the access bank uk

DRIVING SUSTAINABLE GROWTH

The Access Bank UK Limited
Annual Report and Accounts 2013

The Access Bank UK's objective is to grow the international 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 Prudential Regulation Authority and Financial Conduct Authority (PRA and FCA), and are therefore in a strong position to support opportunities in OECD markets for Access Bank Group customers. At the same time, our position as Access Bank Group's OECD operational hub supports the flow of investment into markets 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 is reflected in our moderate appetite for risk, our passion for customer service, and our commitment to building long-term relationships by working in partnership with our customers.

We play a key role in our Group's vision to be the most respected bank in Africa. And as part of this role, we refuse to chase unsustainable yields as a route to growth. Instead, we focus on building our business through the strength of our customer relationships.

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2013 HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

2013 saw significant growth in the balance sheet with total assets at £586m, representing growth of 28%.

This was underpinned by a further increase in customers whose balances rose to £125m, also up 28%.

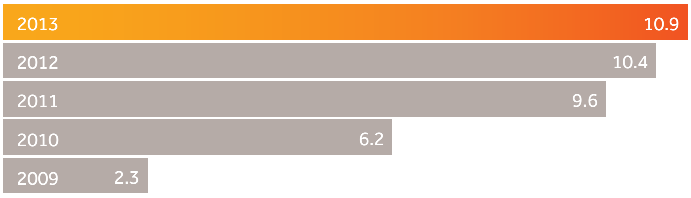
We also dealt with a record number of payment transactions during the course of the year, up 38% at 118,738.

FINANCIAL HIGHLIGHTS

Operating income was at a new high for the Bank, having grown by 5% year-on-year. This, allied to tight cost control, enabled the Bank to deliver a record post tax profit of £2.35m, an increase of 30%.

OPERATING INCOME (£m)

£10.9m

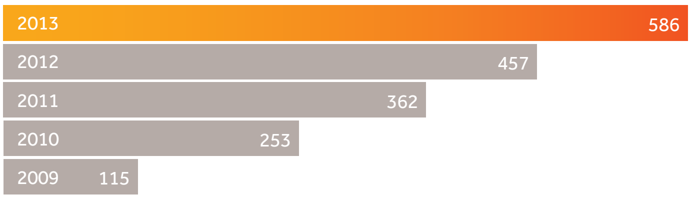


OPERATING COSTS (£m)

£8.8m

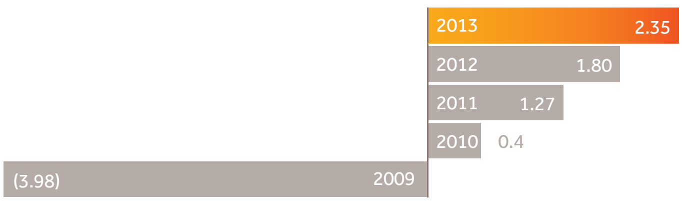
GROWTH IN BALANCE SHEET (£m)

£586m



POST TAX PROFIT (£m)

£2.35m



STRATEGIC BUSINESS UNITS OVERVIEW

The Access Bank UK is a wholly owned subsidiary of Access Bank Group plc. We provide trade finance, treasury, commercial and private banking services for clients of the Access Bank Group in their dealings with OECD markets, and support companies exporting to African markets.

We act 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 regulated by the UK's Prudential Regulation Authority and Financial Conduct Authority (PRA and FCA), with independent, wholly UK-located IT systems that adhere to these authorities' standards of data collection and management.

Our operations comprise the following four **Strategic Business Units:**

TRADE FINANCE

- OECD trade finance hub for Access Bank Group.
- Confirming bank for Access Bank Group customers and exporters to African markets.
- Registered correspondent and trade finance bank for the Central Bank of Nigeria (CBN) and correspondent bank to institutions in Nigeria, Ghana and other countries in Sub-Saharan Africa.
- Issues Letters of Credit on behalf of the Nigerian government and Nigerian National Petroleum Company (NNPC).
- Provides syndicated loans to clients operating in Sub-Saharan Africa.
- Accredited by IFC (World Banking Commercial Arm).

Direct services for correspondent banks

$214.6m

+21% yoy

1 COMMERCIAL BANKING

Relationship bank, working as a confirming house for contractors operating in Access Bank Group markets, and managing direct customer relationships for Trade Finance activities.

Develops packaged trade finance solutions to facilitate the import of goods into Nigeria and Ghana.

Provides business and personal banking services for corporate and personal customers, including property loans, foreign exchange transactions and a range of Dollar, Sterling and Euro deposit-based products.

Total number of customer transactions

119,000

+40% yoy

2 ASSET MANAGEMENT

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

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

Bespoke solutions tailored to individual customer requirements.

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

Works with Commercial Banking on leveraged asset management solutions such as loans for property investment in the UK.

Assets under management for customers

£28.4m

+131% yoy

3 TREASURY

Handles placement of deposits and capital placed with The Access Bank UK.

Hedges foreign exchange risk in support of Trade Finance and Commercial Banking operations.

Offers a range of currencies including USD, GBP, EUR, JPY, CAD and now ZAR and CHF.

Trades in money markets to ensure competitive rates for customers.

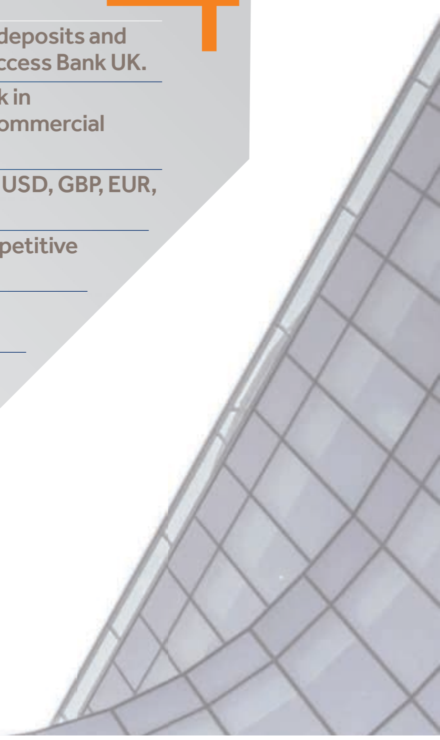
Provides bespoke solutions for cross-currency transactions.

Maintains moderate appetite for risk, dealing primarily with investment-grade institutions, and only with those banks that are generally considered to be both stable and systemically important.

Balance sheet assets under management

£586m

+28% yoy



BUSINESS MODEL

Summary

The success in establishing The Access Bank UK has been built on ensuring that we develop strong relationships with our customers. This enables us to better understand and anticipate their individual needs whilst reducing operational risk for the Bank. This has ensured the delivery of our key milestones.

Developing our business model

This philosophy has enabled us to deliver continued growth in the first year of our second five-year plan. We continue to expand and diversify our income strategy to ensure strong growth that is not dependant on any one region or market.

We are confident that this approach coupled with our passion for customers will ensure that we see significant progress across all areas of the Bank through to the end of 2017.

OUR MILESTONES

2011

Become the established OECD hub for Access Bank Group

The Access Bank UK's confirmation is now accepted on over 95% of occasions. In 2011, The Access Bank UK became the first Nigerian bank to be accredited by the Central Bank of Nigeria as a trade finance and correspondent bank – and is also recognised by the IFC.

Obtain Investors in People (IIP) accreditation

The Access Bank UK achieved IIP accreditation in 2011 and has successfully retained it since.

2010

Establish a profitable base for the business

Since year-end 2010, The Access Bank UK has been profitable on a monthly, quarterly, half-yearly and annual basis.

2013

Fifth anniversary

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

2012

Embed a sustainable business model

During 2012 The Access Bank UK issued its first Risk Appetite Statement, firmly defining our moderate appetite for risk. This appetite has consistently governed our approach to trade finance, foreign exchange, the placement of our balance sheet, and counterparty risk – and the strong growth delivered within this framework testifies to the sustainability of our business model.

Establish broad income streams

Diversification is firmly established with significant and growing contributions from all four business units, and a broadening range of products. The number of individual revenue lines is 18 at the end of 2012, a considerable increase from our position at launch. We are continuing to look at opportunities for enhancing and expanding our product range to meet our customers' needs.

Our values

In formulating and achieving specific targets under our second five-year plan, we will remain guided by the six key values of The Access Bank UK, which are shared with the Access Bank Group as a whole.

Excellence

- Surpassing ordinary standards to be the best in all that we do
- Setting the standard for what it means to be exceptional
- Never losing sight of our commitment to excellence, even when the going gets tough
- Remembering that excellence requires dedication and commitment
- Our approach is not that of excellence at all costs – it is excellence on all fronts so that we deliver outcomes that are economically, environmentally and socially responsible.

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 our corporate responsibilities as a bank, supporting growth and opportunity in Africa and elsewhere. You can find more details of our values relating to Corporate Responsibility (CR) on page 12.

Empowered employees

- Recruiting and retaining the right people and teams based on shared values and vision
- Developing our people to become world-class professionals
- Encouraging a sense of ownership at individual level whilst fostering team spirit and loyalty to a shared vision
- Promoting a sense of belonging and community
- Facilitating continuous learning by providing the training, tools and coaching to help our people grow
- Helping our people to take care of their health
- Pursuing a positive work/life balance for increased productivity and improved employee satisfaction
- Encouraging a diverse workforce; respect for and appreciation of differences in ethnicity, gender, age, national origin, disability and religion.

Professionalism

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

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.

CHAIRMAN'S STATEMENT

It gives me great pride to present the 2013 Annual Report and Accounts for The Access Bank UK, the first under our new five-year plan for the Bank, and also my first as Chairman.

MR HERBERT WIGWE
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

DELIVERING **SUSTAINABLE VALUE**

I would like to start by paying tribute to my predecessor, Mr Aigboje Aig-Imoukhuede, and acknowledging the great contribution that he has made to the development both of The Access Bank UK and the Access Bank Group as a whole. I have been fortunate to work closely with Mr Aig-Imoukhuede in respect of the UK since the Bank was authorised in August 2008. We have shared a common vision for the UK, and I am pleased to report that, as he retires, this vision remains alive and strong.

The achievement of The Access Bank UK's first five years has been to create a credible, demonstrably sustainable OECD hub for the Access Bank Group, growing the international business of the Group through excellence in customer service and innovative solutions in trade finance, treasury services, commercial banking and asset management. The significant developments taking place at Group level in the last two years have greatly increased the potential for The Access Bank UK to contribute in this way, and our new five-year plan reflects the broader role that we can now play.

> "THE ACHIEVEMENT OF THE ACCESS BANK UK'S FIRST FIVE YEARS HAS BEEN TO CREATE A CREDIBLE, DEMONSTRABLY SUSTAINABLE OECD HUB FOR THE ACCESS BANK GROUP."

Collaboration with our sister banks within the Access Bank Group will be a key theme of our development. We will be working closely with them to integrate the onshore and offshore banking needs of affluent professionals in Nigeria, Ghana and other Sub-Saharan African markets, and to extend the reach of our commercial banking solutions in line with the Group's growing footprint. One of our key aims is to become a significant overseas bank for high net worth clients in the markets where the Access Bank Group operates.

In addition, The Access Bank UK will continue to leverage its own particular strengths that result from the successes of its first five years, and which present their own opportunities for broadening and growing our business alongside the Group opportunities.

The first of these is our credibility and reputation as an OECD-regulated confirming and correspondent bank. This has been achieved through the quality and consistency of our approach, and presents significant opportunities. The continued success of our Packaged Trade Finance solutions and the growth in our syndication business this year show the value of this reputation.

Secondly, we must continue to value the strong governance and moderate appetite for risk that have been embedded into our business model. We continue to monitor risk carefully, refusing to lower our standards or chase speculative yields as markets improve, and we are also investing significantly in IT platforms that will ensure effective governance and risk control across our diversifying lines of business.

Equally important is the value that we attach to The Access Bank UK's people, the backbone of our relationship-based business model. Our Investors in People (IIP) accreditation that we retained this year is an important indicator of the health of our business and one that we set great stall by. Our IIP report for 2013 confirmed that we have significantly increased the amount that we spend on the professional development of our employees, and the employee satisfaction score that we recorded for the year reflects this.

I would like to thank all of our customers for their business and support over the past year and in the future as we develop long-lasting and mutually beneficial relationships together. I also thank The Access Bank UK employees for their continued commitment, skill and hard work, and I know that this will stand us in very good stead for the years ahead.

COMPANY TIMELINE

2008

August
The Access Bank UK Limited achieved Financial Services Authority approval.

October
The Access Bank UK Limited launched UK operations.

2009

June
The Access Bank UK Limited were awarded the Adam Smith Award for Best Practice and Innovation – Insourcing/Outsourcing, presented by Treasury Today.

July
The Access Bank UK Limited were awarded Confirming Bank status under the Global Trade Finance Programme run by the International Finance Corporation.

2010

June
The Access Bank UK Limited launched Access Private Bank, a global investment and wealth management operation for high net worth individuals.

November
The Access Bank UK Limited won Compliance Register Platinum Award for Trade Finance Services.

2011

June
The Access Bank UK Limited became Investors in People (IIP) accredited for the investment and development of our people.

September
The Access Bank UK Limited were appointed as correspondent bank to the CBN.

November
The Access Bank UK Limited won Best Banking Services and Client Relationship Management at The Compliance Register Platinum Awards.

2012

October
The Access Bank UK Limited were appointed as escrow agent for NNPC.

November
The Access Bank UK Limited won the Compliance Register Platinum Awards 2012 for Service with Distinction as a Chief Executive Officer.

2013

April
The Access Bank UK Limited launched and secured institutional portfolio for Access Private Bank.

October
The Access Bank UK Limited celebrated the fifth anniversary of its UK operations.

CHIEF EXECUTIVE'S REVIEW

MR JAMIE SIMMONDS
CHIEF EXECUTIVE OFFICER

In its first five years, The Access Bank UK achieved the objective of establishing a credible, sustainable and globally recognised OECD hub to grow the international business of the Access Bank Group. This achievement owes a great deal to the strong partnership that we have with our parent company and the leadership and guidance of our former Chairman, Aigboje Aig-Imoukhuede.

Building long-term and mutually beneficial relationships with our customers has been key to our development and is an approach that we will always continue. In 2013, we began the process of building on this platform with the goal of creating the most profitable African bank in the UK, greatly expanding our contribution to Group performance.

CONTINUING TO **GROW OUR OPPORTUNITY**

To guide our progress towards this new goal, we have developed a second five-year plan that embodies the same principles that have guided The Access Bank UK's development to date. We will continue to follow a relationship-based banking model, growing our business through the depth and quality of our customer relationships, maintaining a moderate appetite for risk and refusing to chase speculative yields. The achievements of our first six years, together with the development of the Access Bank Group itself, provide us with new opportunities to apply this business model more broadly.

Our new five-year plan calls for us to continue to work closely with fellow Group companies to access the growing opportunities in African markets, in particular in Nigeria and Ghana. We plan to develop our private banking and investment products to take a significant share of the affluent professional market in these countries, and to continue to diversify our income streams by leveraging the profile and credibility established for The Access Bank UK. We made strong progress in all three of these areas during 2013.

Performance in 2013

All of our business segments delivered a good performance during the year. We grew operating income by 5% to just under £11m, increased operating profit after tax by 30% to £2.3m, more than doubled our assets under management to $47,833,488m and significantly grew our customer deposits. In all, we conducted 39% more banking transactions than during the previous year and grew our balance sheet by 28% to reach £586m at the year end.

> “THE ACQUISITION OF INTERCONTINENTAL BANK BY ACCESS BANK GROUP HAS PLAYED A KEY ROLE IN HELPING TO DEVELOP NEW INCOME STREAMS ACROSS OUR BUSINESS SEGMENTS.”

Leveraging the profile of The Access Bank UK

Increased syndication activity provided a key driver of growth in trade finance, leveraging the growing profile and credibility of The Access Bank UK within global financial markets. We expanded our involvement in syndicated loans for activities in African markets, both as a participant and as a lead provider, increasing syndication's share of trade finance income to circa 25%.

A developing Group, a developing opportunity

The acquisition of Intercontinental Bank by Access Bank Group has played a key role in helping to develop new income streams across our business segments. Access Bank Group is now confirmed as a Tier 1 bank in Nigeria, and we also now have a significant presence in Ghana. In both countries the Intercontinental acquisition has given our Group a strong retail franchise. This is significant for The Access Bank UK as it provides us with access to the growing number of high net worth individuals in these markets who are looking to have their dollar, sterling and euro investments managed from the UK. By working in partnership with our sister banks and in particular with Nigeria and Ghana we are able to provide an end-to-end service that meets the offshore banking requirements of these affluent individuals.

Diversifying income streams in banking

We are achieving this by broadening the range of banking services that we offer, based on clearly identifiable customer needs. We increased the range of qualifying asset classes available through our investor visa scheme, grew our business providing investment loans on buy to let properties in the UK, and extended the range of bonds that commercial banking customers can hold to maturity, protecting them from the increasing volatility of international bond yields. We also launched our first card service for high net worth individuals. Such product development, combined with our commitment to a bespoke service, has helped to drive strong growth for our Commercial Banking SBU, and to more than double our assets under management for the Private Bank.

Bespoke Trade Finance solutions

Developing new products and services has and will continue to be at the forefront of the growth of the Bank. This is particularly true of our Packaged Trade Finance solutions, which have already delivered strong growth by leveraging the quality of our long-standing relationships on the ground in Nigeria to provide highly competitive rates for import transactions. Rolling out Packaged Trade Finance solutions to Ghana, combined with continued strong performance in Nigeria, has enabled us to grow this area of business by 25% year-on-year.

Investing in systems and people

As we broaden our business model through new products and services, it is essential that The Access Bank UK maintains the balanced, sustainable approach that has characterised its development to date. During 2013, we invested significantly in the IT infrastructure required to handle increased flows of business whilst maintaining strict financial control in line with our continuing moderate appetite for risk. All of The Access Bank UK's IT platforms will be renewed during 2014 and the first half of 2015.

We also continued to invest in training and professional development, with a key focus on customer service. We are proud to have retained our Investors in People (IIP) accreditation this year and remain the only Nigerian bank to hold such accreditation. IIP figures show that we increased our investment per employee by 70% during 2013 and this is reflected in the strong employee satisfaction scores that we achieved during the year.

Building our capital position

Disposing of the UK assets of Intercontinental has significantly strengthened the capital position of The Access Bank UK, helping to increase our share capital from £26m to £58m. This puts us in an even stronger position to both anticipate and meet the needs of our growing customer base.

Outlook for 2014 and beyond

The outlook for The Access Bank UK is a positive one. Nigeria's growth is increasingly a key theme of the global economy, with the MINT group of markets (Mexico, Indonesia, Nigeria and Turkey) seen as representing the economies with strongest growth potential. As the OECD hub for our Group, The Access Bank UK has a key role to play in the increased flow of trade to and from both Nigeria and Sub-Saharan Africa.

The Access Bank UK will also continue to leverage the brand recognition that it enjoys across global financial markets to broaden its base of trade finance and commercial banking customers, and reduce dependence on specific markets. Our success in expanding the scope of our Packaged Trade Finance, correspondent and syndication businesses demonstrates the potential that exists in these areas, and helps to ensure that as in our first five years, the growth that The Access Bank UK delivers will be on a sustainable basis.

BUSINESS SEGMENT REVIEW

The Access Bank UK's mission is to grow the international business of the Access Bank Group carried out across our four Strategic Business Units (SBUs):

1 Trade Finance
2 Commercial Banking
3 Asset Management
4 Treasury

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 Trade Finance

Syndication activity
$198M
+87% yoy

Direct services for correspondent banks
$214.6M
+21% yoy

Broadening our Trade Finance services to create a more diversified income stream is a key requirement of The Access Bank UK's second five-year plan. We have made excellent progress in this area during the year.

2 Commercial Banking

Total number of customer transactions
119,000
+40% yoy

Our Commercial Banking SBU has delivered strong growth by deepening its relationships through innovative products and services, and extending its offer to individuals and institutions in Ghana.

3 Asset Management

Portfolio returns
+10.06%
based on USD portfolios (pre fees)

Assets under management
£28.4M
+131% yoy

Strong growth in our volume of private banking business has more than doubled assets under management for The Access Bank UK. In line with our current five-year plan, we are working to increase this flow further by broadening our range of asset management solutions.

4 Treasury

Balance sheet assets under management
£586M
+28% yoy

Balance sheet assets under management grew by 28% during the year as our Treasury SBU benefited from an improving trading environment whilst maintaining The Access Bank UK's moderate appetite for risk.

The expansion of our syndicated loan activity was a key area of focus for 2013, and one in which we have been able to leverage The Access Bank UK's increasing global profile and credibility. We have seen a significant uplift both in our syndication activity and the income that it generates, acting as both a participant in and leader of syndicates. As a result, syndication activity has grown to represent 25% of income for the Trade Finance SBU.

Access Bank Group's acquisition and successful integration of the African operations of Intercontinental Bank (ICB) has created further opportunities for income growth. In particular, it has significantly increased our ability to access the Ghanaian market. Working with our sister company in Ghana, we have been able to offer a high-quality trade finance proposition in the country, combining The Access Bank UK's position as an established OECD hub with the local expertise and customer base. We have significantly increased our footprint as a correspondent bank in Ghana, with a leading range of services that include foreign exchange transactions and international payments. Income generated from the country now represents circa 20% of trade finance business for The Access Bank UK. We have also significantly increased the number of banks for whom we provide correspondent trade finance solutions.

These moves to broaden our Trade Finance business model build upon the strong foundation for growth that already exists through our presence in Nigeria. We grew our Nigerian trade finance business during 2013, maximising the opportunity that results from Access Bank Group's strengthening position as a Tier 1 bank in the country, and benefiting from substantially increased activity following the return of stability to the Nigerian oil market.

Responsible for direct customer relationships across both corporate and personal clients, our Commercial Banking SBU delivered strong growth in both areas during 2013. Deposits held for these customers increased 30% to £126.3m and our total number of transactions reached 119,000, an increase of 39%.

With Access Bank Group now established as a Tier 1 Bank in Nigeria and a significant player in Ghana, we have an even stronger platform from which to supply overseas banking services to these and other Sub-Saharan markets. Our strategy remains firmly focused on relationship banking, and this has enabled us to take a significant share of this fast-growing opportunity. The Commercial Banking team has worked closely with our Asset Management SBU to grow the range of products that we offer, with loans on investment properties in the UK a key growth area, and our launch of card services for customers helping to further deepen our relationship service.

Our packaged trade finance solutions continue to drive strong growth amongst corporate clients, leveraging Access Bank Group's long-standing relationships in Sub-Saharan Africa to provide highly competitive rates for import transactions. Following the success of these solutions in Nigeria, we extended the model to Ghana in 2013, delivering strong initial results. We increased the value of our packaged trade finance business by 25% year-on-year.

The Access Bank UK's current five-year plan is based on the Commercial Banking SBU continuing to grow and deepen its customer relationships. We will continue to build on our relationship banking model, acting on customer feedback to ensure that we innovate and expand our product and service offerings to meet our customers' needs.

Our Asset Management SBU works with our commercial bank to provide innovative solutions for corporate and private customers looking to invest in international markets in dollars, sterling or the euro under the control of the UK regulators. With strong growth in the volume of private banking business conducted by Access Private Bank during 2013, assets under management more than doubled from $18.48m to $47.83m.

The year saw the launch of our institutional investment portfolio, with our initial offer well received in the market and encouraging signs of potential in this area.

In response to client requests we have broadened the range of services that we offer, enhancing our capability for bespoke solutions tailored to client needs. During the year, we enhanced our investor visa product by broadening the range of qualifying assets that we handle. In addition, we have increased our range of bond options with more opportunity to hold bonds through to maturity and protect clients from increasing volatility in yields.

The strength of our private banking proposition comes from the close working relationship that exists between the Asset Management SBU and our private banking team in Lagos. This enables us to provide end-to-end banking solutions for high net worth customers in Nigeria and increasingly in Ghana. We will continue to work closely with Access Bank Group to ensure that these customers' offshore and onshore banking needs are fully aligned. In doing so, we will maximise the opportunities for growth that result from the Group's strengthened retail presence in these key markets.

The Access Bank UK's Treasury SBU removes foreign exchange risk for trade finance transactions, whilst placing the Bank's capital in order to maximise yields in line with our moderate appetite for risk. We maintain a small, open position on foreign exchange markets and also place capital in bonds and money markets. Our bond portfolio operates as a liquidity buffer, meeting PRA regulatory requirements.

The balance sheet managed by the Treasury SBU grew by 28% year-on-year to reach £586m at the year's end. During a year of significant foreign exchange movements, the Forex services that the SBU provides have formed an increasingly important aspect of trade finance business and a valuable service to commercial banking customers. We facilitated this process by increasing the range of currencies in which we deal, adding the South African Rand and Swiss Franc this year.

The Treasury SBU deals primarily with investment-grade institutions and only with banks generally considered to be both stable and systemically important to their home countries. As the global economic outlook improves, the number of organisations meeting these criteria is naturally growing. This provides us with greater potential scope in our dealings. However, it is important for The Access Bank UK to maintain its own view of risk and opportunity.

At the same time as considering options for broadening our Treasury's dealings, we have taken the decision to invest significantly in new liquidity and financial control systems that will enable us to maintain this essential balance between diversifying our operations and maintaining our moderate appetite for risk. We will continue to place assets strictly in line with our risk appetite, and will maintain an approach that prioritises safety of deposits over maximisation of yield.

CORPORATE RESPONSIBILITY

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

We are committed to developing a long-term relationship with our clients and providing them with an evolving range of products and services to meet their progressing needs.

We are also committed to developing a sustainable business model that can underpin growth and opportunity in Nigeria, Sub-Saharan and West Africa. This commitment is reflected in our values as a business.

Passion for customers and those empowered through our business

In addition to service excellence in general, we strive to achieve the following goals for those involved with our products:

- 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.

Empowering our employees

We are committed to helping our employees reach their full potential through providing continuous learning opportunities, and the tools and training to help them grow. We encourage a sense of individual ownership whilst fostering team spirit and are firmly committed to the diversity of our workforce. We are proud to have been awarded Investors in People (IIP) accreditation, which we have held since 2011, and we believe that our consistently low staff turnover rate of 8% reflects in part the advances that we have made in training and development.

The Bank is currently working in partnership with BPP professional apprenticeships & CIPD programmes. We operate the Higher Apprenticeship Scheme which aims to develop apprentices' skills, knowledge and abilities in the job role. Apprentices are then required to demonstrate their capability by completing learning activities in addition to demonstrating ability to fulfill their role, further enhancing the skill set and talent pool within the Bank.

Supporting the broader community

The Group's Corporate Social Responsibility activities for 2013 were focused on Women and Girl-child Empowerment and included the renovation and upgrade of the Oduduwa Senior Secondary School, provision of books and equipment, an empowerment lecture series, a scholarship award and a mentoring programme.

Alongside this work, the Access Bank Group has continued its commitment to a variety of other community initiatives, such as a mentoring programme for a special correctional centre for boys, enabling them to learn and acquire new transferable skills, understand community issues and improve their own self-perception and self-worth.

Access Bank PLC also supports The Sickle Cell Foundation Nigeria, a non-governmental and non-profit-making organisation set up in 1994, which is dedicated to alleviate the burden of the sickle cell disorder and to enable affected people to live normal pain-free lives.

As part of the Group's Women and Girl-child Empowerment Initiative, activities included the renovation and upgrade of the Oduduwa Senior Secondary School in Lagos, setting up a scholarship award and designing a mentoring programme for the pupils.

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

The Access Bank UK's Private Bank also holds the Annual Access Charity Shield which provides a foundation for extending this charity partnership to the UK.

In association with UNICEF and 5th Chukker, the Group's Charity Shield polo matches provide support for orphaned and vulnerable children in Nigeria.

OUR APPROACH TO RISK MANAGEMENT

The Access Bank UK has established a moderate appetite for risk, which is formalised in our published Risk Appetite Statement. This statement covers all areas of credit, liquidity and operational risk. It is fully aligned with our new five-year plan and defines our development of new products and services.

Our risk management structure includes established teams dealing with operational, credit, compliance and anti-money laundering risk, and Key Risk Indicators that provide an early warning system for our top ten business risks. We have completed the process of embedding enhanced risk management tools across our business, leveraging our investment in IT infrastructure over recent years.

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

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

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

Risk	Control strategy
Business Continuity Risk Losses arising from disruption of business or system failures, including people, systems or infrastructure failures.	All IT is supported by an offsite recovery centre that is designed to ensure records are secured and operations can be recovered. The Bank has an IT Disaster Recovery plan that has been the subject of a satisfactory audit review. The Bank has enhanced recovery plans by contracting with a work area recovery provider to enable staff to continue to operate in London and Manchester in the event of any interruption or office access restriction. Remote access services for some critical actions have been implemented with HSBC to ensure that these transactions can be performed in the event that systems are lost.
Documentation Risk Documentation risk comprises four areas of risk: Breach of data handling rules according to the Data Protection Act (DPA); PRA and FCA Record Keeping Rules; Accuracy; and Archiving and Recovery.	Our strategy incorporates clear policies and procedures, and document maker/checker requirements. Systemic record retention procedures have been established to ensure that records are retained for all systemic activity, currently indefinitely. The Bank has strict policies and procedures to ensure compliance with the Data Protection Act. These include system controls and safeguards that restrict the misuse of data. Documents are required to be the subject of compliance and senior manager review and oversight. Data is held securely on systems and is 'backed up' on secure and remote locations to ensure that records can be recovered in the event of loss.
Regulatory Risk Impact of New Regulation; Regulatory Returns; Licensing and Authorisation; and Compliance with Laws and Regulations.	Regulation requirements are documented in the Compliance Policy and Anti Money Laundering/Combatting the Financing of Terrorism Policy. All new and existing employees are required to review these requirements on a regular basis and, when joining the Bank, identify new rules and amendments to ensure we maintain the highest standards in this important area. An update is provided monthly to the senior management on all new regulatory changes.
Financial Crime Risk The risk of: Internal Staff Theft and False Accounting; Third Party Fraud; Management Fraud; Cybercrime; and a failure to prevent corruption and bribery as detailed in the Bribery Act 2010. Losses typically involving at least one external third party and/or involving internal staff due to fraud, misappropriation of property or breach of regulations or Bank policy. Cybercrime is criminal activity performed using computers and the internet. This includes stealing from online bank accounts and non-monetary offences, such as creating and distributing viruses.	The Bank has an active monitoring plan to identify 'phishing' site activity and takes immediate action to have these sites removed. The Bank cannot prevent the proliferation of these sites and phishing activity on the internet, and the threat will therefore not be contained and will persist. Front office and back office segregation and four eyes principle controls exist over transactions. Security checks on identity are required to be performed. Call back procedures are performed for payments and all other instructions. The threshold for these controls is subject to periodic change. Internet controls are in place to ensure appropriate security checks are required to be satisfied by customers.

Risk	Control strategy
Liquidity Risk Liquidity risk is the risk that the Bank is unable to meet its payment obligations when they fall due and to replace funds when they are withdrawn. There are two forms of liquidity risk: market liquidity and funding liquidity.	The Bank has a high level of cash holding, above the required regulatory standards, and is not highly leveraged. The Finance Director monitors the Bank's position according to Individual Liquidity Adequacy Assessment (ILAA) and Individual Capital Adequacy Assessment Process (ICAAP). The Asset and Liabilities Committee (ALCO) meets regularly to review positions. The FSA previously approved the Bank's ICAAP modelling and stress testing in 2011.
Credit Risk Credit risk is a combination of the following: Unauthorised lending; Base rate lending changes; Country or Sovereign Risk; Concentration Risk; New Products; Collateral; and Credit Default.	A risk review is conducted at the design stage for each new product/service to identify risks. The Credit Risk team undertakes an analysis of the counterparty risks to provide an independent critical analysis of business, financial, management and security risks to formulate a structured view on the realistic probability of default and loss in the event of any default of the counterparty. The Credit Risk team monitors the value of ongoing security. The risk assessment process requires that each credit proposition is reviewed and approved by the Management Credit Committee.
Counterparty Risk The Counterparty Exposure Limit refers to the maximum transaction exposure the Bank can have to a counterparty and a requirement to perform ongoing due diligence on trading counterparties and determine the risk on complex transactions.	Credit limits are monitored by the Credit Risk and Finance Department. Limits are publicised to the Treasury team to assist with compliance and adherence. New online and real-time systems are being improved which support adherence to these limits. The Bank employs highly qualified Treasury personnel who are supervised by the MD/CEO of the Bank.
Staff Competence Risk Staff Competence Risk covers: Training and Competence; Health and Safety; Resourcing; and Remuneration.	All senior appointments are the subject of review and approval by the parent, PRA and FCA, and the MD/CEO of the Bank. All staff appointments are the subject of review and interview by the CEO/MD together with appropriate EXCO members. A wider programme of personal development is being managed to improve broader competency amongst Bank employees. The Bank has a policy of reward and remuneration that sits in the upper quartile of industry expectations.
Key Person Risk The risk covers the need for Succession Planning and Professional Indemnity Insurance. The primary reason for business succession planning is to assure that business risk is minimised and is focused on identifying specific back-up candidates for given senior management positions.	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 are 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.
Strategic Risk The loss resulting from a strategy that is defective, ineffective or inappropriate. This includes consideration of: competitor analysis; capital availability; political influence and change; industry; technology and innovation; and customer demand and requirement.	The Bank is a wholly owned subsidiary of an established Nigerian bank which remains committed and supportive of the development of the UK bank. The Bank operates a robust five-year planning process which takes all strategic risks into account. The ICAAP and ILAA are 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.

BOARD OF DIRECTORS

1. MR HERBERT WIGWE CHAIRMAN AND NON-EXECUTIVE DIRECTOR

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

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

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

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

2. MR DEREK ROSS INDEPENDENT NON-EXECUTIVE DIRECTOR

Derek Ross has 42 years' experience in banking, corporate treasury and finance. He is a Chartered Accountant, a Chartered Management Accountant and a Fellow of the Association of Corporate Treasurers. He is a retired Partner of Deloitte London, where he was responsible for the Capital Markets and Risk practice and where his clients included most of the major banks and over a quarter of the Top 100 companies. He has served on the Boards of Nationwide Building Society and Friends Life, and is currently on the Boards, and Chairs the Audit Committees of GE Capital Bank, Sumitomo Mitsui Banking Corporation Europe and Depository Trust and Clearing Corporation.

3. MR TIM WADE INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

4. MR OBINNA NWOSU
NON-EXECUTIVE DIRECTOR

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

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

5. MR JAMIE SIMMONDS
CHIEF EXECUTIVE OFFICER/ MANAGING DIRECTOR

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

He has enjoyed a career spanning 38 years in financial services, holding a series of director roles for National Westminster, Coutts, Royal Bank of Scotland, Gerrards and Close Brothers. He has a proven track record in the startup and turnaround of financial service businesses, delivering sustainable benefits for all stakeholders. He has extensive knowledge of both Corporate, Retail and Private Banking services.

6. MR SEAN MCLAUGHLIN
FINANCE DIRECTOR

Sean McLaughlin is a Chartered Accountant with excellent financial and operational management skills. He has over 17 years of proven success gained in senior positions with international investment banking institutions. He qualified with Deloitte, and worked as a Senior Manager specialising in the auditing of complex banking and securities firms. He spent ten years at Credit Lyonnais Securities as finance director, where he also had responsibility for the settlements and middle office departments. He then worked for five years at Robert W Baird Limited, the UK subsidiary of the US investment bank, as Chief Operating Officer with responsibility for all operational functions. Prior to joining Access in 2008 he spent two years with an internet start-up developing a property trading exchange dealing with small institutions and investors.

STRATEGIC REPORT

The directors of The Access Bank UK Limited have pleasure in presenting their strategic report for the year ended 31 December 2013.

BUSINESS REVIEW

Principal activities

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

The Bank was authorised by the Financial Services Authority ('FSA') on 12 August 2008. Following the reorganisation of the Regulatory Regime in the UK on 1 April 2013 with the introduction of Twin Peaks regulation, the Bank is currently regulated by the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA'). The Bank is authorised to undertake a wide range of banking activities. The Permissions granted to the Bank are set out on the FCA website at: http://www.fsa.gov.uk/register/firmPermissions.do?sid=197517

The Bank has been established to provide trade finance, treasury services, correspondent banking, commercial banking, private banking, and asset management to corporate and personal customers, and seeks to differentiate itself from other banks currently operating in the UK through excellence in customer service, with a focus on establishing strong relationships with all our customers. The Bank is developing a broad range of customers, the majority of whom at present are also customers of the parent bank.

Performance of the Bank in 2013

The financial statements for the year ended 31 December 2013 are shown on pages 23 to 44. During the year the Bank grew operating income by 5% from £10.4m to £10.9m, and profit after tax by 30% from £1.8m to £2.3m. The statement of comprehensive income is set out on page 23.

The Bank saw growth in net fee and commission income by 10% from £6.5m to £7.1m, reflecting growth in trade finance activity and asset management activity. Net interest income showed only a small increase of 2% from £3.2m to £3.3m with the impact of the increased balance sheet size being offset by a decline in global interest rates. A further analysis of income is included in notes 4 and 5 of the financial statements.

The Bank continues to keep a tight control on costs, which rose by only 2.5% during the year.

All the Bank's business segments delivered a good performance in the year. The Bank more than doubled its assets under management to $47.9m, grew the balance sheet by 28% to reach £586m at the year end, and conducted 39% more banking transactions than the previous year.

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

Ratio	2013	2012
Cost to income	**80.77%**	82.68%
Return on average shareholders' equity	**5.91%**	7.43%
Loans to deposit	**20.92%**	16.66%
Non interest income / total operating income	**70.03%**	69.13%

Return on average shareholders' equity is calculated as the profit after tax for the year divided by the average of the opening and closing shareholders' funds for the year. The decline in the return reflects the increase in the Bank's equity that took place during 2013, as noted below.

The improvement in the cost to income ratio is as a result of the 5% growth in income during the year, whilst costs were tightly controlled and increased by only 2.5%, as noted above.

During the year, the ratio of loans to deposits increased to 20.92%, and this modest level, in line with the strategy, demonstrates the Bank's cautious approach to liquidity management.

Regulatory capital

The Bank manages its capital to ensure that it can meet its regulatory capital and liquidity requirements at all times, and that it will be able to continue as a going concern. As at 31 December 2013, the Bank's equity shareholders' funds stood at £53.5m.

On 29 July 2013, Access Bank Plc subscribed for a further 26 million shares of £1 each at par, and on the same date, the long-term subordinated loan of $15m from the parent bank was repaid after receiving approval from the PRA.

The increase in the share capital of the Bank was to facilitate the continued development of the Bank whilst simultaneously ensuring that the Bank maintains a strong Tier 1 capital ratio in order to meet its regulatory obligations.

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

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

These risks are continually assessed in line with the Bank's business, and include credit risk, market risk, liquidity risk, and operational risk (further discussed in note 17).

As at 31 December 2013, the Bank's regulatory capital base was £53.4m and the Bank had a Tier 1 capital ratio of 34.42%.

Liquidity

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.

An analysis of the liquidity risks faced by the Bank and the liquidity position as at 31 December 2013 is set out in note 17 of the audited financial statements. The Bank undertakes daily liquidity compliance monitoring to ensure that funds are properly managed and PRA liquidity limits are not breached. Note 17 evidences that £460m (79%) of the Bank's assets had a contractual maturity date of less than three months, and that only £35m (6%) had a contractual maturity date of more than one year. This latter figure includes £10m of US Treasury Bills held to meet the PRA's liquidity requirements.

Included in the total of available-for-sale investments were £73 million of government securities that constituted eligible liquidity buffer securities and which were held to meet the PRA's liquidity requirements.

Principal risks and uncertainties

The management of the business and the execution of the Bank's strategy are subject to a number of risks. The principal risks that the Bank faces vary across the different businesses and include credit risk, liquidity risk and operational risk. Risks are formally reviewed by the Board Risk and Audit Committee, and appropriate processes put in place to manage and mitigate these risks as far as possible. The Bank has adopted the Three Lines of Defence Risk Management Framework, which is familiar in the UK financial services environment.

Further details of the risks faced by the Bank and the Three Lines of Defence Risk Management framework are set out in note 17 to the audited financial statements.

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

Strategy and future developments

In its first five years of operations from 2008, the Bank achieved its initial objective of providing a credible and sustainable OECD hub to grow the international business of the Access Bank Group. In 2013, the directors began the process of building on this platform with the goal of creating the most profitable Nigerian bank in the UK, greatly expanding the UK contribution to parent bank Group performance.

To guide progress towards this new goal, the Bank has developed a second five-year plan that embodies the same principles that have guided the development to date. The Bank will continue to follow a relationship-based banking model, growing its business through the depth and quality of customer relationships, maintaining a moderate appetite for risk and refusing to chase speculative yields.

The second five-year plan is for the Bank to continue to work closely with fellow Access Bank Group companies in a number of key areas: to access the growing opportunities primarily in Nigeria and Ghana; to develop the private bank and investment products into an increased share of the affluent professional market in these countries; and to continue to diversify income streams by leveraging the profile and credibility established for the Bank.

In the opinion of the directors, the outlook for the Bank is a positive one. Nigeria's growth is increasingly a key theme of the global economy, with the MINT group of markets (Mexico, Indonesia, Nigeria and Turkey) seen as representing the economies with strongest growth potential. As the OECD hub for the Group, the Bank has a key role to play in the increased flow of trade to and from the country.

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

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

J Simmonds

Director

22 April 2014

DIRECTORS' REPORT

The directors of The Access Bank UK Limited have pleasure in presenting their directors' report and audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES, RESULTS AND FUTURE DEVELOPMENTS

Details of the Bank's principal activities, results and future developments are detailed in the Bank's strategic report.

DIVIDEND

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

POLITICAL CONTRIBUTIONS AND CHARITABLE DONATIONS

No political or charitable donations were made during the year.

DIRECTORS

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

A Aig-Imoukhuede	(Chairman) (resigned 31 December 2013)
D Ross	(Independent Non Executive Director)
T Wade	(Independent Non Executive Director)
H Wigwe	(Non Executive Director and Chairman from 31 December 2013)
J Simmonds	(Chief Executive Officer / Managing Director)
S McLaughlin	(Finance Director)

On 31 December 2013, A Aig-Imoukhuede resigned as Chairman of the Bank, and was replaced by H Wigwe.

DIRECTORS' INDEMNITIES

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

FUTURE PROSPECTS AND GOING CONCERN

The directors have undertaken a review of the Bank's business model, profitability, capital and liquidity. As a result of the increase in the Bank's share capital by £26m during 2013, as noted elsewhere in the strategic report, at the year end the Bank had a high capital adequacy ratio that was significantly in excess of the minimum regulatory capital requirements. It is the intention of the Bank that this and other key ratios will be maintained at high levels in the future. The directors believe that the Bank is well placed to continue to manage its business risks successfully and to trade profitably, and they are confident that the business model is robust and sustainable in the current environment. There are currently no plans to terminate or significantly curtail the Bank's activities, and consequently the directors have adopted the going concern basis in preparing the financial statements of the Bank.

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.

INDEPENDENT AUDITORS

Following ten years of auditing the Bank's parent – Access Bank Plc, KPMG Professional Services were required to stand down as auditor under the Prudential Guidelines for Money Deposit Banks in Nigeria following the completion of the audit of the 2012 financial statements.

The Bank's shareholder has appointed PricewaterhouseCoopers LLP as auditors in accordance with Section 487(2) of the Companies Act 2006. Accordingly, the appointment of PricewaterhouseCoopers LLP is treated as being continuous.

INTERNAL AUDIT

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

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

J Simmonds

Director

22 April 2014

Company Registration No. 06365062

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of the Directors' Report and Financial Statements

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the members of The Access Bank UK Limited

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by The Access Bank UK Limited, comprise:

- the statement of financial position as at 31 December 2013;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, where appropriate the directors have made judgements, for example in respect of accounting estimates. In preparing such estimates, they have considered future events and related assumptions.

What an audit of financial statements involves

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

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

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Jeremy Foster

Jeremy Foster

Senior Statutory Auditor

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

22 April 2014

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	**Year ended 31 December 2013 £**	Year ended 31 December 2012 £
Income			
Interest income	4	4,153,676	4,589,983
Interest expense		(880,425)	(1,378,348)
Net interest income		3,273,251	3,211,635
Fee and commission income	5	7,109,252	6,488,672
Fee and commission expense	5	(3,260)	–
Net fee and commission income		7,105,992	6,488,672
Other income		542,284	704,790
Operating income		**10,921,527**	**10,405,097**
Expenses			
Personnel expenses	7	(5,931,291)	(5,338,423)
Depreciation and amortisation	8	(269,224)	(295,453)
Other expenses		(2,620,964)	(2,968,721)
Operating profit before tax		**2,100,048**	**1,802,500**
Taxation	10	225,000	–
Profit for the year		**2,325,048**	**1,802,500**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Unrealised profit on available-for-sale financial assets		26,575	199
Total comprehensive income for the year		**2,351,623**	**1,802,699**

The notes on pages 27 to 44 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	**31 December 2013 £**	31 December 2012 £
Assets			
Cash at bank		37,950,040	18,809,557
Money market placements		347,300,011	336,823,322
Loans and advances to banks		85,397,214	23,397,055
Loans and advances to customers		25,766,240	46,754,465
Available-for-sale investments		73,879,976	4,924,346
Held-to-maturity investments		11,110,070	22,159,310
Property, plant and equipment	11	236,708	283,313
Intangible assets	12	152,911	334,166
Other assets	13	3,252,566	2,741,055
Deferred tax	10	1,114,000	889,000
Total assets		**586,159,736**	**457,115,589**
Liabilities			
Deposits from banks		406,144,327	323,558,254
Deposits from customers		125,201,842	97,485,685
Other liabilities	14	1,308,791	1,684,887
Subordinated liabilities	18	–	9,233,610
Total liabilities		532,654,960	431,962,436
Equity			
Share capital	19	58,000,000	32,000,000
Retained earnings		(4,521,998)	(6,847,046)
Available-for-sale reserve		26,774	199
Total equity attributable to the equity holders of the Bank		53,504,776	25,153,153
Total liabilities and equity		**586,159,736**	**457,115,589**

The notes on pages 27 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 22 April 2014.

They were signed on its behalf by:

J. Simmonds

Managing Director/Chief Executive Officer

22 April 2014

S. McLaughlin

Finance Director

Company Registration No. 06365062

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Share capital £	Accumulated losses £	Available-for-sale reserve £	Total equity £
Balance as at 1 January 2013	32,000,000	(6,847,046)	199	25,153,153
Profit after tax	–	2,325,048	–	2,325,048
Other comprehensive income	–	–	26,575	26,575
Total comprehensive income	–	2,325,048	26,774	2,351,623
Proceeds from shares issued	26,000,000	–	–	26,000,000
Balance at 31 December 2013	58,000,000	(4,521,998)	26,774	53,504,776

	Share capital £	Accumulated losses £	Available-for-sale reserve £	Total equity £
Balance as at 1 January 2012	32,000,000	(8,649,546)	–	23,350,454
Profit after tax	–	1,802,500	–	1,802,500
Other comprehensive income	–	–	199	199
Total comprehensive income	–	1,802,500	199	1,802,699
Balance at 31 December 2012	32,000,000	(6,847,046)	199	25,153,153

The notes on pages 27 to 44 form an integral part of these financial statements.

STATEMENT OF CASH FLOW

For the year ended 31 December 2013

	Note	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Cash flows from operating activities			
Profit before tax		**2,100,048**	**1,802,500**
Adjustments for:			
Depreciation	11	80,377	92,057
Amortisation	12	188,847	203,397
Exchange translation on subordinated loan		–	(429,471)
Loss on disposal of fixed assets		–	3,333
Operating cash flows before movements in working capital		**2,369,272**	**1,671,816**
Changes in money market placements		(10,476,689)	(127,987,244)
Changes in loans and advances		(41,011,934)	23,248,098
Changes in other assets		(511,511)	841,320
Changes in deposits from banks		82,586,073	91,257,878
Changes in deposits from customers		27,716,157	1,840,371
Changes in other liabilities		(376,096)	186,491
		60,295,272	**(8,941,270)**
Taxation paid		–	–
Net cash inflow generated from/(used in) operating activities		**60,295,272**	**(8,941,270)**
Cash flows from investing activities			
Changes in investment securities		(57,879,815)	8,211,780
Purchase of property, plant and equipment		(33,772)	(22,421)
Proceeds from disposal of property, plant and equipment		–	1,100
Purchase of intangible assets		(7,592)	(81,082)
Net cash (used in)/generated from investing activities		**(57,921,179)**	**8,109,377**
Cash flows from financing activities			
Net proceeds from issue of share capital		26,000,000	
Repayment of subordinated loan		(9,233,610)	–
Net cash inflows generated from financing activities		**16,766,840**	**–**
Net increase/(decrease) in cash and cash equivalents		19,140,483	(831,893)
Cash and cash equivalents at the beginning of the year		18,809,557	19,641,450
Cash and cash equivalents at the end of the year		**37,950,040**	**18,809,557**

The notes on pages 27 to 44 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL INFORMATION

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

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

- IFRS 13, 'Fair value measurement' (effective 1 January 2013).
- Amendments to IFRS 7 on Financial instruments asset and liability offsetting (effective 1 January 2013).

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

- Amendments to IAS 32 on Financial instruments asset and liability offsetting (effective 1 January 2014).
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures (effective 1 January 2014).

The Bank is currently evaluating the impact of the above and other new standards, amendments to standards, revisions and interpretations.

The impact of IFRS 9 is likely to depend on the outcome of the other phases of IASB's IAS 39 replacement project, which is yet to be finalised.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared under the historical cost accounting convention as modified by the revaluation of available-for-sale financial assets and derivative financial instruments at fair value through profit or loss.

The 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 strategic report on pages 18 to 19. 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.

After making enquiries, the directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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 other banking services in the normal course of business, net of discounts and VAT if applicable.

Interest income and expense

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

Fee and commission income

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

i. if the income is earned on the execution of a significant act, it is recognised as revenue when the significant act has been completed (for example, fees arising on negotiating a transaction for a third party, such as the arrangement for the acquisition of securities);

ii. if the income is earned as services are provided, it is recognised as revenue as the services are provided (for example, documentary credit confirmation fees, custody and banking service fees); and

iii. if the income is an integral part of the effective interest rate of a financial instrument, it is recognised as an adjustment to the effective interest rate (for example, loan origination fees) and recorded over the period for which the service is provided.

Cash and cash equivalents

For the purpose of the 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2013

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

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 payable or receivable that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

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

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.

Available-for-sale

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

Loans and receivables

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

Collateral and other credit enhancements

The Bank holds collateral against loans and advances to customers in the form of cash margins, pledges/liens over deposits, mortgage, interests over property, other registered securities over assets and guarantees. The Bank accepts guarantees mainly from well-reputed local or international banks, financial institutions, and well-established local or multinational organisations. Estimates of fair value are based on the value of collateral assessed at the time of borrowing which are updated during annual reviews. Generally, collateral is not held over loans and advances to other banks or financial institutions.

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

Impairment of financial assets

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

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

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

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

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

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

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 may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and foreign currency options. Further details of derivative financial instruments are disclosed in note 15 to the financial statements.

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

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

Valuation of financial instruments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2013

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

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

Computer equipment	**3 years**
Furniture, fixtures and fittings	**5 years**
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 Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Intangible assets

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

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

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

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

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

Share capital

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

Pension costs

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

4. INTEREST INCOME

	2013 £	2012 £
Derived from:		
Cash and cash equivalents	1,386	4,432
Loans and advances to banks	1,228,276	1,575,143
Loans and advances to customers	2,260,891	2,121,006
Investment securities	663,123	889,402
Total interest income	4,153,676	4,589,983

5. FEE AND COMMISSION INCOME AND EXPENSE

	2013 £	2012 £
Trade finance	6,312,734	5,707,996
Funds transfer	349,271	198,561
Other	447,247	582,115
Total fees and commission income	7,109,252	6,488,672
Fee and commission expense on trade finance	(3,260)	–
Net fees and commission	7,105,592	6,488,672

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:

	2013 £	2012 £
Personnel expenses		
Wages and salaries	4,784,110	4,306,630
Pension costs – defined contribution scheme	392,222	354,535
Social security costs	552,043	477,949
Other personnel expenses	202,916	199,309
	5,931,291	5,338,423

	2013	2012
Number of employees at year end	89	87
Average number of employees during the year	87	82

During the year, there were an average of 38 (2012: 37) employees involved in fee-earning roles and 49 (2012: 45) in administration.

Included within employment costs are:

	2013 £	2012 £
Directors' remuneration and fees		
Fees	140,000	140,000
Other emoluments	851,845	639,744
Pension contributions	59,817	58,074
	1,051,662	837,818

The highest paid director received emoluments excluding pension contribution totalling £552,175 (2012: £353,200) and pension of £35,350 (2012: £34,320). Retirement benefits are accrued under defined contribution schemes.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2013

8. OPERATING PROFIT BEFORE TAX

	2013 £	2012 £
Operating profit before tax is stated after charging:		
Depreciation	80,377	92,057
Amortisation	188,847	203,397

9. AUDITOR'S REMUNERATION

	2013 £	2012 £
Fees payable to company's auditor for the audit of the financial statements:		
Audit of these financial statements	67,000	64,000
Audit of the year-end Group reporting package	20,000	20,000
Audit of the half-year Group reporting package	35,000	25,000
	122,000	109,000
Fees payable to company's auditor for other services:		
Other services relating to corporate taxation	–	1,750
	–	1,750
	122,000	110,750

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

10. TAXATION

	2013 £	2012 £
Current tax		
Current tax on profits for the year	–	–
Total current tax	–	–
Origination of timing differences	(225,000)	–
Total deferred tax	(225,000)	–
Income tax (credit)/expense	(225,000)	–

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

	2013 £	2012 £
Profit before tax	2,100,048	1,802,500
Reconciliation of effective tax rate:		
Corporation tax at 23.25% (2012: 24.5%)	488,261	441,613
Tax effect of:		
Expenses not deductible for tax purposes	1,373	3,513
Capital allowances less than depreciation	27,252	31,444
Taxable losses utilised	(516,886)	(476,570)
Deferred tax asset recognised	(225,000)	–
Income tax (credit)/expense	(225,000)	–

	2013 **£**	2012 £
Deferred tax asset		
Balance as at 1 January	889,000	889,000
Credited to comprehensive income	225,000	–
Balance as at 31 December	1,114,000	889,000

Deferred tax assets of £889,000 and £225,000 were recognised in the years to 31 December 2010 and 31 December 2013 respectively in respect of a proportion of the tax losses carried forward at that date. The tax charge of £516,886 in respect of the taxable profit for the year ended 31 December 2013 has been offset against the losses brought forward but not recognised by the brought forward deferred tax asset 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 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 decreased.

The amount of the tax losses not yet recognised as at 31 December 2013 is £Nil (2012: £825,302) based on current tax rates.

The main rate of corporation tax for the year beginning 1 April 2014 was reduced to 21% and this resulted in a weighted average rate of 21.5% for 2014 (2013: 24.5%).

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements £	Computer equipment £	Motor vehicles £	Furniture, fixtures and fittings £	Total £
Cost					
Balance at 1 January 2012	319,341	223,666	52,393	178,385	773,785
Additions	–	11,472	–	10,949	22,421
Disposals	–	–	–	(13,008)	(13,008)
Balance at 31 December 2012	319,341	235,138	52,393	176,326	783,198
Balance at 1 January 2013	319,341	235,138	52,393	176,326	783,198
Additions	2,065	7,518	16,630	7,559	33,772
Disposals	–	–	(26,446)	–	(26,446)
Balance at 31 December 2013	321,406	242,656	42,577	183,885	790,524

	Leasehold Improvements £	Computer equipment £	Motor vehicles £	Furniture, fixtures and fittings £	Total £
Accumulated depreciation					
Balance at 1 January 2012	(117,996)	(199,957)	(26,396)	(72,054)	(416,403)
Charge for the year	(29,611)	(15,133)	(13,099)	(34,214)	(92,057)
Disposals	–	–	–	8,575	8,575
Balance at 31 December 2012	(147,607)	(215,090)	(39,495)	(97,693)	(499,885)
Balance at 1 January 2013	(147,607)	(215,090)	(39,495)	(97,693)	(499,885)
Charge for the year	(27,148)	(12,718)	(6,534)	(33,977)	(80,377)
Disposals	–	–	26,446	–	26,446
Balance at 31 December 2013	(174,755)	(227,808)	(19,583)	(131,670)	(553,816)
Net book value					
At 31 December 2012	171,734	20,048	12,898	78,633	283,313
At 31 December 2013	146,651	14,848	22,994	52,215	236,708

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2013

12. INTANGIBLE ASSETS

	2013 £	2012 £
Cost		
Balance at the beginning of the year	1,050,900	969,818
Additions	7,592	81,082
Balance at the end of the year	1,058,492	1,050,900
Accumulated amortisation		
Balance at the beginning of the year	(716,734)	(513,337)
Charge for the year	(188,847)	(203,397)
Balance at the end of the year	(905,581)	(716,734)
Net book value		
Balance at the end of the year	152,911	334,166

The intangible assets relate to software licences purchased.

13. OTHER ASSETS

	2013 £	2012 £
Derivative financial instruments (see note 15)	111,945	121,999
Accrued income	919,933	781,146
Intercompany receivables	1,345,815	748,785
Other receivables	431,865	475,887
Prepayments	443,008	613,238
	3,252,566	2,741,055

14. OTHER LIABILITIES

	2013 £	2012 £
Trade creditors	36,816	60,253
Derivative financial instruments (see note 15)	125,284	139,740
Intercompany payables	12,424	139,897
Other taxes and social security costs	159,642	148,018
Deferred income	149,104	322,504
Other creditors	825,520	874,475
	1,308,790	1,684,887

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

	2013 £	2012 £
Forward foreign currency contracts		
Receivables	111,945	121,999
Payables	(125,284)	(139,740)

Derivative financial instruments consist of short-term forward contracts. Forwards are held for day-to-day cash management rather than for trading purposes and are held at fair value. These foreign exchange contracts have intended settlement dates within 12 months. This is the only category of derivative instruments held by the Bank as at 31 December 2013. All forward contracts are considered to be level 2 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 £392,222 (2012: £354,535) were charged to the income statement. There was no pension creditor outstanding at the balance sheet date.

b) Trade finance – contingent liabilities

	2013 **£**	2012 £
Letters of credit (including cash-backed)	152,111,010	178,342,837
Risk participation	29,595,329	18,564,163
Guarantees	6,652,238	923,361
	188,358,577	197,830,361

Included in letters of credit and guarantees are cash collaterised transactions amounting to £92,091,488 (December 2012: 163,517,371).

c) Operating lease commitments

Non-cancellable operating lease payables:

	2013 **£**	2012 £
Less than 1 year	707,578	666,778
1 – 5 years	1,469,819	239,726
	2,177,397	906,504

The above table shows the total of future minimum lease payments under non-cancellable operation leases including value added tax. Significant lease payables relate to the Bank's leased properties. During the year, £567,661 (2012: £555,648) 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

For the year ended 31 December 2013

17. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments classification

2013	Loans & receivables £	Financial assets at fair value through profit or loss £	Held-to-maturity investments £	Available-for-sale financial assets £	Total £
Assets					
Cash and cash equivalents	385,250,051	–	–	–	385,250,051
Loans and advances to banks	85,397,214	–	–	–	85,397,214
Loans and advances to customers	25,766,240	–	–	–	25,766,240
Derivatives	–	111,945	-	–	111,945
Debt securities	–	–	11,110,070	73,879,976	84,990,046
Other assets	2,647,139	–	–	–	2,647,139
Total assets	499,060,644	111,945	11,110,070	73,879,976	584,162,635

	Other financial liabilities at amortised cost £	Financial liabilities at fair value through profit or loss £	Total £
Liabilities			
Deposits from banks	406,144,327	–	406,144,327
Deposits from customers	125,201,842	–	125,201,842
Derivatives	–	125,284	125,284
Other liabilities	310,915	–	310,915
Total liabilities	531,657,084	125,284	531,782,368

2012	Loans & receivables £	Financial assets at fair value through profit or loss £	Held-to-maturity investments £	Available-for-sale financial assets £	Total £
Assets					
Cash and cash equivalents	355,632,879	–	–	–	355,632,879
Loans and advances to banks	23,397,055	–	–	–	23,397,055
Loans and advances to customers	46,754,465	–	–	–	46,754,465
Derivatives	–	121,999	–	–	121,999
Debt securities	–	–	22,159,310	4,924,346	27,083,656
Other assets	2,005,817	–	–	–	2,005,817
Total assets	427,790,216	121,999	22,159,310	4,924,346	454,995,871

	Other financial liabilities at amortised cost £	Financial liabilities at fair value through profit or loss £	Total £
Liabilities			
Deposits from banks	323,558,254	–	323,558,254
Deposits from customers	97,485,685	–	97,485,685
Derivatives	–	139,740	139,740
Other liabilities	524,838	–	524,838
Subordinated liabilities	9,233,610	–	9,233,610
Total liabilities	430,802,387	139,740	430,942,127

Valuation hierarchy

Financial assets and liabilities carried at fair value

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

2013	**Level 1 £**	**Level 2 £**	**Level 3 £**	**Total £**
Financial assets at fair value through profit or loss:				
Derivatives	–	111,945	–	111,945
Available-for-sale financial assets:				
Debt securities	72,593,353	1,286,623	–	73,879,976
	72,593,353	1,398,568	–	73,991,921
Financial liabilities at fair value through profit or loss:				
Derivatives	–	125,284	–	125,284
	–	125,284	–	125,284

2012	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss:	–	–	–	–
Derivatives	–	121,999	–	121,999
Available-for-sale financial assets:				
Debt securities	4,924,346	–	–	4,924,346
	4,924,346	121,999	–	5,046,345
Financial liabilities at fair value through profit or loss:				
Derivatives	–	139,740	–	139,740
	–	139,740	–	139,740

b) Risk Management

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2013

17. FINANCIAL INSTRUMENTS (CONTINUED)

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.

An analysis of the credit quality of the maximum credit exposure, based on Fitch ratings, and Moody ratings where Fitch is not available:

	2013 £	2012 £
Cash and cash equivalents deposits in banks		
Rated AAA to AA-	62,274,348	37,752,153
Rated A+ to A-	292,025,190	260,509,053
Rated BBB+ to BBB-	30,854,691	57,273,601
Rated B+ to B-	95,822	98,072
Loans and advances to banks		
Rated AAA to AA-	–	–
Rated A+ to A-	–	–
Rated BBB+ to BBB-	–	–
Rated BB+ to BB-	45,496,222	14,444,596
Rated B+ to B-	39,900,992	8,952,459
Past due but not impaired	–	–
Loans and advances to customers		
Neither past due nor impaired	25,757,957	46,754,465
Past due but not impaired	8,283	–
Financial assets – derivative counterparties		
Rated AAA to AA-	111,945	8,659
Rated A+ to A-	–	1,252
Rated B+ to B-	–	109,874
Rated BBB+ to BBB-	–	2,214
Debt securities		
Rated AAA to AA-	72,593,354	4,924,346
Rated A+ to A-	5,224,162	16,135,083
Rated B+ to B-	7,172,530	6,024,227
Other assets		
Neither past due nor impaired	2,647,139	2,005,817
Past due but not impaired	–	–
Carrying amount of assets	584,162,635	454,995,871

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 reduce 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.

Age analysis of past due but not impaired assets

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

	2013 **£**	2012 £
Less than three months	8,283	–
Between three to six months	–	–
Over six months but less than one year	–	–
Over one year	–	–
	8,283	–

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.

	2013 **£**	2012 £
Concentration by sector		
Banks	485,452,035	403,136,661
Corporate	17,213,474	40,036,410
Government/Multilateral Development Banks	72,659,120	4,924,346
Retail	8,838,006	6,898,454
	584,162,635	454,995,871
Concentration by location		
Africa	97,263,755	51,391,000
Europe	334,645,734	336,118,325
Other	152,253,146	67,486,546
	584,162,635	454,995,871

Included in loans and advances to banks and customers are collaterised transactions amounting to £41,527,743 (December 2012: £47,583,239).

d) Market risk

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

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

Foreign exchange risk

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

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2013

17. FINANCIAL INSTRUMENTS (CONTINUED)

Assets and liabilities in foreign currency

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

2013	Sterling £	US Dollars £	Euro £	Other currencies £	Total £
Assets	66,739,976	474,423,171	42,213,077	786,411	584,162,635
Liabilities	14,633,898	473,606,436	42,776,964	765,070	531,782,368
Foreign exchange forward contracts	253,868	(800,474)	543,874	2,732	–
Net financial assets/(liabilities)	52,359,946	16,261	(20,013)	24,073	52,380,267

2012	Sterling £	US Dollars £	Euro £	Other currencies £	Total £
Assets	46,178,429	383,512,835	19,095,102	6,209,505	454,995,871
Liabilities	22,321,393	386,399,629	16,026,781	6,194,324	430,942,127
Foreign exchange forward contracts	142,742	2,886,968	(3,028,397)	(1,313)	–
Net financial assets/(liabilities)	23,999,778	174	39,924	13,868	24,053,744

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

Interest rate risk

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

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

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

e) Liquidity risk

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

The Bank undertakes stress tests on its liquidity position which are incorporated into the Bank's Individual Liquidity Adequacy Assessment ('ILAA'). The Bank has also put in place contingency plans to meet its liquidity obligations under stressed scenarios. 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 based on their contractual maturity date. The figures are shown on an undiscounted basis, there is no significant difference between the contractual amounts of financial liabilities and their carrying amount.

2013	Less than 3 months £	Between 3 & 12 months £	More than 12 months £	Carrying amount £
Assets				
Cash and cash equivalents	381,790,328	3,459,723	–	385,250,051
Loans and advances to banks	61,660,627	17,569,727	6,166,860	85,397,214
Loans and advances to customers	7,811,692	6,912,976	11,041,572	25,766,240
Derivatives	75,676	36,269	–	111,945
Debt securities	5,224,162	62,622,218	17,143,666	84,990,046
Other assets	2,174,037	174,423	298,679	2,647,139
Total assets	458,736,522	90,775,336	34,650,777	584,162,635
Liabilities				
Customer deposits	123,724,391	1,477,451	–	125,201,842
Deposits to other banks	360,763,567	45,380,760	–	406,144,327
Derivatives	93,580	31,704	–	125,284
Other liabilities	310,915	–	–	310,915
Subordinated liabilities	–	–	–	–
Total liabilities	484,892,453	46,889,915	–	531,782,368

2012	Less than 3 months £	Between 3 & 12 months £	More than 12 months £	Carrying amount £
Assets				
Cash and cash equivalents	350,703,595	4,929,284	–	355,632,879
Loans and advances to banks	8,585,786	14,491,609	319,660	23,397,055
Loans and advances to customers	15,453,485	22,895,509	8,405,471	46,754,465
Derivatives	121,999	–	–	121,999
Debt securities	10,906,891	10,152,539	6,024,226	27,083,656
Other assets	1,839,349	–	166,468	2,005,817
Total assets	387,611,105	52,468,941	14,915,825	454,995,871
Liabilities				
Customer deposits	96,756,961	728,724	–	97,485,685
Deposits to other banks	308,162,362	15,395,892	–	323,558,254
Derivatives	139,740	–	–	139,740
Other liabilities	524,838	–	–	524,838
Subordinated liabilities	–	–	9,233,610	9,233,610
Total liabilities	405,583,901	16,124,616	9,233,610	430,942,127

f) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, or from external events. Major sources of operational risk include: business continuity, documentation, regulatory, financial crime, staff competence, key person, strategic and governance risk.

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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2013

17. FINANCIAL INSTRUMENTS (CONTINUED)

g) Capital management

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital at 31 December 2013 was £53,504,776 (2012:£25,153,153). Regulatory capital is determined in accordance with the requirements of the PRA in the UK. Total Regulatory Capital as at 31 December 2013 was £53,351,865 (2012:£34,052,597).

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

The Bank has calculated its regulatory capital as at 31 December 2013 in accordance with these definitions as laid out in the table below:

Capital resources	2013 £	2012 £
Tier 1 capital		
Shareholders' funds	53,504,776	25,153,153
Less:		
Intangible assets	(152,911)	(334,166)
Total tier 1 capital	53,351,865	24,818,987
Tier 2 capital		
Subordinated liabilities	–	9,233,610
Total regulatory capital	53,351,865	34,052,597

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

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

18. SUBORDINATED LIABILITIES

	2013 £	2012 £
Subordinated liabilities	–	9,233,610
	–	9,233,610

Subordinated liabilities represented a long-term subordinated loan of $15m granted by the parent company Access Bank Plc on 17 February 2011. On 29 July 2013, the loan was repaid to Access Bank Plc, concurrent with their purchase of further shares in the Bank (see note 19).

19. SHARE CAPITAL

	Ordinary shares	
	No. of shares	Amount £
As at 1 January 2013	32,000,000	32,000,000
Proceeds from shares issued	26,000,000	26,000,000
As at 31 December 2013	58,000,000	58,000,000

	Ordinary Shares	
	No. of shares	Amount £
As at 1 January 2012	32,000,000	32,000,000
Proceeds from shares issued	–	–
As at 31 December 2012	32,000,000	32,000,000

At 31 December 2013, the issued share capital comprised 58,000,000 ordinary shares (2012: 32,000,000) with a par value of £1. All issued shares are fully paid.

On 29 July 2013, Access Bank Plc purchased a further 26,000,000 ordinary shares at par.

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

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:

	2013 **£**	2012 £
Assets		
Amounts due from parent bank	26,267,676	2,345,942
Amounts from fellow subsidiaries	15,012,132	7,464,634
	41,279,808	9,810,576
Liabilities		
Amounts due to parent bank	290,470,096	235,990,883
Amounts due to fellow subsidiaries	39,188,716	10,860,639
	329,658,812	246,851,522
Fees and commission income		
Parent bank	1,756,571	2,064,024
Fellow subsidiaries	1,044,168	700,809
	2,800,739	2,764,833
Interest income		
Parent bank	490,172	398,690
Fellow subsidiaries	30,549	129,533
	520,721	528,223
Interest expense		
Parent bank	583,387	1,012,778
Fellow subsidiaries	913	17,679
	584,300	1,030,457

There were no loans or mortgages approved and advanced to any director or director of the parent company during the year (2012: Nil). As at 31 December 2013, there was no loan or mortgage amount outstanding in respect of the directors or the directors of the parent company (2012:Nil).

Deposits by directors as at 31 December 2013 were £99,714 (2012: £94,336), with the highest deposit as at year end being £37,854.

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

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2013

21. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Cash and cash equivalents

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

Loans and advances to banks

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

Loans and advances to customers

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

Financial assets – derivatives

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

Debt securities

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

Customer deposits

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

Deposits from other banks

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

Financial liabilities – derivatives

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

	2013 £ Book value	**2013 £ Fair value**	2012 £ Book value	2012 £ Fair value
Assets				
Cash and cash equivalents	385,250,051	385,250,051	355,632,879	355,632,879
Loans and advances to banks	85,397,214	85,397,214	23,397,055	23,397,055
Loans and advances to customers	25,766,240	25,766,240	46,754,465	46,754,465
Derivatives	111,945	111,945	121,999	121,999
Debt securities	84,990,046	85,247,374	27,083,656	28,221,598
Other assets	2,647,139	2,647,139	2,005,817	2,005,817
	584,162,635	584,419,963	454,995,871	456,133,813
Liabilities				
Customer deposits	125,201,842	125,201,842	97,485,685	97,485,685
Deposits from other banks	406,144,327	406,144,327	323,558,254	323,558,254
Derivatives	125,284	125,284	139,740	139,740
Other liabilities	310,915	310,915	524,838	524,838
Subordinated liabilities	–	–	9,233,610	9,233,610
	531,782,368	531,782,368	430,942,127	430,942,127

22. SUBSIDIARY UNDERTAKING

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

23. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Bank's immediate and ultimate parent and controlling party is Access Bank Plc, a bank incorporated in Nigeria. Group financial statements into which the Bank is consolidated are available from the Head Office, at Plot 999c, Danmole Street, Off Adeola Odeku/Idejo Street, Victoria Island, Lagos, Nigeria.

FIVE-YEAR RECORD

Statement of financial position

	31 December 2009	31 December 2010	31 December 2011	31 December 2012	**31 December 2013**
Assets					
Placements and cash at bank	94,154,487	190,851,184	228,477,528	355,632,879	385,250,051
Loans and advances to banks	2,510,388	26,222,781	64,014,531	23,397,055	85,397,214
Loans and advances to customers	1,853,661	6,872,330	29,385,087	46,754,465	25,766,240
Investment securities	7,079,349	23,608,301	35,295,237	27,083,656	84,990,046
Other assets	9,789,097	5,796,767	5,285,238	4,247,534	4,756,185
Total assets	115,386,982	253,351,363	362,457,621	457,115,589	586,159,736
Liabilities					
Deposits from banks	64,447,789	187,061,081	232,300,376	323,558,254	406,144,327
Deposits from customers	20,899,490	42,995,205	95,645,314	97,485,685	125,201,842
Other liabilities	8,000,737	1,214,603	1,498,396	1,684,887	1,308,791
Total liabilities	93,348,016	231,270,889	329,444,086	422,728,826	532,654,960
Shareholders' funds inc. subordinated liabilities	22,038,966	22,080,474	33,013,535	34,386,763	53,504,776
Total liabilities and equity	115,386,982	253,351,363	362,457,621	457,115,589	586,159,736

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