% yoy

Nigerian Corporates:

£3m +729% yoy

The Access Bank UK is committed to providing innovative business banking solutions tailored to suit the specific requirements of corporate customers and high net worth individuals based predominantly in Nigeria and Sub-Saharan Africa. In 2017 we again augmented our range of services, extended our property lending, grew customer deposits and significantly increased income to £11.5m.

During a year in which a lack of dollar liquidity persisted in Nigeria, despite the country's gradual emergence from recession, we introduced a range of new products to provide speedy foreign exchange solutions and working capital facilities for customers requiring US Dollar liquidity in order to take advantage of the uplift in the local economy.

Our property lending book increased to £55m in 2017, with both corporate customers and individual clients showing continued interest in investing in the UK property market. At the same time, customer deposits rose from £311m to £425m, with the range of fixed interest savings bonds that we offer exclusively to UK nationals again proving attractive.

Asset Management

Income:

£1.5m +15.3% yoy

Assets under management:

$78.4m +28% yoy

Lending book:

£33.7m +35% yoy

The strong relationship we forge with individual clients enables us to develop a clear and continually on-going awareness and understanding of their changing requirements, allowing us to proactively work with them to find the best solutions to meet their needs.

Many high net worth individuals who utilise The Access Bank UK's commercial banking services for their business requirements also use our asset management services for their personal financial interests. Based mostly in Nigeria and other Sub-Saharan African countries, these individual clients are looking to diversify their financial risk by having a portion of their wealth invested in different currencies and managed overseas.

The significant 28% increase in the total value of assets that The Access Bank UK had under management in 2017 has been achieved through the extension of the range of services we provide to meet clients changing investment needs.

Meanwhile, during a year in which the Nigerian economy was still only in the early stages of recovery, and when there were also uncertainties around Brexit and political developments in the USA and elsewhere, there was an increase in applications for our execution-only and fixed interest portfolios from clients who wished to hold specific securities to meet their needs, and diversify their risk.

Our growing reputation as a trusted partner in wealth management has enabled us to generate income from a broader range of services and to a growing number of clients, both personal and corporate. Our asset management income grew to £1.5m and we delivered our third consecutive year of profit. Given positive forecasts for a further steady improvement in the economic environment in our key markets during 2018, we look forward to maintaining this steady growth, based on outstanding client service.

CORPORATE SOCIAL RESPONSIBILITY

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

At the heart of our culture is a belief in building and maintaining close, long-term relationships with our customers and developing products and services to meet their changing needs. Similarly, for our employees, we provide the leadership and resources that enable continuous professional development. As a business the sustainability of our model underpins our active support for growth and opportunity in Nigeria, Sub-Saharan and West Africa.

Our commitment to behaving responsibly and building a sustainable business is enshrined in the values that inform our corporate activities and which we share with the Access Bank Group as a whole.

Passion for customers and those empowered through our business

Within the close relationships we have with our customers, we strive to deliver exceptional banking practices in addition to our high quality products and services:

- Economic empowerment: Enabling our customers to achieve more through the provision of trade and banking facilities.
- Financial education: Helping customers to clearly understand how our products and services work.
- Treating customers fairly: Building long-term relationships with customers based on trust, fairness and transparency.

UNICEF Charity Shield Polo Tournament 2017

The Access Bank supports UNICEF through the high-profile Access Bank Charity Shield polo matches held in Nigeria and the Access Bank Charity Cup matches held in the United Kingdom, which have been run for the past seven years in conjunction with 5th Chukker. The 2017 Access Bank Polo Day, held at the prestigious Guards Polo Club, was one of the prominent initiatives sponsored by the Private Banking arm of The Access Bank UK in its drive to aid development in the communities the Bank serves. In particular, the tournament helps raise awareness of the plight of vulnerable children and orphans, especially the Internally Displaced Persons (IDPs) scattered across northern Nigeria.

Supporting UNICEF through the 2017 Access Bank Polo Day tournament

Players in action at 2017Access Bank Polo Day.

Graduates from the Skill Acquisition Project Focused on Women's Empowerment (Employee Volunteering)

The Maternal Health Supplies Programme Implementation (Employee Volunteering)

The Maternal Health Supplies Programme Implementation (Employee Volunteering)

Empowering our employees

The Access Bank UK is firmly committed to the diversity of its workforce. We encourage a sense of individual ownership while also fostering team spirit. Our aim is to help employees realise their potential through the provision of continuous learning opportunities and the tools and training to support professional growth. We have been awarded Investors in People (IIP) accreditation, which we have held since 2011, and we were proud that this was further enhanced and we were upgraded to IIP Gold Standard Status in 2017. We believe that our consistently low staff turnover rate reflects the environment and culture that we have built within the Bank and the advances we have made in training and development.

The Bank is currently working in partnership with BPP professional apprenticeships and Chartered Institute of Personnel & Development (CIPD) programmes. We operate the Higher Apprenticeship Scheme, which aims to develop an apprentice's skills, knowledge and abilities alongside their day-to-day duties. The apprentice is then required to demonstrate their capability by completing learning activities in addition to fulfilling their professional role. This further enhances the skill set and talent pool within the Bank. We are fully committed to this and we are delighted that we have seen our first apprentice graduate from the scheme. We have also established an internal mentoring programme, supported by external courses, to develop the skills of both the mentors and the mentees within their role.

Communities and the Wider Society

In 2017, The Access Bank Group carried out a range of community activities based on dialogue and collaborations with organisations in every sector of society. The main community investment themes were focused on gender equality/women empowerment, education, environment, health, arts and sports.

Women's Empowerment and Gender Inclusiveness

Access Bank Group maintains a high-level corporate leadership on gender equality matters. The Group empowers its employees by helping them build their leadership competencies so that they can assume future leadership roles within the organisation. The Group's "W" initiative is another impactful women's empowerment scheme and includes capacity building programmes exclusive to women, mentoring programmes and maternal health services.

Employee Volunteering Scheme

A wide range of volunteering opportunities at Access Bank Group gives its employees the chance to apply their skills to make a difference in their communities. Their experience and business skills have helped to support young people, under-resourced charities, non-profit or community organisations and social entrepreneurs to find solutions to their toughest challenges. The examples of involvement include the Skill Acquisition Project Focused on Women Empowerment, Restoring Dignity to Public Schools and the Awareness Forum on Violence against Women and Children.

RISK MANAGEMENT

The Access Bank UK continues to adopt a moderate appetite for risk which is formalised in our published Risk Appetite Statement.

The Risk Appetite Statement covers all areas of credit, liquidity, operational and market risk. It is fully aligned with our new 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 risks. We have embedded enhanced risk management tools across our business and increased the leveraging of investment in IT infrastructure. The Access Bank UK operates in strict accordance with the requirements of its regulators in the United Kingdom and Dubai. In respect of the United Kingdom, Capital and Liquidity requirements are managed through detailed planning and stress assumptions contained within the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment (ILAAP) documents. These are updated regularly and overseen by the Bank's Executives and through the established committee structure. A detailed Recovery Plan and Resolution Pack is in place with appropriate triggers to ensure management action can be taken at an early stage if stresses to the Bank's moderate risk appetite in our business plan, were to occur. We operate a 'three-line of defence' risk management model: we have identified our top ten risks, we provide controls through front-line staff, compliance and risk management functions and additional oversight through auditors (internal and external) and Directors.

We support this risk management model with an employee culture in which our risk strategy is firmly embedded and clearly communicated. The consistent risk management approach across the Bank is supported by the Bank's policy framework. Risk management is closely integrated within our operations through the attendance of our Risk and 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 our ongoing risk management strategy, we continue to monitor the ten most significant risks for our business. As the Bank is currently in its tenth operating year and reflecting upon the completion of two successful strategic cycles, a review has been completed on the top ten most significant risks for our business as follows:

Risk	Control Strategy
Reputational Risk The risk of loss resulting from damages to a firm's reputation. This could include a decline in stakeholder's confidence, value lost in respect of the brand name and costs incurred following an actual or potential breach of a socially or professionally accepted code of conduct.	The Bank is wholly owned by a single shareholder, with whom the Bank has close and transparent relations, with a particular focus on KYC/AML together with the UK Bribery Act, supports this. The Bank conducts careful due diligence of prospective clients, suppliers and financial counterparties. The Bank has a robust approval process which requires the Bank's Executive Committee management team to review and approve all high risk category clients and have oversight of counterparty relationships and new markets.
Documentation Risk Documentation risk comprises four areas of risk: Breach of data handling rules according to the Data Protection Act (DPA); PRA and FCA Record Keeping Rules; Accuracy; and Archiving and Recovery.	Our strategy incorporates clear policies and procedures and document maker checker requirements. Systemic record retention procedures have been established to ensure that records are retained for all systemic activity. The Bank has strict policies and procedures to ensure compliance with the General Data Protection Regulation. These include system controls and safeguards that restrict the misuse of data. Documents are 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. Enhanced and ongoing due diligence is undertaken on all third party suppliers to ensure data being held is compliant with the rules.
Conduct Risk (including Financial Crime) The risk that the Bank's behaviour will result in poor outcomes for consumers; Internal Staff Theft and False Accounting; Third Party Fraud; Management Fraud; Bribery Act 2010.	The Bank has clear policies and procedures which define the approach we are taking. We have a governance structure which ensures the culture is maintained from Board (including NED's) down to all areas of the business with emphasis on the Bank's vision and values. The Bank has established numerous indicators of conduct risk including customer complaints, new product design and conflicts of interest. The Bank's three line defence strategy operates to minimise the risk of loss and fraud at any level.

Risk	Control Strategy
Cyber Risk Cybercrime is any electronic activity which defrauds consumers or businesses or compromises computers or networks and includes financial theft, data theft, denial of service, takeover fraud and reputational compromise.	The Bank has a robust IT security strategy involving multiple security controls to reduce the impact of a direct attack on its IT systems and customer data. Staff are fully trained and regularly reminded of their responsibilities in terms of security and safe email handling. Personal security procedures are followed that are consistent with industry practices including tight security of passwords and access. Internal internet 'firewalls' are employed to protect the Bank's systems from rogue attacks. The Bank's external and internal electronic security is tested annually by the Penetration Test.
Regulatory Risk Impact of New Regulation; Regulatory returns; Senior Managers Regime, Licensing and Authorisation; and Compliance with Laws and Regulations; Capital Adequacy; Financial Reporting; Information Security; Automatic Exchange of Information, FATCA, CDOT & CRS, immigration Act 2014, PEP/ High Risk accounts, FSCS Single Customer View file.	Regulation requirements are documented in the Compliance Policy and Anti Money Laundering/ Combatting the Financing of Terrorism Policy. All new and existing employees are required to review these requirements on a regular basis and when joining the Bank, identify new rules and amendments to ensure we maintain the highest standards in this important area. An update is provided monthly to the senior management on all new regulatory changes. The process of Senior Manager authorisation is robust and detailed ensuring all staff are fit and proper for their roles.
Liquidity Risk Liquidity risk is the risk that the Bank is unable to meet its payment obligations when they fall due and to replace funds when they are withdrawn. There are two forms of liquidity risk; market liquidity and funding liquidity.	The Bank has a high level of liabilities, above the required regulatory standards and is not highly leveraged. The Finance Director monitors the Bank's position according to Internal Liquidity Adequacy Assessment Process (ILAAP). The Asset and Liabilities Committee (ALCO) meets regularly to review positions.
Credit Risk Credit Risk is a combination of the following: Unauthorised Lending; Base rate lending changes; Country or Sovereign Risk; Concentration Risk; New products; Collateral; and Credit Default.	A risk review is conducted at the design stage 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 recommended by the Credit Function before approval is sought through the Committee structure established by the Bank.

Risk	Control Strategy
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 ensure compliance and adherence. Online and real time systems support the adherence to these limits. The Bank employs highly qualified Treasury personnel who are supervised by the CEO/MD of the Bank.
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 PRA and the CEO/MD of the Bank. All staff appointments are the subject of review and interview by the CEO/MD together with appropriate members of EXCO. 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 key 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 response to recruitment advertisements is consistently positive and candidates can be readily identified to provide replacement cover if required.

BOARD OF DIRECTORS

MR HERBERT WIGWE
Chairman & Non-Executive Director

Herbert Wigwe is the Group Managing Director and Chief Executive Officer of Access Bank PLC, 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.

MR STEPHEN CLARK
Independent Non-Executive Director

Stephen Clark was formally appointed Non-Executive Director at The Access Bank UK on the 7th November 2016. Stephen was formerly Chief Executive Officer of VTB Bank, responsible for the leadership and transition of the Commercial Bank to the Investment Bank. Prior to this Stephen served as Chief Executive of Gerrard Ltd, a subsidiary of Old Mutual Plc. He also served as Partner and Co-CEO of CIBC Oppenheimer International.

Stephen is an Honours Graduate in Financial Services from University of Manchester Institute of Science and Technology (UMIST) and is a qualified banker. He has a wealth of financial and corporate finance experience, with a career spanning 27 years with Natwest Bank Plc where he became Managing Director and Group Finance Director of the International Investment Bank County Natwest. Stephen is currently a Non-Executive Director at Nutmeg Saving and Investment Limited, Medway NHS Trust and is a Senior Advisor and Chairman of the Disciplinary Panel for the Chartered Institute for Securities & Investment (CISI).

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 Clydesdale Bank, 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.

MR ROOSEVELT OGBONNA
Non-Executive Director

Roosevelt Ogbonna was appointed Executive Director, Commercial Banking, Access Bank in October 2013. Prior to his appointment, he served as the Divisional Head, Commercial Banking. He has a wealth of experience in the Banking industry spanning the various areas of investment banking, treasury, commercial and corporate banking. Before joining Access Bank in 2002, he managed the largest Team in the Institutional Banking Group of Guaranty Trust Bank Plc. Roosevelt holds a BSc. in Banking & Finance from The University of Nigeria, Nsukka.

He is a Fellow of the Institute of Chartered Accountants of Nigeria and also sits on the Board of Directors of Access Bank Plc and Access Bank Zambia. He is an alumnus of the Harvard Business School (HBS) and the Institute of Management Development (IMD). He is also a graduate of the Senior Executives Fellows program at Harvard University's Kennedy School of Government. School. In 2015, Roosevelt was selected as one of the Institute of International Finance (IIF) Future Global Leaders.

MR JAMIE SIMMONDS
CEO & 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 a wealth of experience 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.

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 startup developing a property trading exchange dealing with small institutions and investors.

Mr Obinna Nwosu stepped down as Non-Executive Director during the year

STRATEGIC REPORT

The Directors of The Access Bank UK Limited have pleasure in presenting their Strategic Report for the year ended 31 December 2017.

Business Review

Principal activities

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

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 authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. The Bank is authorised to undertake a wide range of banking activities. The Permissions granted to the Bank are set out on the FCA Website at: https://register.fca.org.uk/ShPo_FirmDetailsPage?id=001b000000Mg9TnAAJ

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

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

Performance of the Bank in 2017

The financial statements for the year ended 31 December 2017 are shown on pages 33 to 58. During the year the Bank grew operating income by 45% from £25.0m to £36.2m, and profit before tax by 76% from £12.5m to £22.0m. The statement of comprehensive income is set out on page 33.

Net fee and commission income grew by 12% from £10.4m to £11.7m, and within this Trade Finance fees increased by 10% from £9.8m to £10.8m. Net interest income showed an increase of 74% from £14.0m to £24.3m reflecting the increase in the loans to customers and money market placements 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.

Our 2016 Strategic Report highlighted the significant challenges faced by the Nigerian economy during that year, including the continued fall in the value of the Naira, and restrictions imposed by the Central Bank of Nigeria regarding access to foreign currency, and in particular US Dollars. In mid-2016 the Central Bank of Nigeria started to ease these restrictions, and this continued into 2017, with the introduction of the Investors and Exporters window for the purchase of foreign currency, and as a result the Bank saw a continued increase in trade finance volumes. In 2017 the Nigerian economy emerged from recession and had positive growth in 2017, in part arising from the growth in oil production and the underlying oil price. The Directors undertake regular reviews of the impact of these and other factors on the asset quality, capital and liquidity of the Bank. Despite this increase in the availability of foreign currency, there continue to be restrictions. In line with Board and parent company discussions, the Bank approved a number of extensions to trade finance loans denominated in US Dollars for the Nigerian banks for which the Bank provides trade confirmations, to allow them time to source the required foreign currency. The related exchange rate risk is borne by these banks.

In 2016 the Strategic Report highlighted the Referendum vote to leave the European Union, and in particular the decline in the value of Sterling against the US Dollar. This weakness continued throughout the first half of 2017, with Sterling gradually strengthening in the second half. In 2016 the average exchange rate from Sterling to US Dollar was $1.36, with this dropping to $1.29 for 2017. With the majority of the Bank's assets and revenues denominated in US Dollars, this had a positive impact on the Bank's revenues in 2017.

The Bank continues to keep a firm control on costs, which rose by 13% during the year, which is a rate significantly behind the rate of growth of income, with the primary element of this increase being as a result of continued investment in our employees through training and recruitment, and with other costs flat year on year. This continued investment in our staff, was reflected in the Bank receiving the Gold Award from Investors in People in 2017, having previously been awarded Bronze in 2015.

The Bank saw a strong growth in total assets during 2017, with growth of 26% from £1,115.1m to £1,402.5m as at 31 December 2017. This growth in assets was in part funded by the continued success of the Bank's Fixed Term Deposit product range which is targeted at the UK retail market. Deposits for this product continue to grow at a consistent and satisfactory rate in line with plan, with good retention levels being maintained.

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

Ratio	**2017 £**	2016 £
Cost to income	**39.13%**	50.03%
Return on average shareholders' equity	**16.57%**	13.54%
Loans to deposit	**49.55%**	51.39%
Non-interest income/total operating income	**32.91%**	44.26%

Return on average shareholders' equity is calculated as the profit before tax for the year divided by the average of the opening and closing shareholders' funds for the year with an adjustment to reflect the additional shareholders' funds received in July 2017. 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 45% growth in income during the year whilst costs were well controlled and increased by 13%, as noted above.

During the year, the ratio of loans to deposits decreased to 49.55%, as a result of the 24% growth in deposits from customers following the success of the Bank's Fixed Term Deposit product and increased deposits from corresponding banks to secure their trade exposures, which allowed for a controlled increase in lending in line with the Bank's moderate risk appetite.

Regulatory Capital

The Bank manages its capital to ensure that it fully meets its regulatory capital requirements, and that it will be able to continue as a going concern. As at 31 December 2017 the Bank's equity shareholders' funds stood at £155.9m (2016: £113.6m).

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 22).

As at the 31 December 2017 the Bank's regulatory capital base was £155.2m and the Bank had a Tier 1 capital ratio of 26.1%.

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 2017 is set out in note 22 of the audited financial statements. The Bank undertakes daily liquidity monitoring to ensure that funds are properly managed and PRA liquidity limits are fully met at all times.

Note 22 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 total assets of £1,402m, £1,120m (80%) had a contractual maturity date of less than three months, and only £133m (10%) had a contractual maturity date of more than one year. This latter figure includes £18m of syndicated loans to banks, and £90m of loans that were either secured on investment properties in the United Kingdom, or portfolios held by the Asset Management Strategic Business Unit.

Included in the total of available for sale investments were £130m of US government securities that constituted eligible liquidity buffer securities, and included in cash at bank were reserve account deposits with the Bank of England of £226m, both of 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 remained during 2016 and into 2017, notwithstanding the improvement in the situation in Nigeria noted above. The principal risks that the Bank faces vary across the different businesses and include principally credit risk 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 22 of the financial statements.

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

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. Under the Bank's second strategic plan, 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 2017.

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

The Bank will continue to follow a relationship-based banking model, growing its business through the depth and quality of customer relationships, whilst maintaining a moderate appetite for risk, relative to our peers. The success of this strategy was reflected in the Bank being named as the winner of the Capital Finance International Award 2017 for Best Africa Trade Finance Bank for the second consecutive time.

This new five-year plan is also predicated on the basis that the Bank will continue to work closely with fellow Access Bank Group companies in a number of key areas: to access the growing opportunities primarily in Nigeria 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.

With regard to the Bank's core trade finance markets in Africa, Nigeria remains the key market. The decline in oil production volumes during the first half of 2016 due to challenges in the Niger Delta caused significant economic headwinds in Nigeria in 2016, reducing US Dollar based trade and creating uncertainty for the Naira, leading to a fall in GDP in the year. In the second half of 2016 oil production volumes started to increase, and this improvement continued into 2017, with early projections from the Nigeria's Minister of State for Petroleum Resources, predicting that output would be approaching the traditional benchmark of 2.2 million barrels per day (bpd) by the end of 2017. This improvement allied to the increase in oil prices in 2017, have had a positive impact on Nigerian GDP, with the latest forecasts estimating that this will have grown at circa 1.5% for 2017. The Bank will therefore continue to have a key role to play in facilitating the flow of trade to and from Nigeria.

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

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

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

J Simmonds
Director
26 February 2018

Passion for customers

A commitment to building and maintaining strong long-term relationships with a core customer base, displaying agility and flexibility in developing innovative, high quality solutions and products tailored to clients' specific needs.

FOCUSSING ON 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 2017.

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 £250 (2016 – £250).

No political donations were made during the year (2016 – nil).

Directors

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

H Wigwe	(Chairman)
R Ogbonna	(Non Executive Director– appointed 20 March 2017)
O Nwosu	(Non Executive Director – resigned 21 March 2017)
S Clark	(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 2017 the Bank had a capital adequacy ratio that was significantly in excess of the minimum regulatory capital requirements, and it is the intention of the Directors that this will be maintained at satisfactory levels in the future. In addition, as at 31 December 2017 the Bank maintained liquidity buffer assets significantly in excess of the minimum regulatory requirements, and the Directors intend to ensure that the Bank maintains a strong liquidity position to enable it to meet its obligations as they fall due.

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

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

Employees

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

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

Disclosure of information to auditors

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

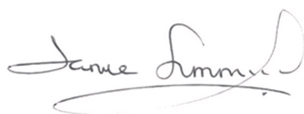
Independent Auditors

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

Internal Audit

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

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



J Simmonds
Director
26 February 2018

Company Registration No. 06365062

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 AUDITORS' REPORT

to the members of The Access Bank UK Limited

Report on the financial statements

Opinion

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

- give a true and fair view of the state of the Bank's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended ;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements, which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

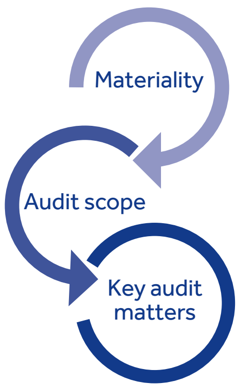
To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Bank.

Other than those disclosed in note 9 to the financial statements, we have provided no other non-audit services to the Bank in the period from 1 January 2017 to 31 December 2017.

Our audit approach

Overview

- Overall materiality: £1,075,000 (2016: £1,249,289), based on 5% (2016: 10%) of profit before tax.
- The Bank prepares individual company financial statements. The Bank has one branch and three subsidiaries which are immaterial and not in the scope of our audit.
- We perform a full scope audit of the financial statements of the Bank as a whole.
- The timely identification and recognition of potential impairment provisions on loans to Nigerian banks arising from trade finance activities.



The scope of our audit

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

We gained an understanding of the legal and regulatory framework applicable to the Bank and the industry in which it operates, and considered the risk of acts by the Bank which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Bank's financial statements, including but not limited to, the Companies Act 2006, the Prudential Regulation Authority's regulations, and the UK tax legislation. Our tests included, but were not limited to, review of the financial statement disclosures and agreement to underlying supporting documentation, review of correspondence with and reports to the regulators, enquiries of management and review of internal audit reports in so far as they related to the financial statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
The timely identification and recognition of potential impairment provisions on loans to Nigerian banks arising from trade finance activities We focused on this area because the Bank extends short term financing to Nigerian Banks as part of its trade finance activities. These facilities are often extended beyond the original repayment dates. Some exposures are unsecured and therefore present an increased risk of impairment. As detailed in Note 3 Critical Accounting Estimates and Judgements on page 42, management make judgements over both the timing of recognition of potential impairment provisions and the estimation of the size of any such provisions. Our audit effort was focused on the following areas: • The timely identification of impairment trigger events on loans with Nigerian Banks; and • The key assumptions and judgements made by management in determining if a provision for impairment if any, is required.	We evaluated the design and tested the operating effectiveness of controls over the approval of new loans and the extension of existing loans and the monthly review by the Management Credit Committee of past due and watchlist loans and advances. We determined that these controls were designed and operated effectively and therefore we determined that we could place reliance on them for the purposes of our audit. In addition we performed the following substantive procedures: • We tested a sample of loans to Nigerian banks, including exposures which had been extended, for the existence of impairment triggers. We evaluated the financial position of the borrowers, reviewed account statements and tested repayments. In performing this work, we considered the guidance on impairment triggers in IAS 39. • For a sample of secured loans we tested the valuation of collateral and verified that the Bank has appropriate rights over the collateral. • We tested cash receipts after the year end for a sample of loans, including for a material unsecured borrower. Based on the evidence obtained, we did not identify any impairment triggers and we concurred with management's conclusion to not record any provision for impairment.

How we tailored the audit scope

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

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

Materiality

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

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

Overall materiality	£1,075,000 (2016: £1,249,289)
How we determined it	5% (10%) of profit before tax
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark

We agreed with the Board Risk and Audit Committee that we would report to them misstatements identified during our audit above £54,200 (2016: £62,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Bank's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT continued

to the members of The Access Bank UK Limited

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 29, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Bank, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.
- We have no exceptions to report arising from this responsibility.

Appointment

The Board of Directors appointed us on 4 March 2013 to audit the financial statements for the year ended 31 December 2013 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ended 31 December 2013 to 31 December 2017.

Nicholas Morrison

Nicholas Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 March 2018

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	**Year ended 31 December 2017 £**	Year ended 31 December 2016 £
Operating income			
Interest income	4	**34,129,177**	20,634,276
Interest expense		**(9,861,357)**	(6,697,753)
Net interest income		**24,267,820**	13,936,523
Fee and commission income	5	**11,697,999**	10,448,908
Fee and commission expense	5	**(16,524)**	–
Net fee and commission income		**11,681,475**	10,448,908
Other Income		**221,745**	617,225
Total Operating Income		**36,171,040**	25,002,656
Operating Expenses			
Personnel Expenses	7	**(10,380,562)**	(8,649,098)
Depreciation and amortisation	8	**(351,306)**	(330,106)
Other expenses		**(3,421,993)**	(3,530,562)
Total Operating Expenses		**(14,153,861)**	(12,509,766)
Profit before tax		**22,017,179**	12,492,890
Taxation	10	**(4,234,319)**	(2,628,248)
Profit for the year		**17,782,860**	9,864,642
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss			
Change in value of available-for-sale financial assets		**544,987**	(69,744)
Total comprehensive income for the year		**18,327,847**	9,794,898

The notes on pages 37 to 57 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	31 December 2017 £	31 December 2016 £
Assets			
Cash at bank		**314,980,672**	280,081,032
Money market placements		**333,380,601**	257,801,246
Available for sale investments	11	**133,316,431**	60,851,549
Loans and advances to banks	12	**340,434,556**	274,334,638
Loans and advances to customers	13	**271,198,650**	236,312,712
Property, plant and equipment	14	**382,207**	256,783
Intangible assets	15	**676,586**	835,718
Other assets	16	**8,105,788**	4,662,981
Total assets		**1,402,475,491**	1,115,136,659
Liabilities			
Deposits from banks	17	**808,990,707**	682,420,453
Deposits from customers	18	**425,269,827**	311,215,028
Deferred tax liability	10	**108,405**	122,439
Other liabilities	19	**12,177,748**	7,777,782
Total liabilities		**1,246,546,687**	1,001,535,702
Equity			
Share capital	23	**122,000,000**	98,000,000
Retained earnings		**34,003,025**	16,220,165
Available for sale reserve		**(74,221)**	(619,208)
Total equity		**155,928,804**	113,600,957
Total liabilities and equity		**1,402,475,491**	1,115,136,659

The notes on pages 37 to 57 form an integral part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 26 February 2018.

They were signed on its behalf by:

J. Simmonds
Managing Director / Chief Executive Officer
26 February 2018

S. McLaughlin
Finance Director

Company Registration No. 06365062

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital £	Retained earnings £	Available for sale reserve £	Total equity £
Balance as at 1 January 2017	**98,000,000**	**16,220,165**	**(619,208)**	**113,600,957**
Profit for the year	–	17,782,860	–	17,782,860
Other comprehensive income for the year	–	–	544,987	544,987
Total comprehensive income for the year	–	17,782,860	544,987	18,327,847
Proceeds from shares issued (note 23)	**24,000,000**	**–**	**–**	**24,000,000**
Balance at 31 December 2017	**122,000,000**	**34,003,025**	**(74,221)**	**155,928,804**

	Share capital £	Retained earnings £	Available for sale reserve £	Total equity £
Balance as at 1 January 2016	73,000,000	6,355,523	(549,464)	78,806,059
Profit for the year	–	9,864,642	-	9,864,642
Other comprehensive expense for the year	–	–	(69,744)	(69,744)
Total comprehensive income for the year	–	9,864,642	(69,744)	9,794,898
Proceeds from shares issued (note 23)	25,000,000	–	–	25,000,000
Balance at 31 December 2016	98,000,000	16,220,165	(619,208)	113,600,957

The notes on pages 37 to 57 form an integral part of these financial statements

STATEMENT OF CASH FLOW

For the year ended 31 December 2017

	Note	**Year ended 31 December 2017 £**	Year ended 31 December 2016 £
Cash flows from operating activities			
Profit before tax		**22,017,179**	12,492,890
Adjustments for:			
Depreciation	14	**123,839**	124,375
Amortisation	15	**227,467**	205,731
Operating cash flows before movements in working capital		**22,368,485**	12,822,996
Changes in money market placements		**(75,579,355)**	(222,799,725)
Changes in loans and advances to banks and customers		**(100,985,856)**	(68,468,773)
Changes in other assets		**(3,442,807)**	60,448
Changes in deposits from banks		**126,570,254**	327,550,915
Changes in deposits from customers		**114,054,799**	140,102,853
Changes in other liabilities		**3,484,992**	(2,396,635)
		64,102,027	174,049,083
Taxation paid		**(3,333,379)**	(2,493,014)
Net cash inflows from operating activities		**83,137,133**	184,379,065
Cash flows from investing activities			
Net purchase of investment securities		**(71,919,895)**	(46,623,229)
Purchase of property, plant and equipment		**(249,263)**	(38,898)
Proceeds from disposal of property, plant and equipment		**–**	4,571
Purchase of intangible assets		**(68,335)**	(288,001)
Net cash outflows from investing activities		**(72,237,493)**	(46,945,557)
Cash flows from financing activities			
Proceeds from issue of share capital	23	**24,000,000**	25,000,000
Cash inflows from financing activities		**24,000,000**	25,000,000
Net increase in cash and cash equivalents		**34,899,640**	162,433,508
Cash and cash equivalents at the beginning of the year		**280,081,032**	117,647,524
Cash and cash equivalents at the end of the year		**314,980,672**	280,081,032

The notes on pages 37 to 57 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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 provides trade finance, treasury services, correspondent banking, commercial banking, private banking, and asset management services 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)

In July 2014, the International Accounting Standards Board (IASB) issued IFRS 9 'Financial Instruments' (IFRS 9), the standard that will replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) for annual periods on or after January 1, 2018. In November 2016, the E.U. endorsed IFRS 9. This standard provides requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Key changes as a result of the new standard include:

- Classification and Measurement: The new standard replaces IAS 39's categories of financial assets and financial liabilities with the following categories: fair value through profit or loss; fair value through other comprehensive income; and amortised cost. IFRS 9 requires financial assets to be assessed and classified based on a combination of the company's business models and, in certain circumstances, the assets' contractual cash flow characteristics. Having completed the initial assessment no significant changes are expected in classifications of the company's financial assets.

- Impairment: IFRS 9 changes the loan loss impairment methodology and will replace the incurred loss model under IAS 39 with a forward-looking expected loss (ECL) approach. The company is required to assess expected losses based on the probability of default in the next twelve months, unless there has been a significant increase in credit risk since origination, in which case, the expected loss is based on the probability of default over the life of the asset.

The company has developed an impairment model that complies with the key requirements of IFRS 9, including staging requirements and multiple forward-looking economic scenarios. The Bank has assessed the impact of IFRS 9 if it had been effective as at 31 December 2017. We estimate that it would have resulted in an impairment provision of circa £317,000.

- IFRS 15 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

This new standard for the recognition of revenue replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. It is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

Whilst the adoption of IFRS 15 would have an impact on the timing of recognition of fee and commission, the impact on the Bank is not expected to be material.

- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied)

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The Bank is currently reviewing the impact of the new Standard but does not expect the impact to be material.

- Amendments to IFRS 2, Share based payments – classification and measurement of share based payment transactions (effective for annual periods beginning on or after 1 January 2018)

The amendments made to AASB 2 in July 2016 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. They also introduce an exception to the classification principles in AASB 2. Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature.

The Bank is currently reviewing the impact of the amendment but does not expect the impact to be material.

- Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018)

The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability).

The Bank is currently reviewing the impact of the interpretation but does not expect the impact to be material.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2017

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. The financial statements incorporate the results of the Bank's Dubai branch. Whilst the Bank has three subsidiaries as detailed in note 26, these have not traded in 2017 and therefore the Bank has taken advantage of the exemption in the Companies Act producing consolidated accounts on the grounds that the inclusion of the subsidiaries is not material for the purpose of giving a true and fair view.

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

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 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 available for sale financial assets 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2017

2. Basis of preparation and significant accounting policies continued

Financial instruments continued

Impairment of financial assets continued

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 loans and advances and redeemable notes classified as AFS, 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.

Derivative financial instruments

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

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

Derivative assets and liabilities are only offset if the transactions are with the same counterparty; a legal right of offset exists; and the parties intend to settle on a net basis.

Valuation of financial instruments

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

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

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

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

Property, plant and equipment

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

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

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

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

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

Amortisation is calculated so as to write off the cost or valuation of intangible assets over their estimated useful lives, using the straight-line method, on the following 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 non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

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

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

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

Current and deferred tax
Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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 minimum vesting period is three years from the award date, and staff may elect for the shares to vest at any time up to the tenth anniversary of the award date. On vesting, the shares are settled in cash. The shares on award date are purchased by The AB EBT Limited on behalf of The Access Bank UK Employee Benefit Trust. As the shares are cash settled, a liability is recognised in the statement of financial position and an expense is recognised in the statement of comprehensive income in operating expenses over the course of the minimum vesting period. Should any employee within the scheme leave the Bank within the vesting period, the shares may be forfeited.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2017

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 and the timely recognition and estimate of impairment provision, if any, in respect of the Bank's loan and advances to banks and customers.

4. Interest income

	2017 £	2016 £
Derived from:		
Cash and money market placements	**7,092**	3,903
Loans and advances to banks	**15,551,189**	10,690,764
Loans and advances to customers	**17,732,576**	9,512,099
Investment securities	**838,320**	427,510
Total interest income	**34,129,177**	20,634,276

5. Fee and commission income and expense

	2017 £	2016 £
Derived from:		
Trade Finance	**10,816,764**	9,769,921
Funds transfer	**181,472**	171,880
Other	**699,763**	507,107
Total fee and commission income	**11,697,999**	10,448,908
Fee and commission expense on trade finance	**(16,524)**	–
Net fee and commission income	**11,681,475**	10,448,908

6 Business and geographical segments

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

7 Information regarding directors and employees

Employment costs are as follows:

	2017 £	2016 £
Personnel expenses		
Wages and salaries	**8,538,126**	7,116,953
Pension costs – defined contribution scheme	**519,958**	484,966
Social security costs	**852,918**	672,207
Other personnel expenses	**469,560**	374,972
Total personnel expenses	**10,380,562**	8,649,098

Included in wages and salaries is the sum of £470,000 (2016 – £378,000) in respect of bonuses that have been deferred for 3 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 from the date to the tenth anniversary of the award date. On vesting the shares are settled in cash. 22,304,690 shares with an initial value of £254,932 were granted in 2017 (2016: 26,054,000 shares with an initial value of £238,824). No shares were forfeited in the year (2016 – 752,666 shares).

	2017	2016
Number of employees at year end	**116**	108
Monthly average number of employees during the year	**113**	106

During the year, there were an average of 48 (2016: 47) employees involved in fee-earning roles and 65 (2016: 59) in administration.

Included within employment costs are:

	2017 £	2016 £
Directors' remuneration and fees		
Fees	**161,250**	140,269
Other emoluments	**1,249,005**	1,149,039
Pension contributions	**26,875**	29,520
	1,437,130	1,318,828

The highest paid Director received emoluments excluding pension contribution totalling of £841,926 (2016: £775,563) and pension contributions of £Nil (2016: £3,172). Retirement benefits are accrued under defined contribution schemes.

8. Operating profit before tax

	2017 £	2016 £
Operating profit before tax is stated after charging:		
Depreciation	**123,839**	124,375
Amortisation	**227,467**	205,731

9. Auditors' remuneration

	2017 £	2016 £
Fees payable to company's auditors for the audit of the financial statements:		
Audit of these financial statements	**86,090**	66,272
Audit of the year end group reporting package	**26,910**	26,000
Audit of the half year group reporting package	**36,225**	43,228
Other audit related services*	**44,300**	20,600
Total auditors' remuneration	**193,525**	156,100

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

*Included in other audit related services for the year ended 31 December 2017, £16,300 represents other audit related fees related to the year ended 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2017

10. Taxation

	2017 £	2016 £
Current tax:		
Analysis of tax charge on the profit for the year:		
UK Corporation tax at 19.25% (2016: 20.00%)		
UK Corporation tax based on profit for the year	**4,248,353**	2,505,809
Deferred Tax:		
Temporary difference, origination and reversal	**(14,034)**	122,439
Tax charge on profit on ordinary activities	**4,234,319**	2,628,248
Effective tax rate	**19.23%**	21.04%

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:

	2017 £	2016 £
Reconciliation of tax charge on profit for the year:		
Profit before tax	**22,017,179**	12,492,890
Profit before tax multiplied by the rate of UK	**4,238,307**	2,498,578
Corporation tax at 19.25% (2016: 20.00%)		
Effect of:		
Expenses not deductible for tax purposes	**971**	7,144
Capital allowances less than depreciation	**9,829**	–
Prior Year adjustment to current tax charge	**–**	87
Temporary difference, origination and reversal	**(14,034)**	122,439
Effect of tax rate change	**(754)**	–
Current tax expense	**4,234,319**	2,628,248
Deferred Tax Liability:		
Balance as at 1 January	**122,439**	–
(Charged)/Credited to comprehensive income	**(14,034)**	122,439
Balance as at 31 December	**108,405**	122,439

The main rate of corporation tax for the tax year beginning 1 April 2017 was reduced to 19% and this resulted in a weighted average rate of 19.25% for 2017 (2016: 20.00%). The deferred tax liability as at 31 December has been calculated based on the rate of 19.00%.

11. Available for sale investments

	2017 £	2016 £
Treasury bills and government bonds	**130,065,195**	58,183,188
Listed equity securities in Financial Institutions	**3,251,236**	2,668,361
	133,316,431	60,851,549

As at 31 December 2017 there were no impaired investments (2016 – nil).

The maturity analysis of these available for sale investments is disclosed in note 22.

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

12. Loans and advances to banks

	2017 £	2016 £
Loans to group undertakings		
Parent Bank	**183,109,820**	184,853,764
Fellow Subsidiaries	**899,550**	527,426
Loans to other banks	**156,425,186**	88,953,448
	340,434,556	274,334,638

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 2017 there were no loans to banks that were impaired (2016 – nil). The fair value of the cash collateral held and the maturity profile of these loans is disclosed in note 22.

13. Loans and advances to customers

	2017 £	2016 £
Loans and advances to corporates	**183,012,297**	166,990,426
Loans secured on property	**81,618,224**	63,430,619
Other secured personal loans	**6,568,129**	5,891,667
	271,198,650	236,312,712

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 2017 there were no loans to customers that were impaired (2016 – nil). The maturity profile of these loans is disclosed in note 22.

14. Property, plant and equipment

	Leasehold improvements £	**Computer equipment £**	**Motor vehicles £**	**Furniture, fixtures and fittings £**	**Capital work in progress £**	**Total £**
Cost						
Balance at 1 January 2017	**321,406**	**483,470**	**88,123**	**213,185**	**7,127**	**1,113,311**
Additions	**72,500**	**26,499**	**–**	**53,837**	**96,427**	**249,263**
Balance at 31 December 2017	**393,906**	**509,969**	**88,123**	**267,022**	**103,554**	**1,362,574**
Balance at 1 January 2016	321,406	301,856	88,123	194,622	825,061	1,731,068
Additions	–	20,335	–	18,563	–	38,898
Disposals	–	–	–	–	(4,571)	(4,571)
Transfers	–	161,279	–	–	(813,363)	(652,084)
Balance at 31 December 2016	321,406	483,470	88,123	213,185	7,127	1,113,311

Capital work in progress in 2017 represents costs incurred on a software project. The costs will be depreciated when brought into primarily use.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2017

14. Property, plant and equipment continued

	Leasehold improvements £	Computer equipment £	Motor vehicles £	Furniture, fixtures and fittings £	Capital work in progress £	Total £
Accumulated Depreciation						
Balance at 1 January 2017	**(255,322)**	**(348,999)**	**(66,054)**	**(186,153)**	**–**	**(856,528)**
Depreciation for the year	**(31,337)**	**(69,096)**	**(10,447)**	**(12,959)**	**–**	**(123,839)**
Balance at 31 December 2017	**(286,659)**	**(418,095)**	**(76,501)**	**(199,112)**	**–**	**(980,367)**
Balance at 1 January 2016	(228,543)	(275,361)	(55,608)	(172,641)	–	(732,153)
Depreciation for the year	(26,779)	(73,638)	(10,446)	(13,512)	–	(124,375)
Balance at 31 December 2016	(255,322)	(348,999)	(66,054)	(186,153)	–	(856,528)
Net book value						
At 31 December 2017	**107,247**	**91,874**	**11,622**	**67,910**	**103,554**	**382,207**
At 31 December 2016	66,084	134,471	22,069	27,032	7,127	256,783

Capital work in progress in 2017 represents costs incurred on a software project. The costs will be depreciated then brought into primarily use.

15. Intangible assets

	2017 £	2016 £
Cost		
Balance at the beginning of the year	**2,099,205**	1,159,120
Additions	**68,335**	288,001
Transfers	**–**	652,084
Balance at the end of the year	**2,167,540**	2,099,205
Accumulated Amortisation		
Balance at the beginning of the year	**(1,263,487)**	(1,057,756)
Amortisation for the year	**(227,467)**	(205,731)
Balance at the end of the year	**(1,490,954)**	(1,263,487)
Net book value		
Balance at the end of the year	**676,586**	835,718

The intangible assets relate to software applications and licences purchased, and capitalised consultancy fees relating to their implementation.

16. Other assets

	2017 £	2016 £
Financial Assets		
Derivative financial instruments (see note 20)	**1,829,501**	307,795
Accrued income	**1,809,755**	1,926,025
Amounts due from fellow group undertakings	**1,691,297**	1,264,735
Other receivables	**2,004,792**	441,581
	7,335,345	3,940,136
Non-Financial Assets		
Prepayments	**770,443**	722,845
	8,105,788	4,662,981

17. Deposits from banks

	2017 £	2016 £
Amounts due to group undertakings		
Parent Bank	**268,275,525**	354,475,330
Fellow Subsidiaries	**29,940,033**	39,673,519
Amounts due to other banks	**510,775,149**	288,271,604
	808,990,707	682,420,453

The maturity profile of these deposits is disclosed in note 22.

18. Deposits from customers

	2017 £	2016 £
Current accounts	**98,113,048**	105,602,581
Deposit accounts	**327,156,779**	205,612,447
	425,269,827	311,215,028

The maturity profile of these deposits is disclosed in note 22.

19. Other liabilities

	2017 £	2016 £
Financial Liabilities		
Trade creditors	**4,900**	2,339
Derivative financial instruments (see note 20)	**53,702**	441,895
Amounts due to fellow group undertakings	**31,537**	21,675
Social security and other taxes	**190,053**	231,298
Provision for corporation tax	**2,506,998**	1,592,024
Other financial creditors	**1,466,226**	630,062
Deferred income	**3,978,249**	2,270,162
	8,231,665	5,189,455
Non-Financial Liabilities		
Other creditors including accrued expenses	**3,946,083**	2,588,327
	12,177,748	7,777,782

20. Derivative financial instruments

	2017 £	2016 £
Forward foreign currency contracts		
Receivables	**1,829,501**	307,795
Payables	**(53,702)**	(441,895)

Derivative financial instruments consist of short term forward foreign exchange contracts. Forwards are held for day to day cash management rather than for trading purposes and are held at fair value. These foreign exchange contracts have intended settlement dates within twelve months. This is the only category of derivative instruments held by the Bank as at 31 December 2017. All forward contracts are considered to be level 2 (i.e. are priced with reference to observable market data).

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2017

21. Commitments and Contingencies

a) Pension Commitments

The Bank provides a defined contribution pension scheme for all staff. The assets of the scheme are held separately from those of the Bank in independently administered funds. During the year, pension costs of £519,958 (2016: £484,966) were charged to the income statement. As at balance sheet date there was a pension payable balance of £27 (2016: £2,196).

b) Trade Finance – Contingent Liabilities

	2017 £	2016 £
Letters of credit (including cash-backed)	**139,368,646**	215,290,715
Other Commitments	**2,318,994**	7,232,000
Guarantees	**8,771,962**	4,352,800
	150,459,602	226,875,515

Included in letters of credit and guarantees are cash collateralised transactions amounting to £80,795,982 (2016: £131,485,562). Other Commitments relates to undrawn property commitments.

c) Operating lease commitments

Non-cancellable operating lease payables:

	2017 £	2016 £
Less than 1 year	**723,122**	663,823
1 – 5 years	**1,062,203**	1,584,078
Above 5 years	**410,792**	482,233
	2,196,117	2,730,134

The above table shows the total of future minimum lease payments under non-cancellable operation leases including value added tax. Significant lease payables relate to the Bank's leased properties. During the year, £694,832 (2016: £629,385) was recognised as an expense in the income statement in respect of operating leases.

22. 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

2017	Loans & receivables £	Financial assets at fair value through profit or loss £	Held to maturity investments £	Available for sale financial assets £	Total £
Assets					
Cash and money market placements	**648,361,273**	**–**	**–**	**–**	**648,361,273**
Loans and advances to banks	**340,434,556**	**–**	**–**	**–**	**340,434,556**
Loans and advances to customers	**271,198,650**	**–**	**–**	**–**	**271,198,650**
Derivatives	**–**	**1,829,501**	**–**	**–**	**1,829,501**
Investment securities	**–**	**–**	**–**	**133,316,431**	**133,316,431**
Other financial assets	**5,505,844**	**–**	**–**	**–**	**5,505,844**
Total assets	**1,265,500,323**	**1,829,501**	**–**	**133,316,431**	**1,400,646,255**

	Other financial liabilities at amortised cost £	**Financial liabilities at fair value through profit or loss £**	**Total £**
Liabilities			
Deposits from banks	**808,990,707**	**–**	**808,990,707**
Deposits from customers	**425,269,827**	**–**	**425,269,827**
Derivatives	**–**	**53,702**	**53,702**
Other financial liabilities	**8,286,368**	**–**	**8,286,368**
Total liabilities	**1,242,546,902**	**53,702**	**1,242,600,604**

Financial instruments classification

2016	Loans & receivables £	Financial assets at fair value through profit or loss £	Held to maturity investments £	Available for sale financial assets £	Total £
Assets					
Cash and money market placements	537,882,278	–	–	–	537,882,278
Loans and advances to banks	274,334,638	–	–	–	274,334,638
Loans and advances to customers	236,312,712	–	–	–	236,312,712
Derivatives	–	307,795	–	–	307,795
Investment securities	–	–	–	60,851,549	60,851,549
Other financial assets	3,632,341	–	–	–	3,632,341
Total assets	1,052,161,969	307,795	–	60,851,549	1,113,321,313

	Other financial liabilities at amortised cost £	Financial liabilities at fair value through profit or loss £	Total £
Liabilities			
Deposits from banks	682,420,453	–	682,420,453
Deposits from customers	311,215,028	–	311,215,028
Derivatives	–	441,895	441,895
Other financial liabilities	4,869,999	–	4,869,999
Total liabilities	998,505,480	441,895	998,947,375

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2017

22. Financial Instruments continued

a) Classifications and Fair value continued

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.

2017	**Level 1 £**	**Level 2 £**	**Level 3 £**	**Total £**
Financial assets at fair value through profit or loss:				
Derivatives	**–**	**1,829,501**	**–**	**1,829,501**
Available for sale financial assets:				
Investment securities	**132,486,004**	**830,427**	**–**	**133,316,431**
	132,486,004	**2,659,928**	**–**	**135,145,932**
Financial liabilities at fair value through profit or loss:				
Derivatives	**–**	**53,702**	**–**	**53,702**
	–	**53,702**	**–**	**53,702**

2016	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss:				
Derivatives	–	307,795	–	307,795
Available for sale financial assets:				
Investment securities	60,276,054	575,495	–	60,851,549
	60,276,054	883,290	–	61,159,344
Financial liabilities at fair value through profit or loss:				
Derivatives	–	441,895	–	441,895
	–	441,895	–	441,895

b) Risk Management

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

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

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

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

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.

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.

	2017 £	2016 £
Less than three months	**57,714**	27,713
Between three to six months	**18,865**	–
Over six months but less than one year	**–**	–
Over one year	**–**	–
	76,579	27,713

Included in the past due but not impaired assets is a property loan with outstanding exposure of £761,036 which has past due exposure of £42,545. The exposure is fully secured by collateral and management is confident of recovering the exposure.

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

	2017 £	2016 £
Concentration by sector		
Banks	**771,132,246**	818,541,910
Corporate	**201,541,434**	181,472,910
Government/Multilateral Development Banks	**356,434,138**	58,321,297
Retail	**71,538,437**	54,985,196
	1,400,646,255	1,113,321,313
Concentration by location		
Africa	**633,387,245**	509,301,982
Europe	**576,679,413**	470,317,737
Other	**190,579,597**	133,701,594
	1,400,646,255	1,113,321,313

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

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2017

22. Financial Instruments continued

c) Credit Risk continued

The Bank extends credit facilities for international trades to quality rated and unrated counterparties. In respect of placements with banks, all must have a Fitch (or equivalent) rating of no less than BBB-. In respect of banks for which correspondent banking services are provided, all rated counterparties must have a Fitch (or equivalent) rating of no less than B-. As at 31 December 2017, 83% of the Bank's cash and money market placements were held with financial institutions, with ratings of A- or above (2016 – 84%). The Bank's maximum exposure to credit risk before allowing for collateral held was £1,552m (2016 – £1,340m), none of which was deemed to be impaired or doubtful (2016 – nil). These amounts include all financial assets and contingent commitments.

As at 31 December 2017, the Bank's maximum exposure to credit risk after allowing for collateral held was £956m (2016 – £798m),

Total trade related exposure was £667m (2016 – £661m) against which the Bank had cash collateral of £260m (2016 – £346m) and Nigerian Treasury Bills of £36m held with Access Bank Plc (2016: £43m).

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, which have an effect on Bank's income and the value of debt securities.

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

Foreign Exchange Risk

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

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.

2017	**Sterling £**	**US dollars £**	**Euro £**	**Other currencies £**	**Total £**
Assets	**417,001,319**	**965,903,795**	**17,048,853**	**692,288**	**1,400,646,255**
Liabilities	**320,041,143**	**904,809,136**	**17,578,694**	**171,631**	**1,242,600,604**
Foreign exchange forward contracts	**60,822,464**	**(60,994,572)**	**543,162**	**(371,054)**	**–**
Net financial assets/(liabilities)	**157,782,640**	**100,087**	**13,321**	**149,603**	**158,045,651**

2016	Sterling £	US dollars £	Euro £	Other currencies £	Total £
Assets	331,045,453	766,622,224	15,200,765	452,871	1,113,321,313
Liabilities	245,695,548	738,678,096	14,465,829	107,902	998,947,375
Foreign exchange forward contracts	29,533,240	(28,498,717)	(721,528)	(312,995)	–
Net financial assets/(liabilities)	114,883,145	(554,589)	13,408	31,974	114,373,938

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

Interest Rate Risk

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

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

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

Impact on Profit or Loss and Equity

	31 Dec 2017 £	31 Dec 2016 £
Increase	**2,407,000**	1,937,000
Decrease	**(2,439,000)**	(1,967,000)

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 and Funding Policy statement and a Liquidity Risk Appetite and Funding Risk Appetite Statement, within the guidelines issued by the Prudential Regulation Authority. The Directors are primarily responsible for overseeing the implementation of the Liquidity and Funding Policy of the Bank and ensuring that the Bank has appropriate procedures to ensure that the Bank's Liquidity Risk Appetite and Funding Risk Appetite are met. The Bank measures and monitors the liquidity position on a daily basis. The Bank considers its funding ability before committing to additional credit facilities and closely monitors upcoming payment obligations.

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

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

2017	Less than 3 months £	Between 3 & 12 months £	More than 12 months £	Carrying amount £
Assets				
Cash and money market placements	645,593,867	2,767,406	–	648,361,273
Loans and advances to banks	267,038,022	58,435,800	14,960,734	340,434,556
Loans and advances to customers	104,235,270	51,444,653	115,518,727	271,198,650
Financial derivatives	1,829,501	–	–	1,829,501
Investment securities	96,941,721	33,123,474	3,251,236	133,316,431
Other financial assets	3,848,542	1,555,273	102,029	5,505,844
Total assets	**1,119,486,923**	**147,326,606**	**133,832,726**	**1,400,646,255**
Liabilities				
Customers deposits	203,083,930	120,245,611	101,940,286	425,269,827
Deposits from banks	641,291,415	167,699,292	–	808,990,707
Financial derivatives	53,702	–	–	53,702
Other financial liabilities	4,119,070	1,850,852	2,316,446	8,286,368
Total liabilities	**848,548,117**	**289,795,755**	**104,256,732**	**1,242,600,604**

Included in the Cash and money market placements is an amount of £226m (2016 – £220m) held in a reserve account with the Bank of England and included in Investment Securities are £130m (2016 – £58m) of US 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2017

22. Financial Instruments continued

e) Liquidity Risk continued

2016	Less than 3 months £	Between 3 & 12 months £	More than 12 months £	Carrying amount £
Assets				
Cash and money market placements	533,283,205	4,599,073	–	537,882,278
Loans and advances to banks	233,272,485	28,700,086	12,362,067	274,334,638
Loans and advances to customers	62,126,779	85,038,667	89,147,266	236,312,712
Financial derivatives	304,317	3,478	–	307,795
Investment securities	37,175,595	21,007,593	2,668,361	60,851,549
Other financial assets	3,280,756	23,201	328,384	3,632,341
Total assets	869,443,137	139,372,098	104,506,078	1,113,321,313
Liabilities				
Customers deposits	153,048,752	58,093,917	100,072,359	311,215,028
Deposits from banks	499,633,675	182,786,778	–	682,420,453
Financial derivatives	439,775	2,120	–	441,895
Other financial liabilities	2,633,112	1,075,506	1,161,381	4,869,999
Total liabilities	655,755,314	241,958,321	101,233,740	998,947,375

f) Capital Management

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital at 31 December 2017 was £155,928,804 (2016: £113,600,957). Regulatory capital is determined in accordance with the requirements of the PRA in the UK. Total Regulatory Capital as at 31 December 2017 was £155,153,672 (2016: £112,763,844).

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 2017 in accordance with these definitions as laid out in the table below:

Capital resources	**2017 £**	2016 £
Tier one capital		
Shareholders' funds	**155,928,804**	113,600,957
Less:		
Intangible assets	**(676,586)**	(835,718)
CRD IV adjustments:		
Deferred Tax	**–**	–
Unrealised Gains	**(98,546)**	(1,395)
Total Tier 1 capital	**155,153,672**	112,763,844
Total regulatory capital	**155,153,672**	112,763,844

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/

23. Share capital

	Ordinary Shares	
	No. of shares	**Amount £**
As at 1 January 2017	**98,000,000**	**98,000,000**
Proceeds from shares issued	**24,000,000**	**24,000,000**
As at 31 December 2017	**122,000,000**	**122,000,000**

	Ordinary Shares	
	No. of shares	Amount £
As at 1 January 2016	73,000,000	73,000,000
Proceeds from shares issued	25,000,000	25,000,000
As at 31 December 2016	98,000,000	98,000,000

On 31 July 2017, Access Bank Plc purchased a further 24,000,000 shares at par. At 31 December 2017 the issued share capital comprised 122,000,000 ordinary shares (2016: 98,000,000) with a par value of £1. All issued shares are fully paid.

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

24. 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 Group in the normal course of business. These include loans and deposits and foreign currency transactions. Outstanding balances at the end of the year, related party income and expense for the year are as follows:

	2017 £	2016 £
Assets		
Amounts due from parent bank	**274,615,102**	250,662,078
Amounts from fellow subsidiaries	**899,550**	527,651
	275,514,652	251,189,729

	2017 £	2016 £
Liabilities		
Amounts due to parent bank	**268,307,061**	354,497,006
Amounts due to fellow subsidiaries	**29,940,033**	39,673,519
	298,247,094	394,170,525

	2017 £	2016 £
Fee and commission income		
Parent bank	**1,677,896**	2,029,988
Fellow subsidiaries	**377,767**	493,544
	2,055,663	2,523,532

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2017

24. Related party transactions continued

	2017 £	2016 £
Interest income		
Parent bank	**8,377,374**	5,176,235
Fellow subsidiaries	**19,086**	98,562
	8,396,460	5,274,797

	2017 £	2016 £
Interest Expense		
Parent bank	**3,720,940**	2,173,333
Fellow subsidiaries	**293,778**	275,240
	4,014,718	2,448,573

There are three mortgages approved and advanced, to directors of the parent company for £2,740,945 (2016: £2,939,179). As at 31 December 2017, the outstanding amounts for the mortgages were £2,713,177 (2016: £2,894,401) in respect of the directors of the parent company.

Deposits by directors of the parent company as at 31 December 2017 were £189,564 (2016: £201,567) with the largest deposit as at year end being £69,221 (2016: £86,232).

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

25. Fair values of financial instruments

Cash and money market placements

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

Loans and advances to banks

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

Loans and advances to customers

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

Financial Assets – 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 of available for sale securities. The basis of estimating the fair value of these assets is by ascertaining the market value as at balance sheet date.

Deposits from customers

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

Deposits from other banks

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

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:

	2017 Book value £	**2017 Fair value £**	2016 Book value £	2016 Fair value £
Assets				
Cash and money market placements	**648,361,273**	**648,361,273**	537,882,278	537,882,278
Loans and advances to banks	**340,434,556**	**340,434,556**	274,334,638	274,334,638
Loans and advances to customers	**271,198,650**	**271,198,650**	236,312,712	236,312,712
Derivative financial instruments	**1,829,501**	**1,829,501**	307,795	307,795
Investment securities	**133,316,431**	**133,316,431**	60,851,549	60,851,549
Other financial assets	**5,505,844**	**5,505,844**	3,632,341	3,632,341
	1,400,646,255	**1,400,646,255**	1,113,321,313	1,113,321,313
Liabilities				
Deposits from customers	**425,269,827**	**425,269,827**	311,215,028	311,215,028
Deposits from banks	**808,990,707**	**808,990,707**	682,420,453	682,420,453
Derivative financial instruments	**53,702**	**53,702**	441,895	441,895
Other financial liabilities	**8,286,368**	**8,286,368**	4,869,999	4,869,999
	1,242,600,604	**1,242,600,604**	998,947,375	998,947,375

26. Subsidiary undertakings

The Bank has established three wholly owned subsidiaries which did not trade during 2017. The Bank has taken advantage of the exemption in the Companies Act from producing consolidated financial statements on the grounds that the inclusion of the subsidiaries is not material for the purpose of giving a true and fair view.

27. 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.

28. Events subsequent to the balance sheet date

There were no events subsequent to the balance sheet date that require disclosure.

FIVE-YEAR RECORD

Statement of financial position	31 December 2013 £	31 December 2014 £	31 December 2015 £	31 December 2016 £	**31 December 2017 £**
Assets					
Placements and cash at bank	385,250,051	69,001,078	152,649,045	537,882,278	**648,361,273**
Loans and advances to banks	85,397,214	223,036,626	295,961,169	274,334,638	**340,434,556**
Loans and advances to customers	25,766,240	94,704,132	146,217,408	236,312,712	**271,198,650**
Investment securities	84,990,046	75,941,211	14,298,064	60,851,549	**133,316,431**
Others assets	4,756,185	3,714,561	5,823,708	5,755,482	**9,164,581**
Total assets	586,159,736	466,397,608	614,949,394	1,115,136,659	**1,402,475,491**
Liabilities					
Deposits from banks	406,144,327	324,355,083	354,869,538	682,420,453	**808,990,707**
Deposits from customers	125,201,842	81,587,463	171,112,175	311,215,028	**425,269,827**
Other liabilities	1,308,791	3,275,850	10,161,622	7,900,221	**12,286,153**
Total liabilities	532,654,960	409,218,396	536,143,335	1,001,535,702	**1,246,546,687**
Shareholders' funds inc. subordinated liabilities	53,504,776	57,179,212	78,806,059	113,600,957	**155,928,804**
Total liabilities and equity	586,159,736	466,397,608	614,949,394	1,115,136,659	**1,402,475,491**

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