the access bank uk

Sustainable growth through service excellence

The Access Bank UK Limited
Annual Report and Accounts 2011

The Access Bank UK exists to grow the business of the Access Bank Group through excellence in customer service and innovative solutions in trade finance, treasury services, commercial banking and asset management.

We are licensed and regulated by the UK's Financial Services Authority (FSA) and support opportunities in OECD markets for Access Bank Group customers in Nigeria, Sub-Saharan and West Africa.

Like our parent, we are committed to developing a sustainable business model for the environment in which we operate. Our commitment to business sustainability defines our approach to risk and our passion for customer service.

As the major OECD operational hub for Access Bank, we play a key role in our Group's vision to be the most respected bank in Africa. We refuse to chase unsustainable yields as a route to growth, and instead focus on building our business through the strength of our customer relationships.

Financial highlights

Operating income
£9.6M **+55%**

Operating costs
£8.4M **+19%**

Growth in balance sheet
+43% to £362M

PBIT
£1.2M

Operational highlights

>>> **Recognition** as **trade finance and correspondent bank** for the Central Bank of Nigeria (CBN)

>>> **Consistent growth** rates for assets under management with our **USD portfolios** achieving a **38% return** (pre fees)

>>> Award of **Investors in People (IIP) accreditation**

>>> Significant **investment in core trading platform** expanding capabilities in trade finance and payment services

>>> Access Bank Group established as a **top four bank** in Nigeria as a result of **successful acquisition and integration of Intercontinental Bank** (assets and contingency now N2.05trn)

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The Access Bank UK at a glance

The Access Bank UK is a wholly owned subsidiary of Access Bank plc. We provide trade finance, treasury, commercial and private banking services for clients of the Access Bank Group in their dealings with OECD markets, acting as a confirming bank for the Group and a registered trade finance and correspondent bank for the Central Bank of Nigeria (CBN).

The Access Bank UK is recognised and regulated by the UK Financial Services Authority (FSA) with independent, wholly UK-located IT systems that adhere to FSA standards of data collection and management.

Our operations comprise the following four Strategic Business Units (SBUs):

1 Trade Finance

>>> Transactions handled

$2.2BN

Review for this division
Page 09

Trade Finance Summary

- Acts as a confirming bank for Access Bank Group customers
- Registered 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)
- Acts as correspondent bank for Nigerian and Ghanaian banks lacking a UK-authorised subsidiary
- Accredited by IFC (World Bank Commercial Arm).

2 Treasury

>>> Balance sheet

£362M
+43%

Review for this division
Page 10

Treasury Summary

- Handles placement of deposits and capital placed with The Access Bank UK
- Hedges foreign exchange risk in support of Trade Finance
- Offers a range of currencies for customer transactions, including USD, GBP, EUR, JPY and CAD
- Uses active trading platforms to ensure competitive rates for customers
- Provides bespoke solutions for cross-currency transactions
- Conservative risk strategy, focused on institutions A rated and above.

3 Commercial Banking

>>> Customer balances

£96M
+122%

Review for this division
Page 11

Commercial Banking Summary

- Relationship bank, working as a confirming house for worldwide contractors operating in Nigeria
- Manages direct customer relationships for Trade Finance activities
- Develops Packaged Trade Finance solutions to facilitate the import of goods into Nigeria and to overseas markets.

4 Asset Management

>>> Portfolio performance

38%
growth

Based on USD portfolio return (pre fees)

Review for this division
Page 12

Asset Management Summary

- Provides discretionary portfolio management services, bringing worldwide investment products to high net worth Nigerian customers
- Relationship-based service wholly tailored to individual customer requirements
- Launched UK Investor Visa product for 2012, lending funds to selected customers to purchase UK Government Gilts
- Lagos-based Private Banking team offering face-to-face customer service in Sub-Saharan Africa.

A transformative year for Access Bank

Mr Aigboje Aig-Imoukhuede, CON

The past financial year has been a transformative one for the Access Bank Group as a whole as we move towards our vision of being the most respected bank in Africa. That vision, and the values with which we pursue it, are equally integral to the strategy and philosophy of The Access Bank UK.

With the acquisition and successful integration of Intercontinental Bank, completed in January 2012, Access Bank Group is now firmly established as one of the leading four banks in Nigeria, increasing total assets and contingency to N2.05 trillion. In addition, the merger of the two operations has significantly increased Access Bank's foothold in Ghana and other West and Sub-Saharan African markets.

As our major international operational hub, The Access Bank UK has a central part to play in the growth of business that will result from our new position. It gives me great satisfaction that the performance of the operation during the last financial year provides such a well-established base from which to perform this role. The Access Bank UK has fulfilled its objective to deliver a profit in its third full year of operation, on the back of significant rises in operating income. This success owes much to the bank securing recognition as a correspondent and trade finance bank for the Central Bank of Nigeria, an achievement that has raised its role, profile and credibility as a confirming bank across key OECD markets.

Like its parent group, the Access Bank UK is an inherently sustainable bank. Our strategy has been focused on developing a sustainable business model for the environment in which we operate, and this defines our approach to risk and our passion for building long-term relationships through customer service excellence. We refuse to chase yield as a shortcut to growth, and as a result we have been able to negotiate extremely challenging times for the banking sector and world economy. Our success is built upon Access Bank Group's long-term relationships with customers in Nigeria and its surrounding region, and The Access Bank UK's consistently strong delivery of trade finance, commercial banking, treasury and asset management services to this customer base.

It is the nature of our relationships, and the unique position that The Access Bank UK holds in its ability to service them, that has driven growth for the business in the past year. Licensed and regulated by the UK's Financial Services Authority (FSA), we are able to act as a credible confirming bank across global markets. At the same time, our deep understanding of the Nigerian market enables us to offer competitive rates and service delivery.

The momentum achieved by the bank shows the value and sustainability of this model and ensures that it has the scale and international credibility to operate across the increased flow of trade finance, commercial banking and treasury business that will result from the Intercontinental acquisition. At the same time, the consistency of our asset management performance since launch, and the development of a new Private Banking brand and products enable us to meet growing demand for these services from across our expanded customer base.

As significant as the growth in the business are the successful investments we have made in systems and people during the year. These ensure that The Access Bank UK has all the capabilities that it requires to service a significant rise in business over the short and medium term. We are proud to have earned Investors in People (IIP) accreditation for the first time in 2011 and I would also like to extend my congratulations to those employees recognised in our Rewarding Excellence programme for their commitment to innovation and outstanding customer service.

I would like to thank all of our customers and employees for their continued support.

Mr Aigboje Aig-Imoukhuede, CON

Chairman and Non-Executive Director,
The Access Bank UK

Realising our vision

Mr Jamie Simmonds

It gives me great satisfaction to report on an important year of achievement for The Access Bank UK. During FY2011, we have made major progress against our 5-year strategy, and positioned ourselves strongly for the considerable expansion in trade finance and related business that we expect to result from Access Bank Group's acquisition of Intercontinental Bank.

Operating income for the last financial year increased by 55% to £9.6 million, delivering PBIT of £1.2 million, our first operating profit following planned trading losses in our first two years of operation. We retain a clear focus on our model and corporate mission: to help grow the business of Access Bank Group through excellence in customer service and reach in international trade finance.

Business unit performance

Our core business has seen extensive growth, with our Trade Finance SBU handling $2.2 billion in transactions during FY2012, compared to $1 billion for the previous financial year. We secured recognition as a licensed trade finance and correspondent bank for the Central Bank of Nigeria (CBN), breaking new ground for a UK-licensed African bank. This has accelerated the recognition of The Access Bank UK as a confirming bank for global markets, and significantly enhanced our capabilities in trade finance.

We have established a self-sustaining momentum with regard to underlying flows of trade finance business and the acceptance of The Access Bank UK as a global confirming bank brand. The number of institutions who accept our confirmation has increased exponentially during the year.

The balance sheet for our Treasury SBU has continued to grow as a result of our trade finance activity, reaching $500 million for FY2011. We have increased our range of services in foreign exchange and reducing currency risk for our customers, adding new currencies in response to demand and steering a path through a year of difficult conditions in currency markets. Our cautious approach to markets and our policy of dealing with A-rated institutions and above has been central to our success in this area.

The Commercial Banking SBU provides the dedicated relationship management service that underpins our trade finance and confirmation activity, working with major manufacturers and contractors worldwide. The year has seen strong growth on the back of increased flows in trade finance, and also through our highly competitive packaged trade finance solution, which reduces operating and financing costs for Nigerian companies with trading arms in OECD markets.

We have established a strong, consistent track record of growth for the investment portfolio managed by our Asset Management SBU, with our USD portfolios achieving a return of 38% (pre fees) from inception to 2011. Such performance sits at the core of our Private Banking offering to Access Bank Group clients, a relationship-based service with an office in Lagos, Nigeria and a visiting presence in Ghana that ensure face-to-face management for high net worth customers.

Chief Executive's Review continued

> "Our strong capability for growing our trade finance and private banking businesses, combined with a consistent focus on emerging African markets, enables The Access Bank UK to deliver continued revenue growth through an expanding customer base"

A key competitive advantage for The Access Bank UK is our ability to bring international private banking products to Nigerian customers, in a form that is tailored to their individual requirements. The launch of our Investor Visa product portfolio, which helps Nigerian investors to take advantage of the UK Government's fast track investor visa policy, fits this product profile closely and is already generating significant demand.

Investment in people and systems

The year has also seen significant investment across our IT systems, trade finance operations and customer-facing relationship teams. We have increased our total headcount by one third, to 76 employees, following a 50% increase during the previous year – and we have earned Investors in People (IIP) accreditation for our investment in staff training and development. The in-house development of our integrated trading platform has increased our trade finance capabilities whilst reinforcing our conservative approach to risk management. New, real-time document-tracking capabilities are already delivering benefits in the form of efficiencies and improved service levels – and will deliver increasingly visible customer benefits over the coming year. Our IT platform handled 56,648 transactions during FY2011, a 48% increase over the prior year.

Outlook

The most significant challenges for The Access Bank UK remain the global low interest rate environment and the downward pressure that this applies to yields, and increased counter-party risks as a result of uncertainty in the Eurozone. We will maintain our conservative policy, refusing to chase higher yields at higher risk levels and continuing to deal only with banks that are soundly based and systemically important, both in Europe and elsewhere.

Our strong capability for growing our trade finance and private banking businesses, combined with a consistent focus on emerging African markets, enables The Access Bank UK to compensate for reduced yields and deliver continued revenue growth through an expanding customer base – and without compromising our risk profile. Ours is a clearly differentiated offering, delivering international banking products to corporate and private clients in Nigeria and other African countries, and will grow at an increased rate as a result of our accreditation as confirming bank to the Central Bank of Nigeria (CBN), the growing reputation of our Private Banking offer and the demand for our packaged trade finance products. We anticipate that the underlying growth trend for the business will be accelerated further over the course of the next financial year, due to the significant expansion of the Access Bank Group customer base as a result of the acquisition of Intercontinental Bank.

Mr Jamie Simmonds

Chief Executive Officer,
The Access Bank UK

Corporate Philosophy

The Access Bank UK shares the corporate philosophy of our parent, the Access Bank Group. The Group's vision is to become the most respected bank in Africa. Our mission is to support this journey by helping to grow Access Bank's business in international markets, leveraging our position as a fully licensed OECD operating hub for the Group.

Like our parent, we believe in 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 that we serve. In our business, this involves a conservative approach to risk, a focus on growth through relationships and service excellence rather than chasing unsustainable yields, and a commitment to supporting Access Bank customers through trade finance, treasury, commercial banking and asset management services.

The core values that we apply across our business operations are:

>>> 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 cost – it is excellence on all fronts so that we deliver outcomes that are economically, environmentally and socially responsible

>>> 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

>>> Passion for customers

- We live to serve our customers
- In addition to delivering excellent customer service, we will be focusing on:
  - Economic empowerment: enabling people to achieve more through provision of finance, lifting people up throughout the value chain
  - Financial education: helping people clearly understand how our products and services work
  - Financial inclusion: providing finance to those individuals and communities that traditionally have limited or no access to finance
  - Treating customers fairly: building long-term relationships based on trust, fairness and transparency

>>> 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 them take care of their health
- Pursuing a positive work/life balance for increased productivity and improved employee satisfaction
- Encouraging a diverse workforce; respect for and appreciation of differences in ethnicity, gender, age, national origin, disability, and religion

>>> Professionalism

- Putting our best foot forward in everything we do, especially in high-pressure situations
- Consistently bringing the best of our knowledge and expertise to the table in all of our interactions with our Stakeholders
- Setting the highest standards in our work ethic, behaviours and activities in the way we treat our customers and – just as importantly – each other
- Putting our customers' needs ahead of our own
- Maintaining composure and clear thinking at all times
- Ensuring continuous learning; through continuous growth and career development

>>> 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

Our strategic Business Units in detail

Trade Finance
See page 09

Treasury
See page 10

Commercial Banking
See page 11

Asset Management
See page 12

The Access Bank UK's mission to grow the international business of the Access Bank Group carried out across our four Strategic Business Units (SBUs): Trade Finance, Treasury, Commercial Banking and Asset Management.

The strategy for each of these SBUs reflects our business-wide approach of growing revenues through excellent service levels and the strength of our customer relationships, whilst maintaining a conservative approach to risk.

1

Business Segment

Trade Finance

Our Trade Finance business performed strongly during the financial year, with significant increases in its volume of confirmation, issuance and correspondence work.

Central Bank recognition

The accreditation of The Access Bank UK to be a licensed trade finance and correspondent bank for the Central Bank of Nigeria (CBN), was in recognition of the expertise that has been developed in this aspect of the UK's business. We have increased our work as a confirming bank for CBN on major construction projects in Nigeria, issuing letters of credit for over $276 million in infrastructure investment. We have also worked as a confirming bank for the Nigerian National Petroleum Corporation (NNPC).

Increasing volumes

We have also further accelerated the growth of our business as a correspondent bank for Nigerian financial institutions requiring an OECD presence. The volume of such work increased to $2 billion in transactions during the financial year.

In recognition of the business unit's performance during the year and, in particular, our success in securing the CBN license, The Access Bank UK's Head of Trade Finance, Ola Isola was awarded the title of 'Employee of the Year' in our Rewarding Excellence awards programme.

Prospects for the continued growth of our trade finance business are strong, with a highly significant increase in the number of international institutions accepting The Access Bank UK as a confirming bank, and greatly increasing our capabilities in trade finance as a result. Additional increases in trade finance volumes can be expected as a result of the acquisition of Intercontinental Bank and the resulting expansion of the Access Bank Group customer base.

Key Trade Finance highlights

Infrastructure investment

$276M

Letters of credit issued for infrastructure investment

Correspondent bank transactions during 2010/11

$2BN

The volume of work for Nigerian financial institutions requiring an OECD market capacity

Our Strategic Business Units in detail continued

2 Business Segment Treasury

Our award-winning Treasury operation hedges foreign exchange risk for Access Bank Group clients conducting trade finance business. It is also responsible for the management of the Bank's balance sheet.

Growing our offer

Our relationship focus extends to providing bespoke solutions for cross-currency transactions and during FY2011 we have added several currencies to our offering, in response to customer demand. The Treasury team now deals in USD, GBP, EUR, JPY and CA, with a balance sheet that has grown significantly as a result of increased flows in trade finance business.

Focused on relationships

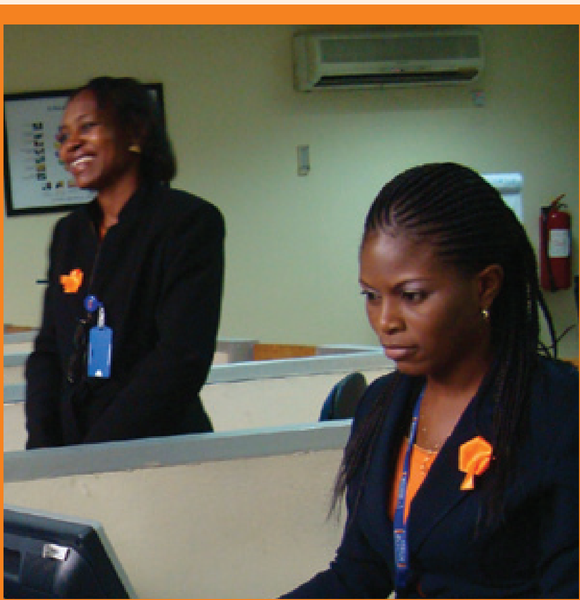
We have maintained our conservative attitude to risk in our management, refusing to chase high yields at higher risk levels, dealing with institutions rated A and above. Given the continuing uncertainty within the Eurozone, we have pursued a policy of dealing only with European banks that are considered both stable and systemically important. This approach has enabled us to negotiate through a period of uncertainty in global currency markets whilst delivering stable results and excellent service levels for our customers.

We further developed our levels of customer service during the year with the launch of a direct-line service into our treasury team, for customers engaged in ongoing currency risk management.

"We have maintained our conservative attitude to risk in our management of customer deposits, refusing to chase high yields at higher risk levels, dealing with institutions rated A and above"

3 Business Segment

Commercial Banking



An excellent performance during FY2011

– strong growth in income
– improved margins
– customer retention
– growth of customer base

Our Commercial Banking SBU handles the direct relationships for both our business and retail customers – and has a proven track record of innovation in delivering competitive solutions and added value for Access Bank Group customers.

The unit delivered a strong performance during FY2011, with growth in income, improved margins, customer retention and expansion of the customer base.

Bespoke solutions

Our bespoke packaged trade finance solution has driven strong growth for the operation during FY2011, building on its launch during the previous financial year. This highly competitive offering leverages The Access Bank UK's capabilities alongside a deep understanding of the Nigerian market and long-standing customer relationships in the Sub-Saharan African region. Through it, we are able to offer highly competitive rates to Access Bank Group customers dealing in international markets, based on our detailed understanding of their businesses.

Strong growth prospects

The success of the Commercial Banking SBU was reflected in the team earning the 2011 Compliance Register Platinum Award for client relationship management.

Growth prospects for the year ahead remain extremely strong, with demand for products such as our packaged trade finance solution expected to increase with the expansion of the Access Bank Group customer base.

Our Strategic Business Units in detail continued

4 Business Segment

Asset Management

Our Asset Management SBU has further established the strength of its investment track record whilst expanding the range of private banking services that it offers to Asset Bank Group customers.

Consistent investment returns

Our USD portfolios have achieved a return of 38% (pre fees) since inception to the end of 2011. This was achieved against a backdrop of extremely difficult and volatile markets. This was achieved against the background of extremely difficult and volatile markets.

Innovating to meet customer demand

At the same time as building our reputation for consistent returns, we have expanded the scope of private banking and investment products that we offer, innovating to meet customer demand. Our Investor Visa product portfolio, launched during the first quarter of 2012, caters to the needs of Access Bank Group customers taking advantage of the UK Government's fast track investor visa policy. And we have expanded our product portfolio to include bonds portfolios in addition to discretionary investments.

Face-to-face service

Our approach to private banking remains relationship-focused, with our Lagos-based office providing face-to-face contact with clients ensuring we are able to service all our Sub-Saharan African markets.

Key Asset Management highlights

Porfolio performance

38%

growth

Based on USD portfolio return (pre fees)

Investor Visa product portfolio

Launched

Our Investor Visa product portfolio launched for FY2012

IT Systems and Sustainability

IT Systems

We have proven reliability in our infrastructure which is all based in the UK. As a bank authorised by the UK's Financial Services Authority (FSA), we at all times adhere to the highest standards of data collection and management.

During FY2011, we have extended the scope of our systems, investing in the development of an in-house, integrated trading platform that provides full, real-time visibility for documents and transactions as they are processed through the bank. This scalable platform will underpin and support continued growth in our trade finance business and represents an investment to meet the needs of our customers as their business needs grow.

We have continued to deliver the highest standards of reliability for our systems during the year, with availability for both critical and non-critical systems at 99.9%. This stability has been maintained against a significant increase in the number of transactions processed on our platform, which reached 56,648 during FY2012, an increase of 48% over the prior year.

Our systems are supported by robust Business Continuity Planning (BCP), and configured across two separate locations in Northwich (north west England) and London (south east England). Uninterrupted power supplies ensure ongoing operational capability, and our BCP protocol automatically backs up all systems to contingency centres every half-hour.

Sustainability

As a wholly owned subsidiary of the Access Bank Group, we share our parent's commitment to supporting sustainable development in Africa, through the consistent application of sustainable business practices to our own operations.

We believe that these twin elements of sustainability work hand-in-hand for a business such as ours. In the current macro-economic climate, and especially given the shocks experienced by the banking sector since 2008, sustainable banking practices are essential for the health and wellbeing of the global economy. For a bank that plays a growing role in supporting economic growth and development in Nigeria and other African countries, the stability of our approach has direct repercussions for emerging economies. This approach enables us to improve the quality of life for many through sustainable development.

This is why a conservative approach to risk management is firmly embedded across all of our business operations. We value the security of customer deposits over obtaining high yields and are firmly committed to growing our business instead through service excellence and the strength of our customer relationships.

We are proud of the Access Bank Group's direct involvement in sustainable development in Africa, and of our own role in supporting this. The Access Bank seeks to maintain a high level of corporate governance alongside high standards of integrity in business practice, and through this seeks to drive positive economic performance and growth.

Key elements of the Group's sustainability strategy, which apply equally to the operations of The Access Bank UK, include:

- Engaging only in responsible lending, marketing and advertising to our customers while ensuring that our products and services are value-adding and accessible;
- Being an equal opportunity employer, engaging only in fair practices and promoting diversity while ensuring rewarding career opportunities, training and attractive working conditions for employees;
- Always considering the environmental and social issues that arise in financing projects. The Bank conducts an environmental and social impact assessment of potentially damaging projects, and the ability of the borrower to manage its impact, as part of our normal credit and risk procedures;
- Positively contributing to the economic development of the countries in which we operate while also engaging in community development initiatives to make society a better place for individuals and business organisations.

The Access Bank Group's commitment to sustainability was recognised this year through the award of the Business in the Community (BitC) Big Tick Award for Contribution to Sustainability through Innovation.

The Access Bank UK's Head of Commercial Banking, Johnson Ememandu, accepted the award on behalf of the Group, in a presentation held at the Royal Albert Hall in London.

Business in the Community AWARDS 2011 International

Access Bank awarded the prestigious **Big Tick** for their work in the community

Our approach to risk management

A controlled and conservative approach to risk is fundamental to the values and business strategy of The Access Bank UK. Across all of our business operations, we take the approach of dealing with institutions rated A or above, and only with those banks that are generally considered to be both stable and systemically important.

We apply a 'three-line of defence' model to risk management, identifying the key risks for our business and controlling these through frontline staff, compliance and risk management functions, and auditors and directors. We support this strategy with an employee culture in which our risk strategy is firmly embedded and clearly communicated.

We have worked to identify the ten most significant risks for our business and the appropriate approach to managing these. The ten most significant business risks are as follows:

Business Continuity Risk

>>> Risk

These are losses arising from disruption of business or system failures. It includes people, systems or infrastructure failures.

>>> Control Strategy

All IT is supported with an offsite recovery centre that is designed to ensure that records are secured and operations can be recovered. The Bank has an IT Disaster Recovery plan that has previously been the subject of a satisfactory audit review.

The Bank has enhanced recovery plans by contracting with a work area recovery provider to enable staff to continue to operate in London and Manchester in the event of any interruption or office access restriction.

Remote access services for some critical actions have been implemented with HSBC to ensure that these transactions can be performed in the event that systems are lost.

Documentation Risk

>>> Risk

Documentation risk comprises of four areas of risk: Breach of data handling rules according to the Data Protection Act (DPA); FSA Record Keeping Rules; Accuracy; and Archiving and Recovery.

>>> Control Strategy

Clear policies and procedures document maker/checker requirements.

Systemic record retention procedures have been established to ensure that records are retained for all systemic activity, currently indefinitely. The Bank has strict policies and procedures to ensure compliance with the Data Protection Act.

These include system controls and safeguards that restrict the misuse of data. Documents are required to be the subject of compliance and senior manager review and oversight. Data is held securely on systems and is 'backed up' on secure and remote locations to ensure that records can be recovered in the event of loss.

Regulatory Risk

>>> Risk

Risk includes: the impact of New Regulation; Regulatory Returns; Licensing and Authorisation; and Compliance with Laws and Regulations.

>>> Control Strategy

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.

Financial Crime Risk

>>> Risk

The risk of: Internal Staff Theft and False Accounting; Third Party Fraud; Management Fraud; Cyber Crime; and a failure to prevent corruption and bribery as detailed in the Bribery Act 2010.

Losses typically involving at least one external third party and/or involving internal staff due to fraud, misappropriation of property or breach of regulations or Bank policy. Cybercrime is criminal activity performed using computers and the internet. This includes stealing from online bank accounts and non-monetary offences, such as creating and distributing viruses.

>>> Control Strategy

The Bank has an active monitoring plan to identify 'phishing' site activity and takes immediate action to have these sites removed.

The Bank cannot prevent the proliferation of these sites and phishing activity on the internet, and the threat will therefore not be contained and will persist. Front office and back office segregation and four eyes principle controls exist over transactions. Security checks on identity are required to be performed. Call back procedures are performed for payments and all other instructions. The threshold for these controls is subject to periodic change. Internet controls are in place to ensure appropriate security checks are required to be satisfied by customers.

Our approach to risk management continued

Liquidity Risk

>>> 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 Capital Adequacy ratio is a helpful indicator of the strength the soundness and stability of the banking system.

>>> Control Strategy

The Bank has a high level of cash holding, above the required regulatory standards, and is not highly leveraged.

The Finance Director monitors the Bank's position according to Individual Liquidity Adequacy Assessment (ILAA) and Individual Capital Adequacy Assessment Process (ICAAP). The Asset and Liabilities Committee (ALCO) meets to review positions. The FSA have previously approved the Banks ICAAP modelling and stress testing in 2011.

Credit Risk

>>> 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.

>>> Control Strategy

A risk review is conducted at the design stage for each new product/service to identify risks.

Credit Risk undertake 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 monitor the value of ongoing security. The risk assessment process requires that each credit proposition is reviewed and approved by the Management Credit Committee.

Counterparty Risk

>>> 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.

>>> Control Strategy

Credit limits are monitored by the Credit Risk and Finance Department. Limits are publicised to the Treasury team to assist with compliance and adherence. New online and real-time systems are being improved which support adherence to these limits. The Bank employs highly qualified Treasury personnel who are supervised by the MD/CEO of the Bank.

Staff Competence Risk

>>> Risk

The risk includes: Training and Competence; Health and Safety; Resourcing and Remuneration.

>>> Control Strategy

All senior appointments are the subject of review and approval by the parent, FSA and the MD/CEO of the Bank. All staff appointments are the subject of review and interview by the CEO/MD together with appropriate EXCO member.

A wider program of personal development is being managed to improve broader competency in the Bank. The Bank has a policy of reward and remuneration that sits in the upper quartile of industry expectations.

Key Person Risk

Risk

The risk includes; Succession Planning and Professional Indemnity Insurance. The primary reason for business succession planning is to assure that business risk is minimised and is focused on identifying specific back-up candidates for given senior management positions.

Control Strategy

The Bank has in place a detailed succession plan for all key positions. This draws on not only UK staff but also the wider Group.

The Bank has established good working relations with recruitment agencies and candidates can be readily identified to provide replacement cover if required. The Bank has 'Key Man Risk' insurance indemnity cover in place.

Strategic Risk

Risk

The risk arising from a loss resulting from a strategy that is defective, ineffective or inappropriate. This includes consideration of: competitor analysis; capital availability; political influence and change; industry; technology and innovation; and customer demand and requirement.

Control Strategy

The Bank is a wholly owned subsidiary of an established Nigerian bank which remains committed and supportive of the development of the UK bank.

The ICAAP and ILAA is prepared on an annual basis and fully reviewed and updated each quarter at ALCO and any changes presented to Board meetings each quarter.

IT Steering Committee reviews the prioritisation and management of IT projects to ensure that appropriate resource is applied to the most important and priority needs of the Bank and customers.

"The Bank has further strengthened the management of operational risk through the selective recruitment of new and additional members of staff to the newly formed Operational Risk Management team under the supervision of the Risk and Compliance Director."

Board of Directors

Mr Aigboje Aig-Imoukhuede, CON
Chairman and Non-Executive Director

Aigboje Aig-Imoukhuede is the Group Managing Director and Chief Executive Officer of Access Bank Plc, one of Africa's leading financial institutions. Under his leadership the Bank has become a globally recognised institution. The award-winning Bank continues to lead the Nigerian banking industry through best practices in corporate governance, risk management, responsible business practices and sustainability.

Aig-Imoukhuede also chairs the Board of Trustees of Nigeria's Financial Market Dealers Association and is Board member of the African Finance Corporation. He has served on several Presidential Committees addressing issues of national importance and currently serves as the Chairman of the Bankers' Committee Sub-Committee on Economic Development and Sustainability. In addition, he is Chairman of the GBC Health, the leading global coalition of private sector companies focused on addressing health issues.

Aigboje Aig-Imoukhuede holds LLB and BL degrees from the University of Benin and the Nigeria Law School respectively.

Mr Derek Ross
Independent Non-Executive Director

Derek Ross is a retired partner of Deloitte, a highly experienced chartered accountant, and a Corporate Treasurer. He is the author of four books and numerous articles on corporate finance and treasury matters. At Deloitte, he was the partner responsible for the provision of treasury and advisory services. Following retirement from the firm in 2004, he was appointed as Non-Executive Director, member of Alco, and Chairman of the Audit Committee of Nationwide Building Society. He is a Non Executive Director and Chairman of the Audit Committee of Eurocorp plc (a wholly owned subsidiary of the Depository Trusts and clearing Corporation of the US). Mr Ross is also the Chairman of the Risk and Audit Committee of The Access Bank UK Limited.

Mr Tim Wade
Independent Non-Executive Director

Tim 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.

External appointments
Tim is currently Chief Executive Officer of Finance Pronto Limited, non-executive director and Chairman of the Audit Committee of Resolution Limited, Macquarie Bank International Limited and Monitise Plc, and a Governor of The Coeliac Society. Tim is Chairman of the Credit and Remuneration Committees of Access Bank UK Limited.

Mr Herbert Wigwe
Non-Executive Director

Herbert Wigwe started his professional career with Coopers and Lybrand Associates, an international firm of Chartered Accountants. He spent over 10 years at Guaranty Trust Bank where he managed several portfolios including Financial institutions, Corporates and Multinationals. He left Guaranty Trust as an Executive Director to co-lead the transformation of Access Bank Plc in March 2002 as Deputy Managing Director.

Herbert is an Alumnus of Harvard Business School Executive Management Programme. He holds a Masters degree in Banking and International Finance from the University College of North Wales; a Masters degree in Financial Economics from the University of London and a B.Sc. degree in Accounting from the University of Nigeria, Nsukka. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN).

Mr Jamie Simmonds
Chief Executive Officer/ Managing Director

Jamie 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 Foreign Bankers Association.

He has enjoyed a career spanning 36 years in the 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 start-up and turnaround of financial service business 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 15 years of proven success gained in senior positions with international investment banking institutions. He qualified with Deloitte, and worked as a Senior Manager specialising in the auditing of complex banking and securities firms. He spent ten years at Credit Lyonnais Securities as finance director, where he also had responsibility for the settlements and middle office departments. He then worked for five years at Robert W Baird Limited, the UK subsidiary of the US investment bank, as chief operating officer with responsibility for all operational functions. Prior to joining Access in 2008 he spent two years with an internet start-up developing a property trading exchange dealing with small institutions and investors.

Directors' Report

The Directors of The Access Bank UK Limited have pleasure in presenting the Annual Report, together with the audited financial statements, for the year ended 31 December 2011.

Principal activities

The Access Bank UK Limited (the "Bank") is a wholly owned subsidiary of Access Bank Plc, a major bank in Nigeria. Access Bank Plc ranks among the top four banks in Nigeria by most metrics.

The Bank was authorised by the Financial Services Authority ("the FSA") on 12 August 2008.

The principal activities of the Bank are to provide trade finance, treasury services, correspondent banking, commercial banking, private banking, and asset management to customers.

Financial results

The financial statements for the year ended 31 December 2011 are shown on pages 24 to 44. The profit after tax for the year amounted to £1,269,980 (2010: £41,509).

Business review

Introduction

This business review sets out the nature, objectives and operations of the Bank, together with the principal risks and uncertainties we face. It is followed by a business review of the development and performance of the Bank.

The Access Bank UK Limited's Philosophy

The Bank has been established in the UK in order to expand the business model of Access Bank Plc. The Bank's aim is to become the most respected bank in Africa and to set 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 that we serve.

Nature of the Business

The Bank has been established to provide trade finance, treasury services, correspondent banking, commercial banking, private banking, and asset management to 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. The Bank is taking advantage of opportunities available in the provision of international banking, trade finance, and treasury services to both corporate and personal customers.

Operations

The Bank has been authorised by FSA to undertake a wide range of banking activities. The Permissions granted to the Bank are set out in the FSA Website at:
http://www.fsa.gov.uk/register/firmBasicDetails.do?sid=197517

The Bank's Registered Office is the Bank's Operations Centre: 4 Royal Court, Gadbrook Park, Northwich, Cheshire, CW9 7UT.

The Directors of the Bank are listed in this Report on Page 21.

Principal Risks and Uncertainties

The principal risks and uncertainties that the Bank faces vary across the different businesses and are the focus of the Board Risk and Audit Committee. The Bank has adopted the Three Lines of Defence Risk Management Framework familiar in the UK financial services environment.

The Bank has continued to use Grant Thornton LLP as the internal auditors for the Bank on an outsourced basis.

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.

The range of risks are continually assessed in line with the Bank's business, and include credit risk, market risk, liquidity risk, and operational risk.

The Individual Liquidity Adequacy Assessment ("ILAA") 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.

The Bank's business is subject to varying legislation and regulation within the UK including the Financial Services and Markets Act 2000, specific financial services regulation such as from the FSA and the Office of Fair Trading, the Data Protection Act 1998, as well as health and safety and employment law.

Capital Structure and Capital Management

The Bank's issued share capital amounts to £32m divided into 32,000,000 shares of £1 each.

On 17 February 2011 the Bank received a Long Term Subordinated Loan of $15 million from Access Bank Plc. This has a tenor of ten years and qualifies as Tier 2 Regulatory Capital.

The Bank manages its capital to ensure that it can meet its regulatory capital and liquidity requirements, and that it will be able to continue as a going concern while maximising return to shareholders through optimally managing its credit, market and operational risk.

Development and Performance of the Bank

The Bank has continued to grow its customer base and increase its product offering, increasing revenues by 55% during the year.

During the year, the Bank continued to grow its deposit and lending balances both with customers and other banks, which contributed to a 183% increase in net interest income for the year.

The Bank saw growth in fees and commission and other income in the year, reflecting both continued strong growth in trade finance activity and also the result of the recently launched asset management division. A further analysis of revenue is included in note 5 of the financial statements.

On 31 January 2012, the Bank's parent company, Access Bank Plc announced that it had completed the merger with Intercontinental Bank Plc, a fellow Nigerian Bank with operations in the UK. These operations are currently being run independently of the Bank.

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.

Directors

The Directors, who served during the year, were as follows:

A Aig-Imoukhuede	(Chairman)
D Ross	(Independent Non Executive Director)
T Wade	(Independent Non Executive Director)
H Wigwe	(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.

Going concern

As at the year end, the Directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future and have adopted the going concern basis in preparing financial statements of the Bank.

Political contributions and charitable donations

No charitable donation was made during the year.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Director's Report confirm that, so far as they are each 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.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit plc will therefore continue in office.

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

Jamie Simmonds
Chief Executive Officer/Managing Director
23 April 2012

Company Registration No. 06365062

Financial Statements

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in respect of the Directors' Report and Financial Statements

The Directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

Independent Auditors' Report

Independent auditors' report to the members of The Access Bank UK Limited

We have audited the financial statements of The Access Bank UK Limited for the year ended 31 December 2011 set out on pages 24 to 44[1]. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 22, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at- www.frc.org.uk/apb/scope/private.cfm.[2]

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Samer Hijazi (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
23 April 2012

[1] The statutory financial statements were originally published outside this Annual Report and Accounts. The page numbers used in this Annual Report and Accounts are different to when the statutory financial statements were originally published. Therefore in this audit report, the numbers here have been changed merely so that the page references are consistent with the reproduction in this Annual Report and Accounts. The original page numbers in the audit report on the statutory financial statements referred to pages 9 to 38.

[2] The statutory financial statements were originally published outside this Annual Report and Accounts. The surround information that existed with those statutory financial statements has been reproduced in this Annual Report and Accounts on pages 20 to 22 of this Annual Report and Accounts. In giving their audit report on 23 April 2012, KPMG Audit Plc were required to read all financial and non-financial information that existed with those statutory financial statements and consider whether such "other information" is consistent with the audited financial statements. They were required to consider the implications for its audit report if it becomes aware of any material inconsistencies with the statutory financial statements or any apparent material misstatements in the other information. The information included on pages 1 to 19 and 45 to 46 of this Annual Report and Accounts did not form part of the surround information that existed with those statutory financial statement. Hence their audit report which was given on 23 April 2012 did not consider the information now included on pages 1 to 19 and 45 to 46 of this Annual Report and Accounts.

Statement of Comprehensive Income
For the year 31 December 2011

	Note	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Income			
Interest income	4	**3,987,026**	1,366,176
Interest expense		**(513,022)**	(138,885)
Net interest income		**3,474,004**	1,227,291
Fee and commission income		**5,436,991**	4,567,517
Other Income		**719,841**	417,613
Operating Income		**9,630,836**	6,212,421
Expenses			
Personnel Expenses	7	**(4,778,928)**	(4,036,893)
Depreciation and amortisation		**(335,071)**	(326,642)
Other Expenses		**(3,246,857)**	(2,696,377)
Operating profit / (loss) before tax		**1,269,980**	(847,491)
Taxation	10	**–**	889,000
Profit for the year		**1,269,980**	41,509
Other Comprehensive Income for the year		**–**	–
Total Comprehensive Profit for the year		**1,269,980**	41,509

The notes on pages 28 to 44 form an integral part of these financial statements

Statement of Financial Position

	Note	31 December 2011 £	31 December 2010 £
Assets			
Cash at bank		**19,641,450**	7,017,107
Money market placements		**208,836,078**	183,834,077
Loans and advances to banks		**64,014,531**	26,222,781
Loans and advances to customers		**29,385,087**	6,872,330
Held to maturity investments		**35,295,237**	23,608,301
Property, plant and equipment	11	**357,382**	375,600
Intangible assets	12	**456,481**	647,912
Other assets	13	**3,582,375**	3,884,255
Deferred tax	10	**889,000**	889,000
Total assets		**362,457,621**	253,351,363
Liabilities			
Deposits from banks		**232,300,376**	187,061,081
Deposits from customers		**95,645,314**	42,995,205
Other liabilities	14	**1,498,396**	1,214,603
Subordinated Liabilities	18	**9,663,081**	–
Total liabilities		**339,107,167**	231,270,889
Equity			
Share capital	19	**32,000,000**	32,000,000
Retained earnings		**(8,649,546)**	(9,919,526)
Total equity attributable to the equity holders of the Bank		**23,350,454**	22,080,474
Total liabilities and equity		**362,457,621**	253,351,363

The notes on pages 28 to 44 form an integral part of these financial statements
The financial statements were approved by the Board of Directors and authorised for issue on 23 April 2012.
They were signed on its behalf by:

J. Simmonds
Chief Executive Officer/Managing Director

S. McLaughlin
Finance Director
23 April 2012

Company Registration No. 06365062

Statement of Changes in Equity
For the year 31 December 2011

	Share capital £	Retained earnings £	**Total equity £**
Balance as at 1 January 2011	32,000,000	(9,919,526)	**22,080,474**
Profit for the year	–	1,269,980	**1,269,980**
Shares issued	–	–	–
Balance at 31 December 2011	32,000,000	(8,649,546)	**23,350,454**

	Share capital £	Retained earnings £	Total equity £
Balance as at 1 January 2010	32,000,000	(9,961,035)	22,038,965
Profit for the year	–	41,509	41,509
Shares issued	–	–	–
Balance at 31 December 2010	32,000,000	(9,919,526)	22,080,474

The notes on pages 28 to 44 form an integral part of these financial statements

Statement of Cash flow
For the year 31 December 2011

	Note	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Cash flows from operating activities			
Profit for the year		**1,269,980**	41,509
Adjustments for:			
Depreciation	11	**141,332**	141,496
Amortisation	12	**193,739**	185,147
Deferred Tax		**–**	(889,000)
Loss on disposal of fixed assets		**–**	3,589
Operating cash flows before movements in working capital		**1,605,051**	**(517,259)**
Changes in money market placements		**(25,002,001)**	(110,148,105)
Changes in loans and advances		**(60,304,507)**	(28,731,062)
Changes in other assets		**301,880**	4,645,785
Changes in balances due to banks		**45,239,295**	122,613,292
Changes in balances due to customers		**52,650,109**	22,095,715
Changes in other liabilities		**283,793**	(6,786,134)
		14,773,620	3,172,232
Taxation Paid		**–**	–
Net cash inflow from operating activities		**14,773,620**	3,172,232
Cash flows from investing activities			
Changes in investment securities		**(11,686,936)**	(16,528,952)
Purchase of property, plant and equipment		**(123,114)**	(30,957)
Proceeds from disposal of property, plant and equipment		**–**	1,037
Purchase of intangible assets		**(2,308)**	(64,766)
Net cash used in investing activities		**(11,812,358)**	(16,623,638)
Cash flows from financing activities			
Receipt of subordinated loan		**9,663,081**	–
Net cash inflows from financing activities		**9,663,081**	–
Net increase/(decrease) in cash and cash equivalents		**12,624,343**	(13,451,406)
Cash and cash equivalents at the beginning of the year		**7,017,107**	20,468,513
Cash and cash equivalents at the end of the year		**19,641,450**	7,017,107

The notes on pages 28 to 44 form an integral part of these financial statements

Financial Statements

Notes to the Financial Statements
For the year 31 December 2011

1. General information

The Bank was incorporated in the United Kingdom on 10 September, 2007 under the Companies Act 1985. The address of the registered office is 4 Royal Court, Gadbrook Park, Northwich,Cheshire, CW9 7UT. The parent and ultimate parent undertaking is Access Bank Plc, a Bank incorporated in Nigeria. The Bank primarily provides trade finance, treasury services, correspondent banking, commercial banking, private banking, and asset management to customers.

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2011, with the Bank not opting for early adoption. These have, therefore, not been applied in preparing these consolidated financial statements.

At the date of authorisation of these financial statements, the following Standard which has not been applied in these financial statements were in issue but not yet effective:

– IFRS 9	Financial Instruments
– IFRS 13	Fair Value Measurement
– Amendment to IAS 1	Financial statement presentation regarding other comprehensive income

2. Basis of preparation and significant accounting policies

The financial statements have been prepared and approved by the directors in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the International Accounting Standards Board and adopted by the EU.

The financial statements have been prepared under the historical cost accounting convention except for financial assets and liabilities stated at their fair value comprising available for sale securities and the fair value of foreign exchange agreements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Bank's financial statements.

The Bank's business activities, together with the factors likely to affect its future development, performance and position are set out in the director's report on pages 20 to 21. Note 17 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 despite the uncertain economic outlook.

Foreign currencies

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

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

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 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 cash flow statement, cash and cash equivalents are deemed to comprise cash at other banks repayable on demand.

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

Financial assets
All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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 on points paid or received 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. The Bank chooses not to disclose the effective interest rate for debt instruments that are classified as at fair value through profit or loss.

Financial assets at FVTPL
Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset 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 identified 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 designated and effective as a hedging instrument.

A financial asset other than a financial asset 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 asset 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 assets 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 earned on the financial asset.

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.

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.

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

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

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

Notes to the Financial Statements continued

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Bank's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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.

Derecognition of financial assets

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 recognises a collateralised borrowing for the proceeds received.

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.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of disposal in the near future; or
- it is a part of an identified 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 designated and effective as a hedging instrument.

A financial liability other than a financial liability 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 liability 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 liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss as the Bank chooses not to disclose the effective interest rate for debt instruments that are classified as at fair value through profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

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.

Derecognition of financial liabilities
The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire.

Derivative financial instruments
The Bank enters 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 14 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: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from 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
Plant and machinery	5 years
Motor vehicles	4 years
Leasehold improvements	Over the period of the lease

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bankand 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 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.

Notes to the Financial Statements continued

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

Intangible assets
Other non-internally generated 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
Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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

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

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

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

Taxation
Tax expense represents the sum of the tax currently payable and deferred tax payable.

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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. 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.

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 calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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 "Administrative expenses" in the income statement. The Bank has no further obligation once the contributions have been paid.

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 estimates made in respect of deferred tax are appropriate for the preparation of these financial statements.

4. Interest income

	2011 £	2010 £
Derived from:		
Cash and cash equivalents	**3,586**	9,659
Loans and advances to banks	**1,248,868**	656,050
Loans and advances to customers	**2,166,023**	366,941
Investment securities	**568,549**	333,526
Total interest income	**3,987,026**	1,366,176

5. Fee and commission income

	2011 £	2010 £
Derived from:		
Loans	**17,012**	41,466
Trade Finance	**4,973,838**	4,268,161
Funds transfer	**142,308**	147,325
Other	**303,833**	110,565
Total fees and commission income	**5,436,991**	4,567,517

6. Business and geographical segments

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

7. Information regarding directors and employees

Employment costs are as follows:

	2011 £	2010 £
Personnel expenses		
Wages and salaries	**3,939,470**	3,326,093
Pension contributions under defined contribution scheme	**312,036**	264,144
Compulsory social security obligations	**424,366**	379,209
Other expenses	**103,056**	67,447
	4,778,928	4,036,893

	2011 £	2010 £
Number of employees at year end	**74**	60
Average number of employees during the year	**68**	57

At the year end, there were 35 (2010: 29) employees involved in fee-earning roles and 39 (2010: 31) in administration.

Included within employment costs are:

	2011 £	2010 £
Directors' remuneration and fees		
Fees	**140,000**	140,000
Other Emoluments	**667,750**	748,500
Pension contributions	**56,000**	55,000
	863,750	943,500

The highest paid Director received emoluments excluding pension contribution totalling £395,000 (2010: £335,000) and pension of £33,500 (2010: £32,500). Retirement benefits are accrued under defined contribution schemes.

Notes to the Financial Statements continued

8. Operating profit before tax

	2011 £	2010 £
Operating profit before tax is stated after charging:		
Depreciation	**141,332**	141,495
Amortisation	**193,739**	185,147

9. Auditors' remuneration

Auditors' remuneration can be analysed as follows:

	2011 £	2010 £
Audit and related services:		
Audit of these financial statements	**60,000**	75,000
Audit of the year end Group reporting package	**20,000**	20,000
Audit of the half year Group reporting package	**25,000**	21,000
	105,000	116,000
Non-audit services:		
Other services relating to corporate taxation	**–**	2,850
Other advisory services	**8,310**	3,000
	8,310	5,850
	113,310	121,850

The costs of the audit of the half year Group reporting package were borne by Access Bank Plc.

10. Taxation

The tax charge in the income statement for the year was £nil (2010: tax credit £889,000). The tax charge can be reconciled to the profit/(loss) per the income statement as follows:

	2011 £	2010 £
Profit/(Loss) before tax	**1,269,980**	(847,491)
Reconciliation of effective tax rate:		
Corporation tax at 26.5% (2010: 28%)	**336,458**	(237,297)
Tax effect of:		
Expenses not deductible for tax purposes	**4,155**	19,316
Capital allowances less than depreciation	**64,441**	32,331
Taxable losses (utilised)/carried forward	**(405,054)**	185,650
	–	–
Deferred Tax Asset:		
Balance brought forward	**889,000**	–
Recognition during the period	**–**	889,000
Balance carried forward	**889,000**	**889,000**

A deferred tax asset of £889,000 was recognised in the year to 31December 2010 in respect of a proportion of the tax losses carried forward at that date. The tax charge of £405,054 in respect of the taxable profit for the year to 31 December 2011 has been offset against the losses brought forward but not recognised by the deferred tax credit of £889,000.

The Directors have reviewed the level of the deferred tax asset carried forward and believe that this is fairly stated.The recovery of the recognised asset is dependent on the expected generation of future taxable profits. The unrecognised asset will become recognisable as the Bank generates further taxable profits in the future.

The current expectation of future taxable profits is based upon forecasts of current and future revenue growth and is based on a number of assumptions such as the volume of trade finance activity, growth in the volume of assets under management and the loan and deposit portfolios as well as management's assessment of likely interest rate movements. Were any of these assumptions to change, the size of the recognised deferred tax asset might be increased or decreased.

The estimated amount of the asset not yet recognised as at 31 December 2011 is £1,623,794 (2010: £2,109,926).

11. Property, plant and equipment

	Leasehold improvements	Computer equipment	Motor vehicles fixtures and fittings	Office, equipment	**Total**
	£	£	£	£	**£**
Cost					
Balance at 1 January 2010	269,501	198,900	36,201	122,523	627,125
Additions	13,954	4,055	–	22,793	40,802
Disposals	(4,455)	–	–	(12,801)	(17,256)
Balance at 31 December 2010	279,000	202,955	36,201	132,515	650,671
Balance at 1 January 2011	**279,000**	**202,955**	**36,201**	**132,515**	**650,671**
Additions	**40,341**	**20,711**	**16,192**	**45,870**	**123,114**
Disposals	**–**	**–**	**–**	**–**	**–**
Transfers	**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2011	**319,341**	**223,666**	**52,393**	**178,385**	**773,785**
Depreciation					
Balance at 1 January 2010	(34,955)	(74,087)	(8,723)	(18,596)	(136,361)
Charge for the year	(40,193)	(66,754)	(8,623)	(25,926)	(141,496)
Disposals	866	–	–	1,920	2,786
Balance at 31 December 2010	(74,282)	(140,841)	(17,346)	(42,602)	(275,071)
Balance at 1 January 2011	**(74,282)**	**(140,841)**	**(17,346)**	**(42,602)**	**(275,071)**
Charge for the year	**(43,714)**	**(59,116)**	**(9,050)**	**(29,452)**	**(141,332)**
Disposals	**–**	**–**	**–**	**–**	**–**
Transfers	**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2011	**(117,996)**	**(199,957)**	**(26,396)**	**(72,054)**	**(416,403)**
Net book value					
At 31 December 2010	204,718	62,114	18,855	89,913	375,600
At 31 December 2011	**201,345**	**23,709**	**25,997**	**106,331**	**357,382**

Notes to the Financial Statements continued

12. Intangible assets

	2011 £	2010 £
Cost		
Balance at the beginning of the year	**967,510**	902,744
Additions	**2,308**	64,766
Balance at the end of the year	**969,818**	967,510
Amortisation		
Balance at the beginning of the year	**(319,598)**	(134,451)
Charge for the year	**(193,739)**	(185,147)
Balance at the end of the year	**(513,337)**	(319,598)
Net book value		
Balance at the end of the year	**456,481**	647,912

The intangible assets relate to software licences purchased.

13. Other assets

	2011 £	2010 £
Derivative financial instruments (see note 15)	**40,004**	229
Accrued income	**707,150**	819,598
Intercompany receivables	**1,935,428**	889,912
Other receivables	**246,347**	1,627,997
Prepayments	**653,446**	546,519
	3,582,375	3,884,255

14. Other liabilities

	2011 £	2010 £
Trade creditors	**80,746**	11,261
Derivative financial instruments (see note 15)	**37,337**	129,423
Accrued interest payable	**92,317**	46,738
Intercompany payables	**70,410**	93,714
Other taxes and social security costs	**128,265**	120,742
Deferred income	**112,785**	37,765
Other creditors	**976,536**	774,960
	1,498,396	1,214,603

Trade creditors principally comprise amounts outstanding for trade purchases and ongoing costs and are paid within the pre-agreed credit terms.

15. Derivative financial instruments

	2011 £	2010 £
Forward foreign currency contracts		
Receivables	**40,004**	229
Payables	**(37,337)**	(129,423)

Derivative financial instruments consist of short term forward contracts. Forwards are held for day to day cash management rather than for trading purposes and are held at fair value. These foreign exchange contracts have intended settlement dates within twelve months. This is the only category of derivative instruments held by the Bank as at 31 December 2011. All forward contracts are considered to be level two i.e. are priced with reference to observable market data.

16. Commitments and contingencies

a) Pension commitments

The Bank provides a defined pension contribution scheme for all staff. The assets of the scheme are held separately from those of the Bank in independently administered funds. During the year, pension costs of £312,036 (2010: £264,144) were charged to the income statement. There was no pension creditor outstanding at the balance sheet date.

b) Trade finance

	2011 **£**	2010 £
Letters of credit (including cash-backed)	**123,801,019**	132,698,998
Guarantees	**1,341,450**	932,807
	125,142,469	133,631,805

c) Operating lease commitments

Non-cancellable operating lease payables:

	2011 **£**	2010 £
Less than 1 year	**666,778**	642,741
1 – 5 years	**906,504**	1,505,111
	1,573,282	2,147,852

The above table shows the total of future minimum lease payments under non-cancellable operation leases. Significant lease payables relate to the Bank's leased properties. During the period, £543,102 (2010: £663,572) was recognised as an expense in the income statement in respect of operating leases.

17. Financial instruments

a) Classifications and Fair value

Derivatives

Derivative instruments are carried at fair value. For instruments where a listed market price is available, fair value is equal to market value. Where a listed market price is not available, a valuation technique using observable market inputs or unobservable inputs is used.

Loans and advances & other financial liabilities

Loans and advances & other financial liabilities are carried at amortised cost. Fair values of these instruments are calculated based upon the present value of estimated future cash flows discounted at the market value of interest at the balance sheet date. For all other instruments not carried at fair value, fair value is estimated to approximate book value.

Held to maturity

Debt instruments with the Bank's intention and ability to hold the investment to maturity. These instruments are carried at amortised cost using the effective interest method.

Notes to the Financial Statements continued

17. Financial instruments (continued)

Financial instruments classification

2011	Loans & Receivables £	Fair value through P & L £	Held to maturity £	Total £
Assets				
Cash and cash equivalents	19,641,450	–	–	19,641,450
Loans and advances to banks	272,850,609	–	–	272,850,609
Loans and advances to customers	29,385,087	–	–	29,385,087
Derivatives	–	40,004	–	40,004
Debt securities	–	–	35,295,237	35,295,237
Other assets	2,888,925	–	–	2,888,925
Total assets	**324,766,071**	**40,004**	**35,295,237**	**360,101,312**

	Other Financial Liabilities £	Fair value through P & L £	Total £
Liabilities			
Deposits from banks	232,300,376	–	232,300,376
Deposits from customers	95,645,314	–	95,645,314
Derivatives	–	37,337	37,337
Other liabilities	779,143	–	779,143
Subordinated liabilities	9,663,081	–	9,663,081
Total liabilities	**338,387,914**	**37,337**	**338,425,251**

2010	Loans & Receivables £	Fair value through P & L £	Held to maturity £	Total £
Assets				
Cash and cash equivalents	7,017,107	–	–	7,017,107
Loans and advances to banks	210,056,858	–	–	210,056,858
Loans and advances to customers	6,872,330	–	–	6,872,330
Financial assets - derivatives	–	229	–	229
Debt securities	–	–	23,608,301	23,608,301
Other assets	3,337,507	–	–	3,337,507
Total assets	227,283,802	229	23,608,301	250,892,332

	Other financial liabilities £	Fair value through P & L £	Total £
Liabilities			
Deposits from banks	187,061,081	–	187,061,081
Deposits from customers	42,995,205	–	42,995,205
Financial liabilities – derivatives	–	129,423	129,423
Other liabilities	577,902	–	577,902
Total Liabilities	230,634,188	129,423	230,763,611

b) Risk Management

The Bank's Risk Management function is the responsibility of the Risk and Compliance Director. The Risk and Compliance Department is delegated responsibility for the day-to-day monitoring of the individual risks by the Chief Executive Officer/Managing Director. The purpose of each of the areas is to ensure that market, credit 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 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 appropriate systems for the Bank in proportion to its scale, nature and complexity. Systems are in place to address credit risk, market risk, liquidity risk, and operational risk.
- The Third Line of Defence is the review of all the Bank's operations and Risk Management operations by the Risk and Audit Committee, the Internal Audit function, and, where appropriate, External Audit.

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 defining the risk appetite, 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 client and 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, such as internal and external models, 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 model. The Basel II approach will be used to implement the standardised model whilst designing and implementing systems in readiness to implement IRB-Advanced at the earliest opportunity.

Notes to the Financial Statements continued

17. Financial instruments (continued)

An analysis of the credit quality of the maximum credit exposure, based on rating agency Fitch and Moody ratings where applicable, is as follows:

	2011 £	2010 £
Cash and cash equivalents deposits in banks		
Rated AAA to AA-	**37,813,222**	113,728,692
Rated A+ to A-	**190,568,811**	77,032,493
Rated BBB+ to BBB-	**95,495**	89,999
Loans and advances to banks		
Rated AAA to AA-	**3,221,027**	–
Rated A+ to A-	–	–
Rated BBB+ to BBB-	**53,120,987**	25,638,724
Rated BB+ to BB-	**6,334,191**	250,833
Rated B+ to B-	**1,278,653**	333,224
Past Due but not impaired	**59,673**	–
Loans and advances to customers		
Neither past due nor impaired	**29,383,454**	6,872,330
Past Due but not impaired	**1,633**	–
Financial Assets – derivative counterparties		
Rated AAA to AA-	**2,667**	78
Rated A+ to A-	**37,337**	–
Rated B+ to B-	–	151
Debt Securities		
Rated AAA to AA-	**12,154,550**	22,323,899
Rated A+ to A-	**16,799,032**	1,284,402
Rated B+ to B-	**6,341,655**	–
Other Assets		
Neither past due nor impaired	**2,885,902**	3,337,507
Past Due but not impaired	**3,023**	–
Carrying amount of assets	**360,101,312**	250,892,332

The Bank has considered the impact of a ratings migration. In the event that ratings migration occurred to a degree that the Bank was at risk of breaching its capital base, it would assess whether its lending to banks and other counterparties should be restricted further and potentially the investment of the funds would be switched into government bonds to remove the element of credit risk from the portfolio.

Credit exposures are included within the table entitled "Liquidity Analysis and Assets" set out under the paragraph titled "liquidity risk". The values used in the table are undiscounted. There is no material difference between discount and undiscounted in respect of credit exposures.

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

	2011 £	2010 £
Concentration by sector		
Banks	**312,885,744**	227,674,687
Corporate	**33,522,057**	5,062,451
Government / Multilateral Development Banks	**10,025,164**	15,000,000
Retail	**3,668,347**	3,155,194
	360,101,312	250,892,332
Concentration by location		
Africa	**72,082,973**	30,980,367
Europe	**171,663,503**	207,267,375
Other	**116,354,836**	12,644,590
	360,101,312	250,892,332

d) Market Risk

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

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

Foreign Exchange Risk

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

The Bank is dealing in various currencies and it is not always possible to match the asset and liability in each currency. However, whenever a fund available in one currency is used to finance funds in another currency, customer foreign exchange orders will be fulfilled on a matched basis for the early years of the Bank's operation and will therefore not generate foreign exchange risk.

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.

2011	Sterling £	US Dollars £	Euro £	Other Currencies £	Total £
Assets	**41,992,430**	**296,783,728**	**15,888,428**	**5,436,726**	**360,101,312**
Liabilities	**20,900,207**	**296,318,413**	**15,772,987**	**5,433,644**	**338,425,251**
Foreign exchange forward contracts	**631,774**	**(517,388)**	**(114,386)**	**–**	**–**
Net (Liabilities)/Assets	**21,723,997**	**(52,073)**	**1,055**	**3,082**	**21,676,061**

2010	Sterling £	US Dollars £	Euro £	Other Currencies £	Total £
Assets	42,099,714	197,486,989	11,292,621	13,008	250,892,332
Liabilities	24,919,417	197,441,380	8,402,814	–	230,763,611
Foreign exchange forward contracts	2,903,678	(14,665)	(2,889,013)	–	–
Net (Liabilities) / Assets	20,083,975	30,944	794	13,008	20,128,721

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

Interest Rate Risk

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

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

A sensitivity analysis has been carried out on floating rate assets and liabilities as at year end using a 100 basis points increase / (decrease) in interest rates and the interest rate risk is considered to be immaterial.

e) Liquidity Risk

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

Notes to the Financial Statements continued

17. Financial instruments (continued)

The Bank undertakes stress tests on its liquidity position which are incorporated into the Bank's Individual Liquidity Adequacy Assessment ("ILAA"). The Bank has also put in place contingency plans to meet its liquidity obligations under stressed scenarios. In addition to any Eligible Liquidity Buffer required by the Bank's ILAA, the Bank holds 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 between those which will be contractually settled within more or less than twelve months of the balance sheet 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.

2011	Less than 3 months £	Between 3 & 12 months £	More than 12 months £	Carrying amount £
Assets				
Cash and cash equivalents	**228,155,425**	**322,103**	**–**	**228,477,528**
Loans and advances to banks	**57,932,734**	**5,766,225**	**315,572**	**64,014,531**
Loans and advances to customers	**25,603,041**	**131,542**	**3,650,504**	**29,385,087**
Derivatives	**40,004**	**–**	**–**	**40,004**
Debt Securities	**19,644,154**	**9,309,428**	**6,341,655**	**35,295,237**
Other assets	**2,325,465**	**370,990**	**192,470**	**2,888,925**
Total assets	**333,700,823**	**15,900,288**	**10,500,201**	**360,101,312**
Liabilities				
Customers deposits	**81,918,549**	**13,726,765**	**–**	**95,645,314**
Deposits to other banks	**229,610,174**	**2,690,202**	**–**	**232,300,376**
Derivatives	**37,337**	**–**	**–**	**37,337**
Other liabilities	**753,876**	**25,267**	**–**	**779,143**
Subordinated Liabilities	**–**	**–**	**9,663,081**	**9,663,081**
Total Liabilities	**312,319,936**	**16,442,234**	**9,663,081**	**338,425,251**

2010	Less than 3 months £	Between 3 & 12 months £	More than 12 months £	Carrying amount £
Assets				
Cash and cash equivalents	189,583,562	1,267,622	–	190,851,184
Loans and advances to banks	23,914,438	2,308,343	–	26,222,781
Loans and advances to customers	3,483,172	225,000	3,164,158	6,872,330
Derivatives	229	–	–	229
Debt Securities	18,001,103	5,607,198	–	23,608,301
Other assets	3,332,189	2,693	2,625	3,337,507
Total assets	238,314,693	9,410,856	3,166,783	250,892,332
Liabilities				
Customers deposits	42,767,375	227,830	–	42,995,205
Deposits to other banks	187,061,081	–	–	187,061,081
Derivatives	129,423	–	–	129,423
Other liabilities	577,676	226	–	577,902
Total Liabilities	230,535,555	228,056	–	230,763,611

f) Operational Risk

Operational risk is the risk of direct or indirect losses resulting from inadequate or failed internal processes or systems, human factors, or from external events. Major sources of operational risk include: operational process reliability, IT security, outsourcing of operations, dependence on key suppliers, implementation of strategic change, integration of acquisitions, fraud, error, customer service quality, regulatory compliance, recruitment, training and retention of staff, and social and environmental impacts.

Operational risk is taken as a necessary consequence of the Bank undertaking its core businesses and it is the Bank's policy to minimise its risks to the extent possible through an entity wide control framework, setting quantitative limits and through the use of internal audit, risk management and compliance. The Bank aims to minimise operational risk at all times through a strong and well resourced control and operational infrastructure.

The Board Risk and Audit Committee seek to ensure strong corporate governance at all times.

g) Capital Management

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital at 31 December 2011 was £23,350,454. Regulatory capital is determined in accordance with the requirements of the FSA in the UK.Total Regulatory Capital as at 31 December 2011 was £32,557,054 and includes the long term subordinated loan granted by the Bank's parent during the year.

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 FSA in the UK, for supervisory purposes. The FSA requires each bank to maintain a ratio of total regulatory capital to risk-weighted at or above a level determined for each institution.

The Bank's regulatory capital is divided into two tiers:

- Tier 1 capital, which is the total of the issued share capital and retained earnings less intangible assets;
- Tier 2 capital, which is long tern subordinated loan.

The Bank has calculated its regulatory capital as at 31 December 2011 in accordance with these definitions as laid out in the table below:

Capital Resources	**2011 £**	2010 £
Tier one capital		
Shareholders' funds	**23,350,454**	22,080,474
Less:		
Intangible assets	**(456,481)**	(647,912)
Total tier 1 capital	**22,893,973**	21,432,562
Tier two capital		
Subordinated Liabilities	**9,663,081**	–
Total regulatory capital	**32,557,054**	21,432,562

The Bank will publish its set of disclosures in accordance with Pillar 3 of the Basel II Capital measurement requirements on its website: www.theaccessbankukltd.co.uk

18. Subordinated Liabilities

	2011 £	2010 £
Subordinated Liabilities	9,663,081	–
	9,663,081	–

Subordinated liabilities represent a long term subordinated loan of $15 million granted by the parent company Access Bank Plc on 17 February 2011. The loan is repayable on 16 February 2021. The interest payable on the loan is based on six month LIBOR.

Notes to the Financial Statements continued

19. Share capital

	2011 £	2010 £
Issued: 32,000,000 ordinary shares of £1 each	**32,000,000**	32,000,000
Allotted, called up and fully paid:	**32,000,000**	32,000,000

Ordinary shares of £1 each
At 31 December 2011 the issued share capital comprised 32,000,000 ordinary shares (2010: 32,000,000) 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.

20. Related party transactions

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

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

	2011 £	2010 £
Assets		
Amounts due from parent bank	**52,401,791**	26,097,430
Amounts from fellow subsidiaries	**3,519,788**	863,571
	55,921,579	26,961,001
Liabilities		
Amounts due to parent bank	**152,586,584**	139,379,945
Amounts due to fellow subsidiaries	**24,187,851**	12,927,878
	176,774,435	152,307,823
Fees and Commission Income		
Parent bank	**2,267,797**	2,237,556
Fellow subsidiaries	**219,229**	90,189
	2,487,026	2,327,745
Interest Income		
Parent bank	**515,436**	209,544
Fellow subsidiaries	**78,508**	19,288
	593,944	228,832
Interest Expense		
Parent bank	**217,960**	72,616
Fellow subsidiaries	**17,610**	7,969
	235,570	80,585

21. Subsidiary undertaking

The Bank has established a wholly owned subsidiary, The Access Bank UK Nominees Ltd,to facilitate the Bank's private banking and asset management business. The subsidiary is not an operating company and has been incorporated in England and Wales with a share capital of £1.

22. 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 accounts into which the Bank is consolidated are available from the Head Office, at Plot 1665, Oyin Jolayemi Street, Victoria Island, Lagos, Nigeria.

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Registered in England number 6365062. Registered Office: 4 Royal Court, Gadbrook Park, Northwich, Cheshire, CW9 7UT.
Authorised and regulated by the Financial Services Authority. FSA Registration No.: 478415