CABIM Limited

Annual Report and Financial Statements for the year ended 31st December 2017

Registered Number

09659405

Registered Office:

St Nicholas House

St Nicholas Road

Sutton

Surrey SM1 1EL

Contents

Directors for the year ended 31 December 2017

Jeremy Parrish – *Chairman and Independent* Non-Executive Director (appointed 4 April 2017)
Jeremy Parrish joined the board with over three decades of banking experience. After starting his career with the ANZ Grindlays Group (which included postings to Hong Kong and Switzerland), he joined Standard Chartered Bank in 1994 as Head of Corporate Banking, Europe. Following further international postings to Singapore and Tokyo, he returned to London as the Regional Head of Wholesale Banking for Europe. In 2005, after five years in the role, he was transferred to Abu Dhabi as CEO for Standard Chartered Bank UAE with particular responsibility for the UAE area. In 2011 he returned to Switzerland as CEO of Standard Chartered Bank, Switzerland. He is currently a non-executive director and Chairman of the Risk and Audit Committee of Julius Baer International Ltd. He is also Chairman of the Challenger Trust and an advisor to Deloitte Financial Advisory.

Nick Beecroft – Senior Independent Non-Executive Director
Nick Beecroft joined the Board in April 2016. He brings over 30 years of international experience within the financial services industry, including senior managerial roles within Global Markets at Standard Chartered Bank, Deutsche Bank and Citibank. Nick was a member of the Bank of England's Foreign Exchange Joint Standing Committee and is currently Senior Independent Non-Executive Director and Chair of the Audit & Risk Committee at National Bank of Egypt UK Ltd, and Non-Executive Chairman of GKFX Financial Services Ltd.

Arnold Ekpe – Non-Executive Director

Arnold Ekpe, 64, has degrees in engineering and business administration. He joined the Board in April 2016 with over 30 years of experience of international banking. He has previously served as the CEO of the two leading Pan African banks, Ecobank and UBA, and was responsible for developing Citibank's corporate and structured trade finance business in Sub Saharan Africa.

He is currently the Honorary President of the UK based Business Council for Africa, one of the oldest NGOs focused on promoting trade and investments in Africa; Chairman of SFRE, a Luxembourg based global investment company; Chairman of Microcred, the leading France based pan-African Microfinance Banking Group; Senior Adviser to the Dangote Group, the leading Pan-African industrial group; and Senior Adviser and member of the Investment Committee of US based Equator Capital Partners LLC.

Simon Poole - Non-Executive Director

Simon Poole joined the Board in April 2016 bringing with him broad finance and administration experience across a range of businesses in numerous African countries. Previously, he was a CFO with Intela Global Ltd, Lawson's Corporation and Celtel International (in Burkina Faso, Chad and DRC). Earlier in his career he held finance and accounting roles with Price Waterhouse, Bank of America and BT. He currently serves on the boards of directors of Helios Towers Africa Limited, Vivo Energy Investments BV and Mall for Africa Ltd. He received his BSc in Geography from Exeter University, UK. He qualified as a Chartered Accountant with Price Waterhouse and is a member of the Institute of Chartered Accountants in England and Wales. Simon is fluent in French.

Directors for the year ended 31 December 2017 (continued)

Albert Maasland – Executive Director (appointed 7 February 2017)

Albert Maasland started his career in banking at Chase Manhattan Bank – later JP Morgan – and during his 11 year career there, was involved in transforming and building a range of highly successful and profitable business units, including launching the world's first generation of cross-border electronic transaction banking services providing online account and payment services to European financial centres, developing transaction banking products and sales teams in global cash management, institutional and Global Custody areas before taking over as Head of FX sales.

Subsequently, Albert took over as Global Head of Business Development at HSBC Markets, and led the transformation of the FX business at Deutsche Bank – steering them from 24th to the number one FX provider worldwide.

Latterly, he helped establish the global e-commerce business at Standard Chartered before moving to Saxo Bank where he fulfilled numerous roles including CEO of Saxo Bank UK and then Chairman of Saxo Capital Markets UK. Albert has a keen interest in the fintech sector, and as a result acts as a trusted advisor, or NED, to a number of fintech firms. He was CEO of Knight Capital Europe and subsequently KCG Europe and is on the Board of EASDAQ NV, which is the parent company of Equiduct, a pan-European Regulated Market, operated by Bourse Berlin.

He was appointed as Group Chief Executive Officer on 16 February 2017.

Doug MacLennan – Chief Risk Officer

Doug MacLennan joined the Group's trading subsidiaries (Crown Agents Bank Limited and Crown Agents Investment Management Limited) in December 2012 as both CFO and CRO, and was appointed to the Boards in June 2013. He stepped down from the CFO position in June 2016 to focus on the development of the risk management function.

He has been involved in the UK Financial Services Industry for over 30 years, including previous appointments as Director of Finance at Merrill Lynch Limited; Deputy Managing Director at Sanwa International; Finance Director at the Bank of China International; and Senior Vice President of Risk Management at Northern Trust.

During his career Doug has been responsible for the design and implementation of financial and risk management systems; led the finance function in the acquisition and integration of multiple target companies; created several new UK regulated entities; led the negotiations for office premises in Europe, Ireland and the UK; and designed, implemented, and managed risk management frameworks from scratch.

Paul Batchelor – Chairman and Non-Executive Director (ceased to be a director - 30 April 2017)

Richard Jones – Executive Director (ceased to be a director - 6 February 2017)

Mary Reilly – Independent Non-Executive Director (ceased to be a director - 30 April 2017)

Strategic Report for the year ended 31 December 2017

Principal risks and uncertainties

The principal risks facing CABIM Limited ("the Company") and its group companies ("the Group") are liquidity, credit, operational, market (interest and currency) and compliance risk. Further detail is provided in note 23 on pages 48-51.

Review of Performance

The Group commenced trading on 1 April 2016 following the purchase by the company of the entire share capital of Crown Agents Bank Limited ("CAB" or "the Bank") and Crown Agents Investment Management Limited ("CAIM").

As detailed in our prior year annual report, 2016 was a transitional year in terms of performance. Post change of control, a significant investment and remediation programme was initiated to ensure a fit for purpose governance and control environment, a robust, best of breed compliance and On-boarding process, Investment Management framework and technology developments to drive operational excellence across the CAB and CAIM and, notably transform Straight Through Processing (STP) rates to facilitate the planned scalability of transaction banking business volumes. Central to this programme was an investment in talent as we transformed the Executive Management team and the Board, laying the foundations for growth. This resulted in a consolidated loss for calendar 2016 of GBP 4.8m before tax and a loss of GBP 3.9m after tax on the back of modest revenue growth.

Having built out our infrastructure foundations, I am pleased to report that the consolidated group delivered significant improvements in performance for 2017. We became structurally profitable around the mid-year in 2017 posting a full year pre-tax profit (before exceptional items) of GBP 0.3m and after tax and exceptional items a small loss of GBP 0.1m.

All business lines performed well with growth in all aspects of our business. In 2017 CAIM saw material growth in assets under management increasing its funds under management by GBP 375M (25%) reflecting growing confidence by our clients in the business. A sizable portion of the new assets came from existing central bank clients on the back of good fund performance and enhanced client relationships. Overall profitability was dampened by a weakening of the USD in which fees are principally denominated. Costs have been contained through strict cost control in both front and back offices while we seek to grow revenues. For CAB 2017 saw an expansion of our coverage and geographies with enhanced product capabilities, particularly capitalising on our expertise of delivering illiquid currencies in often fragile jurisdictions and environments. Our top line revenues grew 75% year on year in CAB with tightly controlled expense growth of 9% whilst continuing to support our ongoing infrastructure investment programme. Overall this is a particularly satisfying set of results and I am confident the strong measured growth will continue into 2018.

In December 2017 our Ratings Agency, Fitch confirmed CAB's BB long-term credit rating and revised up its outlook from "Evolving" to "Stable" in recognition of the progress we have achieved in our control and governance environment, our risk outlook and the traction against our growth plan.

Strategic Report for the year ended 31 December 2017 (continued)

Review of Performance (continued)

I look forward with confidence to continued progress as we enter 2018 with excellent business development momentum underpinned by a solid execution strategy and controlled risk environment.

Key Performance Indicators	**2017**	2016
	£'000	£'000
Operating income	**17,626**	8,255
Administrative expenses	**16,324**	12,215
Profit/ (loss) on ordinary activities before exceptional item and tax	**337**	(4,762)

A Maasland
Group Chief Executive Officer
18 April 2018

Directors' Report for the year ended 31 December 2017

The directors submit their report and the audited financial statements of the Company for the year ended 31 December 2017.

Principal Activity

The Company is a holding company of two wholly owned trading subsidiaries.

1. CAB provides banking services notably to customers in the overseas financial services sector. The Bank is authorised by the Prudential Regulation Authority (PRA), and regulated by the PRA and the Financial Conduct Authority (FCA).

2. CAIM provides investment management services to the corporate sector. The company is authorised and regulated by the FCA.

Future Developments/Outlook

We are pleased to report that 2018 has commenced well. Building on the financial foundations of 2017, our plans are equally stretching and challenging, and the Management Team are fully committed to driving shareholder value as well as exemplary service to our valued customers. Being the 'go to' transaction gateway into, between and out of small and mid-sized focus markets is our aspiration.

From a financial health perspective, we have and are generating significant momentum; we have a well-controlled capital and liquidity base and our programme of investing in new talent, building and partnering to create the next generation of payments technology, in an environment that strives to achieve the highest minimum standards for risk management, controls and governance.

We continue to expand our geographic footprint, to be a key enabler in capacity building and to facilitate the opening of trade corridors both in our traditional markets and new. We look forward to reporting on these developments in 2018.

Dividends

No interim dividend was paid during 2017 (2016: £nil) and no final dividend (2016: £nil) will be declared.

Employee Matters

(a) Employee Engagement Survey

On an annual basis the Group carries out an Employee Engagement Survey. Through a company-wide questionnaire and a series of focus groups, the Group explores how it measures up to its stated values/ industry benchmark and how well engaged employees are with their roles. The most recent survey, carried out in late 2017, concluded that the level of staff engagement compares well with the industry benchmark and is above benchmark in many areas.

(b) Disabled Persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Group continues. It is the policy

Directors' Report for the year ended 31 December 2017 (continued)

Employee Matters (continued)

of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of persons fortunate enough not to suffer from a disability.

(c) Employee Involvement

The Group uses a variety of methods to disseminate relevant information to its employees. All managers hold regular meetings with their staff for this purpose, at which there are also opportunities for employees to contribute their ideas to the development of management policy. In addition, further information is given at quarterly townhall meetings hosted by the Chief Executive Officer, through the intranet, notices and via webinars/ training programmes.

(d) *Gender diversity*

The proportion of women and men employed across the Group the business is 37% and 63% respectively. Group companies have in place policies to actively increase gender diversity within the business, which actively focusses on recruitment, flexible working and senior management sponsorship of diversity throughout its business.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

	Committees	
	Remuneration	Audit/Risk
J Parrish* (Chairman – appointed 4 April 2017)	x	
N Beecroft*	x	x
A Ekpe**	x	
S Poole**	x	
A Maasland (appointed 7 February 2017)		
D MacLennan		
P Batchelor* (ceased to be a director - 30 April 2017)	x	
R Jones (ceased to be a director 6 February 2017)		
M Reilly* (ceased to be a director 30 April 2017)		x

* independent non-executive director

** non-executive director

Note: following Richard Jones' departure Albert Maasland was appointed as Group Chief Executive Officer.

Directors' Report for the year ended 31 December 2017 (continued)

Statement of Directors' Responsibilities in respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

The directors 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.

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

Disclosure of Information to Auditors

Each person who is a director at the date of approval of this report confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) the director has taken all the steps that the director ought to have taken as a director in order to make the director aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' Report for the year ended 31 December 2017 (continued)

Directors' Indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Bank also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Elective Resolutions

In accordance with the Companies Act 2006 elective resolutions have been passed which will facilitate the administration of the Company. The Company has dispensed with holding annual general meetings and with the laying of financial statements before shareholders in general meeting.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By order of the Board,

A Maasland
Group Chief Executive Officer
18 April 2018

Independent Auditors' Report to the members of CABIM Limited

Report on the audit of the financial statements

Opinion

In our opinion, CABIM Limited's consolidated financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements ("the Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2017; the consolidated profit and loss account, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

Independent Auditors' Report to the members of CABIM Limited (continued)

Report on the audit of the financial statements

Reporting on other information (continued)

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

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the 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.

Independent Auditors' Report to the members of CABIM Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Luke Hanson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

20 April 2018

Consolidated Income Statement for the year ended 31 December 2017

	Note	Consolidated 2017 £'000	2016 £'000
Interest income			
- interest receivable from debt securities		**2,415**	1,186
- other interest receivable and similar income		**9,987**	5,910
Interest payable		**(6,364)**	(4,969)
Net interest income		**6,038**	2,127
Fees and commission receivable	2	**7,499**	4,229
Dealing profits		**4,089**	1,899
Operating income		**17,626**	8,255
Administrative expenses before exceptional item	3	**(16,324)**	(12,215)
Amortisation	4	**(814)**	(722)
Depreciation	5	**(88)**	(14)
Write-offs and provisions for doubtful debts		**(63)**	(66)
Profit/ (loss) before exceptional item and taxation		**337**	(4,762)
Exceptional item	3	**(428)**	-
Loss before taxation		**(91)**	(4,762)
Tax credit on loss	*6*	**12**	848
Loss for the financial year		**(79)**	(3,914)

There were no other items of Comprehensive Income (2016: £nil).

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company Profit and Loss account. The Company's loss for the year totalled £24,424 (2016: £29,794).

The results for the year are wholly attributable to continuing operations.

The notes on pages 20 to 55 form part of these financial statements.

Consolidated and Company Balance Sheets as at 31 December 2017

		Company		Consolidated	
	Note	**2017**	2016	**2017**	2016
		£'000	£'000	**£'000**	£'000
Assets					
Investments in subsidiary undertakings	7	**66,309**	50,409	**-**	-
Cash and balances at central banks		**-**	-	**423,127**	458,053
Cheques in the course of collection		**-**	-	**-**	13
Loans and advances to banks	8	**1,160**	27	**228,721**	188,800
Debt securities	9	**-**	-	**330,522**	203,977
Derivatives	10	**-**	-	**1,257**	11,679
Intangible assets	4	**-**	-	**6,223**	5,105
Tangible fixed assets	5	**-**	-	**514**	48
Deferred tax	11A	**-**	-	**913**	777
Other assets	12	**9**	1,425	**2,964**	1,887
Prepayments and accrued income		**-**	-	**1,630**	1,278
Total Assets		**67,478**	51,861	**995,871**	871,617

Consolidated and Company Balance Sheets as at 31 December 2017

	Note	Company 2017 £'000	Company 2016 £'000	Consolidated 2017 £'000	Consolidated 2016 £'000
Liabilities					
Customer accounts	13	-	-	**921,548**	814,063
Bank overdrafts		-	-	-	3
Items in course of transmission		-	-	**288**	401
Derivatives	10	-	-	**6,017**	1,225
Other liabilities	14	-	269	**1,863**	5,936
Accruals and deferred income		**22**	22	**2,584**	2,303
Called up share capital	15	**67,510**	51,600	**67,510**	51,600
Accumulated loss		**(54)**	(30)	**(3,939)**	(3,914)
Shareholders' funds		**67,456**	51,570	**63,571**	47,686
Total Equity and Liabilities		**67,478**	51,861	**995,871**	871,617

The notes on pages 20 to 55 form part of these financial statements.

The Board of Directors approved the financial statements on 18 April 2018.

A Maasland
Director

D MacLennan
Director

Company Statement of Changes in Equity for the year ended 31 December 2017

	Company		
	Called up share capital	**Profit & loss account**	**Total shareholders funds**
	£'000	**£'000**	**£'000**
Balance as at 1 January 2016	-	-	-
Loss for the financial year	-	(30)	(30)
New share capital	51,600	-	51,600
Balance as at 31 December 2016	51,600	(30)	51,570
Balance as at 1 January 2017	51,600	(30)	51,570
Loss for the financial year	-	(24)	(24)
New share capital	15,910	-	15,910
Balance as at 31 December 2017	67,510	(54)	67,456

The directors have not declared an interim dividend (2016: £nil) and do not recommend a final dividend (2016: £nil).

Consolidated Statement of Changes in Equity for the year ended 31 December 2017

	Consolidated		
	Called up share capital	Profit & loss account	Total shareholders funds
	£'000	£'000	£'000
Balance as at 1 January 2016	-	-	-
Loss for the financial year	-	(3,914)	(3,914)
New share capital	51,600	-	51,600
Balance as at 31 December 2016	51,600	(3,914)	47,686
Balance as at 1 January 2017	51,600	(3,914)	47,686
Loss for the financial year	-	(79)	(79)
Share based payment expense	-	54	54
New share capital	15,910	-	15,910
Balance as at 31 December 2017	67,510	(3,939)	63,571

Consolidated Cash Flow Statement for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Net Cash Inflow from Operating Activities	17	3,671	121,823
Cash flow from Investing Activities			
Purchase of subsidiaries (net of cash acquired)	18	-	321,872
Purchase of subsidiaries – deferred consideration		-	(1,000)
Purchase of tangible fixed assets	5	(554)	(46)
Purchase of intangible fixed assets	4	(1,962)	(449)
Net cash (used in)/ generated from Investing Activities		(2,516)	320,377
Cash flow from Financing Activities			
Injection of new capital	15	15,910	51,600
Cash generated from Financing Activities		15,910	51,600
Increase in cash and cash equivalent		17,065	493,800
Cash and cash equivalents at the beginning of the year		493,803	-
Bank overdrafts		(3)	3
Exchange losses on cash and cash equivalents		(1,648)	-
Cash and cash equivalents at the end of the year		509,217	493,803
Cash and cash equivalents consists of:			
Cash and balances at central banks		423,127	458,053
Loans and advances to banks repayable on demand	8	86,090	35,750
		509,217	493,803

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company statement of cash flows.

Notes to the Financial Statements for the year ended 31 December 2017 - Contents

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

1. STATEMENT OF ACCOUNTING POLICIES

(a) General Information

CABIM Limited is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is St Nicholas House, St Nicholas Road, Sutton, Surrey, SM1 1EL, United Kingdom.

The Company is the holding company of two wholly owned trading subsidiaries and does not trade in its own right.

(b) Statement of Compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The principal accounting policies are set out below and have been consistently applied throughout the year.

(c) Basis of Preparation

The consolidated financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 and Applicable Accounting Standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(r).

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.
Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (continued)

The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified

The Group has established an employee benefit trust ('EBT') and is the sponsoring entity. Notwithstanding the legal duties of the trustees, the Group considers that it has 'de facto' control of the entity. Such arrangements are accounted for as assets and liabilities of the sponsoring company and included in the consolidated financial statements as appropriate. No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the Company's own equity held by either the EBT.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(e) Going concern

The directors have considered the financial position of the Company, including the net current asset position, regulatory capital requirements and estimated future cash flows and have concluded that the Company will be able to meet its obligations as they fall due. Accordingly, the financial statements have been prepared on the going concern basis.

(f) Interest income and expense

Interest income and expense for all interest-bearing financial instruments, including interest accruals on related foreign exchange contracts, are recognised within Interest Income and Interest expense in the income statement using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(g) Recognition of income

Income, including that arising from advances, which comprises fees earned, reimbursable expenditure from clients, interest receivable and interest payable, is recognised on an accruals basis in the periods in which it is earned.

(h) Dealing Profits

Dealing profits arise and are recognised at the time of translation or when the transactions from customer orders are undertaken in both spot and forward currency markets.

(i) Foreign currency

(i) Functional and presentation currency

The financial statements are presented in pounds sterling and rounded to thousands.
The Company's functional and presentation currency is pounds sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(j) Provisions for doubtful debts

Specific provisions for doubtful debts are recognised if there is objective evidence that an impairment or loss has been incurred. Provisions are calculated as the difference between the carrying value and the future discounted estimated cash flows.

(k) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred tax assets or liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the period end.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(k) Taxation (continued)

Deferred taxation is provided at anticipated tax rates, using the full provision method, on all timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date with certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(l) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. As decided by the directors, amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software – 5 to 10 years

Goodwill – 10 years

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(m) Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use. Assets are depreciated from the date they are brought into use. Depreciation is calculated to write down assets to their residual value in equal instalments over their estimated useful lives, which are:

Computer equipment	5 years
Fixtures and fittings	5 years

(n) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(o) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(p) Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including loans and advances to banks, debt securities and trade debtors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including customer deposits and trade creditors, are classified as debt and are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (continued)

(ii) Financial liabilities (continued)

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Debt Securities and Certificates of Deposit are purchased for liquidity purposes and are generally held to maturity. As such they are stated at amortised cost on an effective interest rate basis.

(iii) Derivatives

The Group's derivatives policy only permits dealing in forward foreign exchange contracts and deposit linked swaps to hedge or provide services to customers. Derivatives are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement in Dealing Profits.

Hedge accounting is not applied.

(iv) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(q) Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, medical insurance and defined contribution pension plans. The Group also provides a Long Term Incentive Plan to Executive Directors and certain other senior management.

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Pension Contributions

All pension contributions are accounted for as defined contributions and paid over on a monthly basis. No liability for pension entitlement accrues to the Group.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (continued)

Long term Incentive Plan/ Share Based Payment

(i) The group provides share-based payment arrangements to certain employees.

(ii) Equity-settled arrangements are measured at fair value at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares that will vest.

(iii) Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for the share-based payment. Settlement and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

(iv) The group has no cash-settled arrangements.

(r) Critical judgements and estimates in applying the accounting policy

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Intangible assets

FRS 102 requires judgement to be exercised when determining whether software costs should be recognised as tangible or intangible assets. Where software is regarded an integral part of the related hardware and the hardware cannot operate without the particular piece of software, it is treated as a tangible asset. However, where the software is not an integral part of the related hardware, computer software it is treated as an intangible asset. Management have decided that the software costs are not an integral part of the related hardware and so have classified these costs as an intangible asset.

Deferred tax

Tax losses have been recognised on the balance sheet at the corporation tax rates expected when the appropriate future profits will be generated. Management are confident that the Bank will make such profits in the future to utilise such carried forward tax losses.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(r) Critical judgements and estimates in applying the accounting policy (continued)

Amortisation/Depreciation
Management have decided to amortise software over 5 or 10 years (from 3 or 10 years as previously), goodwill over 10 years (from 5 as previously) and depreciate fixed assets over 5 years (from 3 years as previously). The management has not considered any residual value as it is deemed immaterial. The change in estimated useful life was a change in accounting estimate that has been applied prospectively from 1 January 2017.

The impact of the change in accounting estimates on net book value of assets and profit and loss are as follows:

Asset Type	Change in net book value* £'000
Intangible assets - software	207
Intangible assets - goodwill	288
Computer equipment	59
Fixtures and fittings	4
Total	558

* equates to depreciation/ amortisation reduction in 2017

(s) Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items that are material either because of their size or their nature and are considered as non-recurring.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

2. FEES AND COMMISSIONS RECEIVABLE

	Consolidated 2017 £'000	2016 £'000
Fees and commissions receivable:		
Account management and payments	**2,711**	1,113
Pensions	**795**	601
Trade finance	**1,129**	648
Asset management fees	**2,864**	1,867
Total fees and commission receivable	**7,499**	4,229

3. ADMINISTRATIVE EXPENSES

	Consolidated 2017 £'000	2016 £'000
Staff costs and directors' emoluments (before exceptional item)		
Salaries and bonuses	**8,898**	6,980
Share based payments	**54**	-
Social security costs	**949**	521
Pension costs	**390**	151
	10,291	7,652
Fees payable to the auditors		
Audit	**219**	252
Non-audit services	**12**	26
Other administrative expenses	**5,802**	4,285
Total administrative expenses before exceptional item	**16,324**	12,215
Exceptional item*	**428**	-
Total administrative expenses after exceptional item	**16,752**	12,215

* The Exceptional Item relates to restructuring costs relating to exit compensation payable to directors/ staff.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

3. ADMINISTRATIVE EXPENSES (continued)

The aggregate emoluments of the directors of Group companies were £1,392,556 (2016: £801,784) and include £25,000 (2016: £18,750) payable to a third party in relation to the fees of one (2016: one) director (see note 30).

The aggregate emoluments of the Group's key management (excluding directors) were £1,178,128 (2016: £1,240,241).

Included in the aggregate emoluments above, the Group has made contributions of £18,287 (2016: £65,471) on behalf of three directors (2016: five) to a defined contribution pension scheme. No retirement benefits accrued for any director (2016: none) under a defined benefit pension scheme.

The aggregate emoluments and accrued pension contributions of the highest paid director in the Group were £378,815 (2016: £177,845) and £4,972 (2016: £13,084) per annum respectively.

Across the Group there were loans outstanding at the year end to three (2016 – none) directors totalling £21,930 (2016 - £nil) and to five (2016 - none) key management totalling £13,809 (2016 - £nil). The loans do not accrue interest.

The Company has no employees (2016: none) and its directors are not remunerated. All Group employees and (other) directors are paid by Crown Agents Bank Limited, with which they have contracts of employment. The monthly average number of full time equivalent staff employed with the Group, including executive directors, was 131 (2016: 109).

A defined contribution pension scheme has been set up which all current and future employees are able to join. The Group contributed £389,749 (2016: £150,880) to this scheme during the year of which all but £33,599 (2016: £35,633) was paid during the year.

During the year three (2016 – nil) directors and five (2016 – nil) key management employed by the Group's trading subsidiaries have purchased the equitable interest in a new class of share in the Company (£1 Ordinary Share – Class B), at a cost of £1.00 per share. The equitable interest in the shares vest at various times as follows:

Date – 31 March	%
2018	40
2019	20
2020	20
2021	20
	100

The movement in the number of shares as follows:

	Price Paid	2017 Number of Shares
As at 1 January		-
Granted	£1.00	8,500
As at 31 December		8,500

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

3. ADMINISTRATIVE EXPENSES (continued)

Depending on the outcome of a number of future events, the class of shares will be entitled to receive a proportion of the return to the Company's parent on its underlying investment.

4. INTANGIBLE ASSETS

	Consolidated		
	Goodwill	Software	Total
	£'000	£'000	£'000
Cost			
At 1 January 2017	2,662	4,443	7,105
Additions	-	1,962	1,962
Disposals	-	(47)	(47)
At 31 December 2017	2,662	6,358	9,020
Accumulated Amortization			
At 1 January 2017	399	1,601	2,000
Charged in year	244	570	814
Disposals	-	(17)	(17)
At 31 December 2017	643	2,154	2,797
Net Book Value			
Net Book Value at 31 December 2017	**2,019**	**4,204**	**6,223**
Net Book Value at 31 December 2016	2,263	2,842	5,105

The Company had no Intangible Assets throughout 2016 and 2017.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

5. TANGIBLE FIXED ASSETS

		Consolidated		
		Computer Equipment £'000	Fixtures and Fittings £'000	Total £'000
Cost				
	At 1 January 2017	**137**	**25**	**162**
	Acquisitions	-	-	-
	Additions	547	7	554
	Disposals	-	-	-
	At 31 December 2017	**684**	**32**	**716**
Accumulated Depreciation				
	At 1 January 2017	**107**	**7**	**114**
	Acquisitions	-	-	-
	Charge for year	83	5	88
	Disposals	-	-	-
	At 31 December 2017	**190**	**12**	**202**
Net Book Value				
	At 31 December 2017	**494**	**20**	**514**
	At 31 December 2016	30	18	48

The Company had no Tangible Fixed Assets throughout 2016 and 2017.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

6. TAX ON LOSS

A. Analysis of Credit in Year

	Consolidated	
	2017	2016
	£'000	£'000
Corporation tax based on the loss for the year at 19.25% (2016: 20.00%)	**(20)**	(798)
Prior year adjustment	**(2)**	-
Deferred tax		
Adjustment to prior year (note 11A)	**(111)**	-
Timing differences (note 11B)	**126**	(98)
Impact of change in tax rate	**(5)**	48
Total tax credit for the year	**(12)**	(848)

B. Factors Affecting Tax Credit for the Year

The tax assessed for the year is lower (2016: lower) than the standard rate of Corporation Tax in the UK.

	Consolidated	
	2017	2016
	£'000	£'000
Loss before taxation	**(91)**	(4,762)
Standard rate corporation tax of 19.25% on loss before taxation (2016: 20.00%)	**(18)**	(952)
Effect of:		
- expenses not deductible for tax	**64**	148
- effect of future tax rate changes/ timing differences	**(63)**	(50)
- adjustment to prior year	**6**	-
- other	**(1)**	6
Total tax credit for the year	**(12)**	(848)

The Company had no tax charge in 2016 or 2017.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

7. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiary undertakings were as follows:

	2017 £'000	2016 £'000
At 1 January	**50,409**	-
Additions	**15,900**	50,409
At 31 December	**66,309**	50,409

Analysed as	2017 £'000	2016 £'000
Crown Agents Bank Limited	**61,758**	45,858
Crown Agents Investment Management Limited	**4,551**	4,551
	66,309	50,409

No dividends were paid by either subsidiary during the year.

8. LOANS AND ADVANCES TO BANKS

A By Country – Location Of Counterparty:

	Consolidated	
	2017 £'000	2016 £'000
UK	**108,394**	148,680
Other Europe	**12,723**	1,755
Japan	**26,536**	19,973
US	**45,308**	9,109
Middle East	**4**	6,885
Africa	**34,750**	679
Other	**1,006**	1,719
	228,721	188,800

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

8. LOANS AND ADVANCES TO BANKS (continued)

	Consolidated	
	2017	2016
	£'000	£'000
B By Maturity:		
Repayable on demand	**86,090**	35,750
Other loans and advances by residual maturity repayable:		
- 3 months or less excluding overnight deposits	**107,117**	62,321
- 1 year or less but over 3 months	**35,514**	90,729
	228,721	188,800

	Consolidated			
		2017		2016
	No.	**£'000**	**No.**	£'000
C External Long-Term Credit Rating*:				
AA	**12**	**19,773**	11	8,020
AA-	**7**	**18,815**	7	35,854
A+	**19**	**86,568**	8	50,610
A	**12**	**11,779**	8	56,276
A-	**8**	**34,460**	6	11,440
BBB-	**1**	**8,888**	1	63
BBB+	**1**	**12,822**	7	25,764
BB+	**1**	**214**		-
B-	**5**	**5**		-
Unrated	**30**	**35,397**	7	773
	96	**228,721**	55	188,800

* based on a basket of credit ratings agencies, all approved by the European Central Bank.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

8. LOANS AND ADVANCES TO BANKS (continued)

There are no (2016: £nil) amounts included in Loans and Advances to Banks outstanding at 31 December 2017 that are overdue.

The Group's Loans and Advances include £1,713,311 of encumbered assets (2016: £nil) in relation to derivative contracts with other financial institutions.

The Company had Loans and Advances to Banks in 2017 of £1,159,958, to one UK based bank (its wholly owned subsidiary, Crown Agents Bank Limited), which had a credit rating of BB and which was repayable on demand. In 2016 the Company had Loans and Advances to Banks of £27,463 to one UK based bank, which had a credit rating of A+ and which was repayable on demand.

None (2016 – none) of the Company's Loans and Advances were encumbered.

9. DEBT SECURITIES

The Group's debt securities consist of certificates of deposit and fixed rate bonds issued by banks. The fair value of these securities was as follows:

	Consolidated			
	2017	**2017**	2016	2016
	Book Value	**Market Value**	Book Value	Market Value
	£'000	**£'000**	£'000	£'000
Certificates of deposit	**285,398**	**285,398**	180,461	180,461
Fixed rate bonds	**43,763**	**43,394**	22,611	22,086
Accrued interest	**1,361**	**1,361**	905	905
At 31 December	**330,522**	**330,153**	203,977	203,452

The Company had no Debt Securities throughout 2016 and 2017.

10. DERIVATIVES

The fair value of a derivative contract represents the amount at which that contract could be exchanged in an arm's length transaction, calculated at market rates current at the balance sheet date. Positive fair values arise where gross positive fair values exceed gross negative fair values on a contract by contract basis. This equates to replacement cost. The totals of positive and negative fair values arising on trading derivatives at the balance sheet date have been netted where the Group has a legal right of offset with the relevant counterparty. The total positive fair values after netting equates to net replacement cost, which is regarded as the maximum credit exposure. No credit value/ debit value adjustments were made to arrive at the fair value of derivatives.

All derivatives are used for hedging foreign exchange. At 31 December the positive and negative fair values of the derivatives are set out below:

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

10. DERIVATIVES (continued)

	Consolidated		
Forward Foreign Exchange:	**Notional Principal £'000**	**Positive Fair Value £'000**	**Negative Fair Value £'000**
2017	**613,046**	**1,257**	**6,017**
2016	463,153	11,679	1,225

The Company had no derivatives throughout 2016 or 2017.

Forward foreign exchange contracts and currency swaps have been transacted to economically hedge assets and liabilities in foreign currencies. The net unrealised loss (2016 – gain) at the balance sheet date is £4,760,000 (2016 - £10,454,000). These derivatives and the underlying transactions they hedge will mature during 2018 (2016 -2017).

Fair value methodology:

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the Group applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results. To provide an indication about the reliability of the inputs used in determining fair value, the Bank has classified its financial instruments into the three levels. An explanation of each level follows underneath the table. Assets and liabilities carried at fair value have been categorised using a fair value hierarchy as detailed below:

Fair value hierarchy:

Level 1 - Quoted price for an identical asset in an active market
Inputs to level 1 fair value are quoted prices (unadjusted) in active markets for identical assets. An active market is one in which transactions for the asset occurs with sufficient frequency and volume to provide pricing information on an on-going basis. The Group did not have any such instruments.

Level 2 – Price of a recent transaction for an identical asset
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. All derivatives are foreign exchange contracts and are included in level 2.

Level 3 – Valuation technique (ie internal models with significant unobservable market parameters)
Inputs to level 3 fair values are based on unobservable inputs for the assets at the last measurement date. If all significant inputs required to fair value an instrument are observable then the instrument is included in level 2, if not it is included in level 3. The Group did not have any such instruments.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

11. DEFERRED TAX

A. Deferred Tax Asset

The deferred tax asset recognised in the financial statements is as follows:

	Consolidated	
	2017	2016
	£'000	£'000
At 1 January (at 19/17%; 2016: 20%)	**777**	-
Acquisition	**-**	25
Adjustment to prior year tax losses	**117**	-
2017 tax losses carried forward	**19**	752
At 31 December (at 19%; 2016: 19/17%)	**913**	777

B. Deferred Tax Liability

The deferred tax liability recognised in the financial statements is as follows:

	Consolidated	
	2017	2016
	£'000	£'000
At 1 January (at 20%; 2016: 20%)	65	-
Acquisition	**-**	163
Charge/ (credit) to profit and loss	**126**	(98)
At 31 December (at 19%; 2016: 20%) (note 14)	**191**	65

The Company had no deferred tax assets or liabilities in 2016 or 2017.

Changes to the UK corporation tax rates were substantially enacted as part of the Finance Bill 2017. These include reductions to the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

12. OTHER ASSETS

	Company		Consolidated	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Trade debtors	**-**	-	**210**	236
Unsettled foreign exchange transactions	**-**	-	**2,600**	-
Other assets	**9**	1,425	**154**	1,651
	9	1,425	**2,964**	1,887

13. CUSTOMER ACCOUNTS

	Consolidated	
	2017	2016
	£'000	£'000
Repayable on demand	**486,958**	306,317
Other customers' accounts with agreed maturity dates or periods of notice by residual maturity repayable:		
3 months or less	**344,064**	368,917
1 year or less but over 3 months	**89,962**	138,829
2 years or less but over 1 year	**564**	-
	921,548	814,063

The Company had no Customer Accounts throughout 2016 and 2017.

14. OTHER LIABILITIES

	Company		Consolidated	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Trade creditors	**-**	-	**49**	661
Corporation tax	**-**	-	**-**	2
Deferred tax	**-**	-	**191**	65
Unsettled foreign exchange transaction	**-**	-	**286**	4,047
Unallocated customer funds	**-**	-	**1**	140
Funds received in error	**-**	-	**609**	-
Other creditors	**-**	269	**727**	1,021
	-	269	**1,863**	5,936

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

15. CALLED UP SHARE CAPITAL

	Company and Consolidated	
	2017	2016
	£'000	£'000
Allotted, issued and fully paid (£1 Ordinary Shares)		
As at 1 January	**51,600**	-
New shares issued:		
31 March 2016	-	38,600
16 December 2016	-	13,000
21 September 2017	**7,400**	-
8 December 2017	**8,500**	-
As at 31 December	**67,500**	51,600

	Company and Consolidated	
	2017	2016
	£'000	£'000
Allotted, issued and fully paid (£1 Ordinary Shares – Class B)		
As at 1 January	-	-
New shares issued:		
31 December 2017	**10**	-
As at 31 December	**10**	-
Total share capital – as at 31 December	**67,510**	51,600

As at 31 December 2017 771,605 (2016 – nil) £1 Ordinary Shares of the Company were owned by a company controlled by a director.

There are no restrictions on the distribution of dividends and the repayment of capital.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

16. CONTINGENT LIABILITIES

	Consolidated	
	2017	2016
	£'000	£'000
Guarantees		
- Direct	**7,814**	808
- Syndicated	**-**	5,255
	7,814	6,063
Letter of credit confirmations	**29,794**	45,939
	37,608	52,002

The uncertainties relating to the amount or timing of any outflow are those inherent within the products concerned, notably that the relevant counterparty will not carry out its obligations. Cash collateral of £18,399,300 (2016: £25,981,609) was held in respect of the contingent liabilities noted above. The Company had no Contingent Liabilities throughout 2016 and 2017.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

17. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of loss before taxation to net cash inflow from operating activities

	2017	2016
	£'000	£'000
Loss before taxation	**(91)**	(4,762)
Increase in prepayments and accrued income	**(354)**	(520)
Increase in accruals, provisions and deferred income	**280**	746
Increase in provision for doubtful debts	**-**	25
Effect of currency exchange rate changes	**16,863**	(8,199)
Amortisation	**814**	722
Depreciation	**88**	14
Net cash inflow/ (outflow) from trading activities	17,600	(11,974)
Net (decrease)/ increase in collections/transmissions	**(113)**	119
Net decrease in advances to banks and customers	**10,419**	6,008
Net increase in deposits by customers	**107,485**	165,874
Net increase in debt securities	**(126,546)**	(42,387)
Net decrease in cheques in the course of collection	**13**	59
Net increase in other assets	**(1,213)**	(1,425)
Net (decrease)/ increase in other liabilities	**(4,061)**	5,549
Share based payment charge	**54**	-
Loss on disposal of fixed assets	**33**	-
Net cash inflow from operating activities	**3,671**	121,823

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company statement of cash flows.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

18. BUSINESS COMBINATIONS

On 31 March 2016, the Company acquired 100% of the share capital of Crown Agents Bank Limited ("CAB"), a regulated wholesale bank, and Crown Agents Investment Management Limited ("CAIM"), a regulated investment management company.

The Company utilised the acquisition method of accounting.

Prior to the acquisition, the Company was a dormant company that had never traded.

The goodwill of £2,662,063 is attributable to the customer base built up over almost 200 years, particularly in Africa and the Caribbean (see Note 4).

Management concluded that the useful life of the goodwill is 10 years.

The following tables summarise the consideration paid by the Company, the fair value of the assets acquired and the liabilities assumed at the acquisition date. There were no non-controlling interests.

Consideration	CAB £'000	CAIM £'000	Total £'000
Cash	27,652	3,177	30,829
Deferred consideration	-	1,000	1,000
Directly attributable costs	206	24	230
Total consideration	27,858	4,201	32,059

Recognised amounts of identifiable assets acquired and liabilities assumed	CAB £'000	CAIM £'000	Total £'000
Financial assets	680,328	1,673	682,001
Tangible fixed assets	17	-	17
Intangible assets	2,708	8	2,716
Other assets	344	976	1,320
Liabilities	(656,234)	(423)	(656,657)
Net assets acquired	27,163	2,234	29,397
Goodwill	695	1,967	2,662
Total consideration	27,858	4,201	32,059

The net book value of all the assets acquired and liabilities assumed reflected the underlying fair value.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

18. BUSINESS COMBINATIONS (continued)

For prior year (2016) cash flow disclosures, the amounts disclosed are as follows:

	£'000
Cash consideration	30,829
Directly attributable costs	230
	31,059
Less: cash and cash equivalents acquired	(352,931)
Net cash inflow	(321,872)

19. CAPITAL MANAGEMENT

Companies within the Group are subject to regulatory requirements (on an entity and a consolidated basis) imposed by the PRA and/or the FCA. Such regulations include the requirement, at all times, to carry sufficient regulatory capital to meet the underlying capital requirements.

In order to do so, the trading subsidiaries calculate those capital requirements on a daily basis, and using a traffic light warning system based on an internal buffer, reports to the Assets & Liabilities Committee, or, as appropriate, the Board should the need arise.

The consolidated regulatory capital (ie that of the Group) consists of its Ordinary Share Capital (excluding the Class B shares) and its P&L Reserve (both Tier 1 capital), subject to the normal regulatory deductions.

The Group manages its capital on an entity basis with no consideration of group companies outside the Group.

Full details of the capital adequacy requirements for each of the Group's regulated entities are provided in its Pillar 3 which can be found on the website of Crown Agents Bank Limited (www.crownagentsbank.com).

20. SEGMENTAL ANALYSIS

The Group operates in two areas of activity, those of banking (CAB) and investment management (CAIM), both within the United Kingdom.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

21. FINANCIAL INSTRUMENTS

The carrying values of the financial assets and liabilities are summarised by category below:

	Company		Consolidated	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Financial Assets				
Measured at fair value through profit and loss				
- Derivative financial assets - foreign exchange related contracts	-	-	**1,257**	11,679
	-	-	**1,257**	11,679
Measured at amortised cost				
- Cash and balances at central banks	-	-	**423,127**	458,053
- Loans and advances to banks (Note 8)	**1,160**	27	**228,721**	188,800
- Cheques in course of collection	-	-	-	13
- Debt securities (Note 9)	-	-	**330,522**	203,977
- Other assets	**9**	1,425	**2,964**	1,887
- Accrued income	-	-	**936**	778
	1,169	1,452	**986,270**	853,508

	Company		Consolidated	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Financial Liabilities				
Measured at fair value through profit and loss				
- Derivative financial liabilities - foreign exchange related contracts	-	-	**6,017**	1,225
	-	-	**6,017**	1,225
Measured at amortised cost				
- Customer accounts	-	-	**921,548**	814,063
- Bank overdrafts	-	-	-	3
- Items in course of transmission	-	-	**288**	401
- Creditors	-	269	**1,385**	1,682
- Accruals	**22**	22	**2,369**	2,238
	22	291	**925,590**	818,387

(a) **Classification of financial assets and liabilities at fair value through profit or loss**

Forward foreign exchange contracts and currency swaps have been transacted to economically hedge assets and liabilities in foreign currencies with movements recognised at fair value through profit or loss.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

21. FINANCIAL INSTRUMENTS (continued)

(b) Amounts recognised in profit or loss

The income, expense and changes in fair values of financial assets at fair value through profit or loss recorded in the income statement is as follows:

	Consolidated	
	2017	2016
	£'000	£'000
Income from forward foreign exchange contracts	**(15,354)**	9,225
	(15,354)	9,225

The Company had no financial assets valued at fair value through profit and loss throughout 2016 and 2017.

(c) Risk exposure and fair value measurements

Information about the methods and assumptions used in determining fair value is provided in note 10 above.

(d) Fair values of financial assets that are measured at amortised cost

Apart from the fixed rate bonds, the carrying amounts of financial assets and liabilities measured at amortised cost are assumed to be the same as their fair values due to their short-term nature. The fair value of the fixed rate bonds is provided in Note 9.

(e) Impairment and risk exposure

There were no materially impaired debtors (2016: £nil). Information about the impairment of trade and other debtors, their credit quality and the Group's exposure to credit risk can be found in the accounting policy note for financial instruments and note 23 below.

(f) Financial liabilities measured at amortised cost

The carrying amounts of trade creditors and other creditors are assumed to be the same as their fair values due to their short-term nature.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

22. COMMITMENTS

Capital Commitments

Capital commitments that have been contracted but not provided for in the financial statements amounted to £nil (2016: £ 329,366) and which have been approved but not contracted amounted to £nil (2016: £nil).

Operating lease commitments

The Group had the following minimum lease payments under non-cancellable operating leases for each of the following periods

Payment Due	**2017**	2016
	£'000	£'000
Not later than one year	**129**	129
Later than one year and not later than five years	**289**	418
	418	547

The lease payments charged as an expense for the year totalled £128,700 (2016: £96,525).

23. RISK MANAGEMENT

Through its normal operations the Group is exposed to a number of risks, the most significant of which are liquidity, credit, operational, market (interest and currency) and compliance risk. The Board is responsible for determining the long-term strategy of the business, the markets in which it will operate and the level of risk acceptable to the Bank. The Bank operates only in the UK, albeit it transacts with counterparties globally.

Responsibility for the management of the Group's exposure to liquidity, interest rate and currency risk is delegated to the Asset and Liability Committee, and that relating to credit risk is delegated to the Credit Committee. Responsibility for the monitoring and reporting of operational and compliance risks is delegated to the Compliance and Operational Risk Committee; and all other risks are delegated to the Executive Committee. All these committees report to the Audit & Risk Committee. Risk Management has an oversight role in the development of policies and procedures, evaluating risk levels and reporting to the Board on risk issues.

Liquidity Risk: It is the Group's policy that its assets shall be sufficiently liquid for it to repay all of its liabilities as they fall due. This policy applies to total assets and liabilities across all currencies (i.e. the global position).

A substantial proportion of customer accounts are current accounts that, although repayable on demand, have historically formed a stable deposit base. Liquidity is subject to daily monitoring against PRA guidelines and is subject to periodic stress tests both idiosyncratic and market wide.

The liquidity profile of the Group's assets and liabilities is as follows:

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

23. RISK MANAGEMENT – Liquidity Risk (continued)

Assets 2017	Consolidated				
More than	0 months	3 months	1 year	2 years	Total
Less than	3 months	1 year	2 years	5 years	
	£'000	£'000	£'000	£'000	£'000
Cash and balances at central banks	423,127	-	-	-	423,127
Loans and advances to banks	193,207	35,514	-	-	228,721
Debt securities	44,561	245,704	13,092	27,165	330,522
Derivatives - assets	1,234	23	-	-	1,257
Deferred tax	-	913	-	-	913
Other assets	2,964	-	-	-	2,964
Prepayments and accrued income	1,630	-	-	-	1,630
	666,723	282,154	13,092	27,165	989,134
Fixed assets					
- Intangible					6,223
- Tangible					514
Total Assets					995,871

Liabilities 2017	Consolidated			
More than	0 months	3 months	1 year	Total
Less than	3 months	1 year	2 years	
	£'000	£'000	£'000	£'000
Customer accounts	831,021	89,963	564	921,548
Items in course of transmission	288	-	-	288
Derivatives - liabilities	5,574	443	-	6,017
Other liabilities	1,672	-	191	1,863
Accruals and deferred income	2,584	-	-	2,584
	841,139	90,406	755	932,300
Shareholders' funds				63,571
Total Liabilities				995,871

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

23. RISK MANAGEMENT – Liquidity Risk (continued)

Assets 2016	Consolidated				
More than	0 months	3 months	1 year	2 years	Total
Less than	3 months	1 year	2 years	5 years	
	£'000	£'000	£'000	£'000	£'000
Cash and balances at central banks	458,053	-	-	-	458,053
Cheques in course of collection	13	-	-	-	13
Loans and advances to banks	98,071	90,729	-	-	188,800
Debt securities	43,253	142,011	-	18,713	203,977
Derivatives - assets	9,100	2,579	-	-	11,679
Deferred tax	-	-	777	-	777
Other assets	1,887	-	-	-	1,887
Prepayments and accrued income	1,278	-	-	-	1,278
	611,555	235,319	777	18,713	866,464
Fixed assets					
- Intangible					5,105
- Tangible					48
Total Assets					871,617

Liabilities 2016	Consolidated			
More than	0 months	0 months	1 year	Total
Less than	3 months	1 year	2 years	
	£'000	£'000	£'000	£'000
Customer accounts	675,234	138,829	-	814,063
Bank overdrafts	3	-	-	3
Items in course of transmission	401	-	-	401
Derivatives - liabilities	1,109	116		1,225
Other liabilities	5,871	-	65	5,936
Accruals and deferred income	2,303	-	-	2,303
	684,921	138,945	65	823,931
Shareholders' funds				47,686
Total Liabilities				871,617

All the Company's assets and liabilities in 2017 and 2016 had a maturity of less than three months.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

23. RISK MANAGEMENT (continued)

Credit Risk: Credit risk arises from extending credit in all forms where there is a possibility that counterparties may default on their obligations. Credit policy, covering limits, restrictions, minimum credit ratings and concentration criteria, is set out in policy papers approved and affirmed by the Boards of directors of the respective subsidiaries. Credit risk is managed by the Bank's Credit Committee which approves all counterparty limits and is responsible for concentration risk both in terms of individual counterparties and country exposures. The committee's activities are reported and discussed at the Audit & Risk Committee. All exposures are monitored daily against the limits set.

Operational Risk: Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Business units within the trading subsidiaries are responsible for managing operational risk, with measurement and monitoring carried out by Risk Management. Internal controls include procedures, segregation of duties, reconciliations, exception and exposure reporting, business continuity planning and authorisation processes, and are based on management information. Risk Management provides an independent assessment of the strength of the operational risk framework to the Board.

Interest Rate and Currency Risk: Interest rate risk only arises in the Bank's balance sheet and as a result of fixed rate, variable rate and non-interest bearing assets and liabilities. Exposure to interest rate movements arises when there is a mismatch between interest rate sensitive assets and liabilities. This risk is managed by limiting the mismatch allowed in predetermined time bands.

Currency risk arises from transactional positions and comprises the monetary assets and monetary liabilities of the Bank denominated in non-sterling currencies. These risks are managed by adherence to limits for intra-day and overnight positions. Risk Management independently review positions.

Currency risk on transactional currency exposures which arise from income in currencies other than Sterling, the Bank's operating (or functional) currency, is mitigated by hedging, where appropriate. Such hedging is undertaken using forward foreign exchange deals to cover the anticipated net cash inflows.

Compliance risk: The Group seeks to comply at all times with all rules, regulations and laws to which it is exposed through all of its activities. It has a daily monitoring system where it monitors regulatory compliance such as capital adequacy and required liquidity. These daily controls feed into monthly reviews and periodic reporting to the PRA. The Group continues to develop staff training programmes to ensure its staff are both aware of and comply with such regulations. As a result, while it has zero tolerance for financial crime, Regulatory Risk, and Conduct of Business Risk, it recognises that some markets for its activities are higher risk areas, which may heighten its exposure to such risks from time to time.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

24. CURRENCY RISK

The Group does not have any structural exposure. The table below shows the Group's transactional currency exposures in its book, ie those non-structural exposures that give rise to the net currency gains and losses recognised in the income statement. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in sterling.

At 31 December, these exposures were as follows:

	Consolidated -Net foreign currency monetary assets/(liabilities) in £'000					
Functional currency	US Dollar	Euro	Yen	SA Rand	Other	Total
2017						
Assets/(liabilities)	**(376,010)**	**14,127**	**6,578**	**(2,087)**	**(15,000)**	**(372,392)**
Net forward purchases/(sales)	**376,513**	**(14,259)**	**(6,569)**	**2,120**	**15,937**	**373,742**
	503	**(132)**	**9**	**33**	**937**	**1,350**
2016						
Assets/(liabilities)	(370,843)	31,310	(32,889)	(37,068)	(11,567)	(421,057)
Net forward purchases/(sales)	371,885	(31,313)	32,906	37,277	11,647	422,402
	1,042	(3)	17	209	80	1,345

All of the Company's assets and liabilities in 2017 and 2016 were denominated in £.

25. INTEREST RATE SENSITIVITY GAP ANALYSIS

Part of the Group's return on financial instruments is obtained from controlled mismatching of the dates on which the instruments mature or, if earlier, the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates. The table below summarises these re-pricing mismatches on the Group's book as at 31 December 2017. Items are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

25. INTEREST RATE SENSITIVITY GAP ANALYSIS (continued)

Consolidated

Interest rate re-pricing	*Not more than three months*	*More than three months but not more than six months*	*More than six months but not more than one year*	*More than one year but not more than five years*	*Non-interest bearing*	*Total*
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
2017						
Assets						
Cash and balances at central banks	**423,127**	**-**	**-**	**-**	**-**	**423,127**
Loans & advances to central & other banks	**193,207**	**33,775**	**1,739**	**-**	**-**	**228,721**
Debt securities	**44,561**	**102,543**	**143,161**	**40,257**	**-**	**330,522**
Other assets*	**-**	**-**	**-**	**-**	**13,501**	**13,501**
Total assets	**660,895**	**136,318**	**144,900**	**40,257**	**13,501**	**995,871**
Liabilities:						
Customer accounts	**831,022**	**21,642**	**68,320**	**564**	**-**	**921,548**
Other liabilities	**-**	**-**	**-**	**-**	**10,752**	**10,752**
Shareholders' funds	**-**	**-**	**-**	**-**	**63,571**	**63,571**
Total liabilities**	**831,022**	**21,642**	**68,320**	**564**	**74,323**	**995,871**
Interest rate sensitivity gap	**(170,127)**	**114,676**	**76,580**	**39,693**	**(60,822)**	**-**
Cumulative gap	**(170,127)**	**(55,451)**	**21,129**	**60,822**	**-**	**-**
2016						
Assets						
Cash and balances at central banks	458,053	-	-	-	-	458,053
Loans & advances to central & other banks	98,072	20,852	69,876	-	-	188,800
Debt securities	43,254	67,671	74,339	18,713	-	203,977
Other assets*	-	-	-		20,787	20,787
Total assets	599,379	88,523	144,215	18,713	20,787	871,617
Liabilities:						
Customer accounts	675,234	14,367	124,462	-	-	814,063
Bank overdrafts	3	-	-	-	-	3
Other liabilities**	2,762	-	-	-	7,103	9,865
Shareholders' funds	-	-	-	-	47,686	47,686
Total liabilities	677,999	14,367	124,462	-	54,789	871,617
Interest rate sensitivity gap	(78,620)	74,156	19,753	18,713	(34,002)	-
Cumulative gap	(78,620)	(4,464)	15,289	34,002	-	-

*** includes fixed assets, derivatives, prepayments and accrued income.**
**** includes items in course of collection, derivatives, accruals and deferred income.**

None of the Company's assets or liabilities in 2017 or 2016 earned interest.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

26. CREDIT EXPOSURE

At 31 December the replacement costs by residual maturity and net replacement costs by counterparty of the Bank's trading and non-trading over-the-counter derivatives were:

	2017		2016	
Potential Credit Risk Exposure	**Up to 1 year £000**	**Total £000**	Up to 1 year £000	Total £000
Forward Foreign Exchange Contracts	**613,046**	**613,046**	463,153	463,153
Notional principal amounts	**613,046**	**613,046**	463,153	463,153
Replacement cost by counterparty				
Other banks	**1,257**	**1,257**	**11,679**	**11,679**
Total replacement cost	**1,257**	**1,257**	**11,679**	**11,679**

The Company had no derivatives in 2016 or 2017.

27. ASSETS AND LIABILITIES – CURRENCY DENOMINATION

	Consolidated 2017 £'000	Consolidated 2016 £'000
Assets		
Denominated in sterling	**607,646**	608,703
Denominated in other currencies	**388,225**	262,914
	995,871	871,617
Liabilities and Equity		
Denominated in sterling	**235,254**	187,646
Denominated in other currencies	**760,617**	683,971
	995,871	871,617

All of the Company's assets and liabilities in both 2017 and 2016 were denominated in £.

28. NON-CONTROLLING INTERESTS

The Company has no non-controlling interests.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

29. RELATED PARTY TRANSACTIONS

As at 31 December 2017, the Group had no intercompany balances with group companies outside the Group. As at 31 December 2016, only the Company had intercompany balances with group companies outside the Group, all of which related to single transactions, as follows:

Counterparty	Nature Of Relationship	Nature Of Underlying Transaction(s)	Company 2016 £'000
Merlin TopCo Ltd	Group company	Sundry advance	1,425
Helios Investors III LP	Group company	Recharge of acquisition costs/ sundry advance	(262)

Furthermore, director's fees incurred during the year totalling £25,000 (2016 - £18,750) were payable by a Group company, Crown Agents Bank Limited, to Helios Investors Genpar III LP.

All the companies noted above had control or significant influence over the Company.

During the year, the Group also entered into two (2016 – two) transactions with Business Council For Africa (a company of which a director of the Company, Arnold Ekpe, is a director), as follows:

- Membership - £2,120 (2016: £1,875) per annum.
- Sponsorship/other - £2,000 (2016: £300) per annum.

All the transactions noted above were at arm's length.

30. HOLDING COMPANY

The immediate parent undertaking is Merlin Midco Limited. The address of its registered office is 13 Castle Street, St Helier, Jersey, Channel Islands, JE4 5UT.

The ultimate parent undertaking and controlling party has been Helios Investors III LP, acting through its general partner Helios Investors Genpar III LP. Helios Investors Genpar III LP is registered in the Cayman Islands with its registered office at PO Box 309GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands KY1-1104.

No company is required to consolidate these financial statements.

31. RELATED UNDERTAKINGS

Subsidiary	Business
Crown Agents Bank Limited	Bank
Crown Agents Investment Management Limited	Investment management
JCF Nominees Limited	Nominee company/ dormant

All subsidiaries are incorporated in the UK with registered offices at St Nicholas House, St Nicholas Road, Sutton, Surrey SM1 1EL. The Company owns the entire share capital (£1 Ordinary Shares) of each subsidiary.

CABIM Limited
St Nicholas House
St Nicholas Road
Sutton
Surrey
SM1 1EL
United Kingdom

T: +44 (0)20 8643 2900

e-mail enquiries@crownagentsbank.com
www.crownagentsbank.com