Diamond Bank (UK) Plc

Annual Financial Statements
Year Ended 31 December 2013

Company Registered Number: 06278016

Index

Chairman's Statement

Against a challenging background for emerging market institutions, the Bank has prospered under new ownership, returning to profitability in December 2013 after a prolonged period of uncertainty. The decision to establish a UK operation to serve the increasingly sophisticated needs of important corporate and institutional clients of the wider Diamond Bank Group has paid off well.

I am delighted to report in this my first Chairman's Statement that Diamond Bank Group's first foray outside Africa has proved to be a successful one thus far; in the very short time since the Bank has been under new ownership, it has achieved great strides in both financial and prudential terms. We have broken even many months ahead of schedule, and met a number of milestones to bring the institution fully in line with revised regulatory requirement of the new dual regulation model prevailing in the UK.

Undoubtedly, there is still much work to do to establish DBUK firmly in what is becoming an increasingly crowded London marketplace for banks such as ours, but given an already evident commitment to support its business, and concerted efforts by management to diversify the Bank's clients and earnings, it is clear that the current business model is capable of delivering further profitable growth.

By concentrating on wholesale business, the Bank is well placed to support the increasingly sophisticated banking needs of Diamond's most important corporate clients. In addition to Nigeria, the Group has presence in Benin, Senegal, Togo and Cote d'Ivoire, thus providing DBUK with a niche market opportunity as one of a very few Anglophone Groups with a footprint in both the UK and WAMU region. In this context DBUK became in October 2013 a founding member of the UK-Cote d'Ivoire Business Council, and is actively engaged in working with traders, potential investors and government agencies to promote and facilitate the re-emergence of this key regional market.

We are sad to be saying farewell to Richard Wailes who has been with the bank since 2007 and played a key role in the establishment of the then Intercontinental Bank (UK) plc. Richard leaves with our sincere thanks and best wishes. I would also like to take this opportunity to thank my fellow Directors and all management and staff of DBUK for remaining committed to the bank during a prolonged period of uncertainty leading up the acquisition by Diamond Bank. Given their continued steadfast support and strong economic fundamentals in the markets that we serve, I am confident that the prospects for consolidating on our early successes remain strong.

Alex Otti
Chairman

Strategic Report

The Directors present this first Strategic Report (SR) for Diamond Bank (UK) Plc ('the Bank'), prepared in accordance with guidance published by the Financial Reporting Council (FRC) which describes the SR as a means of providing shareholders with a "holistic and meaningful picture of an entity's business model, strategy, development, performance, position and future prospects."

Business Model

The Bank's activities are regulated in the UK jointly by The Prudential Regulation Authority and The Financial Conduct Authority. The Bank's permissions for deposit taking are covered by a 'wholesale only' exclusion which means that no individual or small company accounts[1] may be held. This limitation on activity also means that the Bank is deemed to pose minimal financial risk to the UK taxpayer. In addition, the Bank is not authorised to undertake proprietary trading with Treasury activity limited to hedging our exposures and executing customer orders on a strictly matched basis.

The Bank's overarching purpose and principal business activity is supporting the international business activities of the wider Diamond Bank Group ('the Group') and its internationally active clients. The Group is headquartered in Lagos, Nigeria and also maintains operations in Bénin, Sénégal, Côte d'Ivoire and Togo. Trade finance provides the mainstay of activity and earnings via the issuance and confirmation of documentary letters of credit and the discounting of or direct lending in relation to receivables principally on behalf of the Lagos parent, but also the Francophone based entities.

Prudential rules governing connected counterparty exposures require that unsecured exposures to Diamond Bank Group may not exceed 25% of the Bank's regulatory capital. In order to support the current and planned level of Group business being handled by the Bank, cash collateral is provided by the Parent in support of exposures that exceed this threshold. Cash collateral is also provided for corporate transactions referred by the Parent that would, on an unsecured basis, exceed the Bank's single obligor and sectoral lending limits.

To augment earnings from Group referred business, the Bank is also an active participant in the secondary market for trade finance transactions subject to counterparty credit appetite and available liquidity. The Bank has strictly limited access to wholesale professional markets but does benefit from placements from the Central Bank of Nigeria, subject to full repayment at each rollover and with individual placements not exceeding 90 days. As such, these deposits may only be used to fund short term trade transactions or interbank placements with no mismatching undertaken. A portfolio of fixed income bonds is held to support regulatory buffer requirements and boost returns on capital funds that are not otherwise being used to fund long-term loans and discounts. In the absence of either retail or non-Group deposit sources, and aside from any surplus Group deposits, these capital resources, amounting to £28.8m at 31st December 2013, represent the only form of term funding source available to the Bank.

Strategy

The Bank has an appropriate Management Information System and a robust budget and business planning process subject to challenge at Board Committee level and ultimately Board approval. The highlights of the Budget and Business Plan 2014 approved by the Board covering the year 2014 are summarised below:-

- The Bank expects to record its first full year profit
- Revenues are budgeted to double with net interest ahead by a similar percentage and payment and fee income 60% higher boosted by payment commission as the Bank starts to handle Group general payments business.
- FX execution income is earned as the Bank transacts business for other Group members.
- Concerted efforts to handle a dominant share of Group LC business by re-routing transactions currently handled by other correspondents worldwide.
- A client and revenue diversification strategy will be executed.
- There are no plans to seek significant permission changes e.g. to support retail banking or other initiatives that lie outside current banking permissions.
- Costs will rise, although at a lower rate than revenues, as resources are added to support the business model.

Development

The Bank foresees opportunities to further benefit from Group membership in relation to potential cost savings on IT and communications expenditure, noting that the FLEXCUBE core banking system is expected to be upgraded in 2015 and that further channel development, e.g. internet banking, to support the needs of corporate clients.

The Bank will also keep abreast of regulatory developments. As part of the Change of Control process, the Bank revised and updated its risk based approach to AML with a particular focus on trade finance, the principal activity.

[1] As defined in the Companies Act (2006)

The Bank has also in 2013 implemented a Key Risk Indicator (KRI) model which is reviewed at both the Assets and Liabilities Committee (ALCO) and at the Board Audit and Risk Committee. One of the outputs from the KRI model is an aggregate risk score which is one of the trigger events under the Bank's Recovery and Resolution Pack which was also updated in the year. Finally, the bank completed its first full Individual Liquidity Adequacy Assessment (ILAA) in 2013.

Performance

The following strategic highlights of the bank's activities in 2013 are designed to provide a high level and more strategic overview to complement the statutory accounting disclosures contained in pages 11 to 38 of these financial statements.

- The Bank broke even in December 2013 recording its first operating monthly profit derived from commercial banking operations.
- Both fee and interest income benefitted in Q4 when Diamond Bank Lagos routed a further large vessel import transaction via the UK subsidiary, the fourth since change of control.
- The pattern of higher than expected net interest revenues offsetting lower fee income from LC confirmation business has continued.
- With overheads coming in below budget, the Bank made a smaller loss than expected and overall, performance was 23% better than the figure included in the Regulatory Business Plan for this stage following the change of control.
- The Bank's balance sheet has grown and at £201.8m is now less than £24m below the level forecast in the Regulatory Business Plan 9 months following change of control.
- Off balance sheet, the level of trade–related contingents is significantly lower than budget, partly because of changing patterns of trade finance noted above, but also because the parent's business was held back in 2013 pending completion of a planned capital raising to support its own rapid growth.

In reviewing its performance the Bank takes account of its return on equity and cost to income ratio as the principal Key Performance Indicators (KPIs). For the year ended 31st December 2013 the return on equity was negative 5.0% (31st December 2012: negative 24.7 %). The cost to income ratios for the same periods were 1.48:1 and 4.93:1 respectively. The improvement in each case resulted from increased income on transactions concluded since change of control.

Competitive Position

Following several years of relative inactivity under previous ownership, the bank had become the smallest of the Nigerian owned subsidiary banks operating in London with the highest level of losses and costs per employee amongst this cohort.

Since that time, a further two Nigerian-owned banks have become licensed in the UK such that the competitive position is heightened. In these circumstances some price compression is likely as the trade finance model moves from traditional L/C to discount receivables financing. In response to this trend, the Bank will focus clearly on customer experience in order to increase its market share and will work closely with its Group to capture higher volumes of business.

At a macro level, the Nigerian economy is destined to become the largest in Africa, and with c. 165m people, modest external debt, abundant natural resources and relative political stability, the country is able to sustain significant import activity. In late 2013 the Bank's parent was designated by the Central Bank of Nigeria (CBN) as one of 8 so-called 'systemically important' Nigerian banks and is a fast growing and dynamic institution whose shares are publicly listed. The UK economy meanwhile is seen as increasingly competitive with high value added export businesses expanding and targeting high growth Anglophone markets like Nigeria.

The Bank is one of very few British institutions that can offer a financial link to several Francophone countries in West Africa, including Côte d'Ivoire which has 40% of the region's GDP and is emerging strongly. The Bank is a founder and only banking member of the UK-Côte d'Ivoire Business Council founded in October 2013.

The Directors conclude that whilst the Bank is operating in a highly competitive environment, given the progress being made by the Nigerian economy, the growth of its parent company and a niche opportunity in Francophone West Africa, the Bank is relatively well placed in the sector in which it operates.

Strategic Report (Continued)

Future Prospects

Having returned to profitability in December 2013 and given the support of one of Nigeria's largest and systemically important banking groups, the future prospects for the Bank are bright, particularly given moves to diversify clients and funding sources. The parent has indicated that it has both the intention and capacity to continue to support the UK operation with further large vessel transactions and to work with the subsidiary to grow its share of other business relevant to the Bank's business model that is currently transacted outside the Group.

By order of the Board

For and on behalf of Diamond Bank (UK) Plc

John Connell
Company Secretary

36-38 Leadenhall Street
London
EC3A 1AT
8 April 2014

Directors' Report

The directors present their annual report and the audited financial statements for the year for Diamond Bank (UK) Plc ("DBUK" or "the Bank"). These financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards

Legal Form and Change of Ownership
Established as a non-listed UK public limited company in 2007, the Bank formerly known as Intercontinental Bank (UK) plc was purchased by Diamond Bank Plc, Lagos Nigeria ("DBPLC") on 25th March 2013 and the Change in Control became effective on 2nd April 2013. The Bank was recapitalized on 3rd April 2013 through the issue of 17 million fully paid shares of £1 each and is a wholly-owned subsidiary of DBPLC. DBPLC is a leading and successful commercial bank in Nigeria where it is publicly quoted and designated by the CBN as a systemically important bank.

Principal Activity and Business Review
The Bank's principal activities are the provision of international trade finance and associated payment and FX execution services on behalf of wholesale clients and eligible professional counterparties. Activity is centred on West Africa and the clients and business of the wider Diamond Bank Group which has presences in Nigeria, Bénin, Sénégal, Côte d'Ivoire and Togo. Further information is provided in the Strategic Report.

Results
The loss after taxation for the year amounted to £1,425,355 (2012: Loss £3,258,695). The Directors do not recommend a dividend (2012: No dividend was paid). The reduction in annual loss resulted from sharply increased flows of business being directed to the Bank by its new owners and the Bank was profitable at the operating level in the final quarter on the year.

Principal Risks and Uncertainties
The Board considers effective risk management fundamental to the Bank's activities. Daily risk management procedures and reporting are integral to the way the Bank's executive management team manages the Bank's business. The Board regularly considers the principal business risks facing the Bank and establishes robust and timely controls to manage those risks and ensure that appropriate monitoring and reporting systems are in place.

As a result, the Bank has a risk management framework designed to ensure that the level of risk incurred is within the constraints of the risk appetite established by the Board of Directors. The risk framework embodies clear reporting lines and defined areas of responsibility at all levels as follows:

a) Formal committees

   The Executive Management Committee (EXCO) and its three sub committees (the Assets and Liabilities Committee (ALCO), Audit and Risk Committee and Credit Committee) have specific responsibility for the identification, quantification and management of the principal risks facing the Bank. The committees are responsible for ensuring there are suitable internal processes, procedures and controls operating effectively within the Bank to mitigate the identified risks.

b) Risk management oversight

   To ensure the effectiveness of the risk management process, oversight is provided by the Board Audit and Risk Committee, chaired by an independent Non-Executive Director. The Bank's Internal Audit function, which reports to the Board Audit and Risk Committee, provides independent assurance on the effectiveness of the Bank's risk management systems, reviews the compliance of the business activities with defined policies and procedures, and monitors the operation of the internal controls within the business. All staff are paid in line with market rates adjusted where necessary for experience and performance.

A more detailed description of the risk management activities of the Bank are set out in Note 4 in the notes to the financial statements.

The Board considers that the principal risks facing the Bank are:

- Credit risk
- Liquidity risk
- Operational risk
- Regulatory risk

Directors' Report (Continued)

Going Concern basis of preparation

These Financial Statements have been prepared on a going concern basis, as the Directors are satisfied that the Group has the resources to continue in business for the foreseeable future. In making this assessment, the directors have taken into account that the Bank is now part of the Diamond Bank Plc group and has been recapitalised. They have reviewed in detail the Bank's business plan, business model and regulatory compliance measures, including liquidity levels and capital adequacy.

The Bank's capital adequacy ratio and liquidity buffers are well within the requirements of the regulatory authorities. Despite the fact that the Bank recorded a loss for the year, the Directors have concluded that the Bank would be able to continue to operate as a going concern on a standalone basis for the foreseeable future.

Directors and their interests

The Directors, all of whom served for the year unless indicated, are set out on page 8. No Directors have any beneficial interest in the shares of the Bank. Dr. Alex Otti holds 1 share on behalf of the parent bank. Details of Directors' interests in the shares of the parent bank are disclosed in the financial statements of the parent which are available at www.diamondbank.com.

Auditors

As KPMG Audit Plc has instigated an orderly wind down of business, in accordance with the Companies Act 2006, a resolution for the appointment of KPMG LLP as auditor of the Bank is to be proposed at the forthcoming Annual General Meeting.

Approval

By order of the Board

John Connell
Company Secretary

36-38 Leadenhall Street
London
EC3A 1AT
8 April 2014

Directors and Senior Management

Directors

Dr. Alex Chioma Otti Appointed 26 March 2013	Chairman
Mr. Uzoma Chuckwumaeze Dozie Appointed 26 March 2013	Non-Executive Director
Mr. Garry Andrew Marsh Appointed 26 March 2013	Non-Executive Director
Mr. Christopher Stuart Duncan	Independent Non-Executive Director and Chairman of Audit Committee
Mr. Carey Anthony Pennington Leonard	Independent Non-Executive Director
Mr. David Rollo Greenfield Appointed 26 March 2013	Chief Executive Officer

Mr Victor Okenyenbynor Etuokwu ceased to be a director on 02 April 2013.
Mr. Taukeme Koroye ceased to be a director on 02 April 2013.
Mr Jamie Simmonds ceased to be a director on 02 April 2013.
Mr Richard Wailes ceased to be a director on 28 February 2014.

Senior Management

Rollo Greenfield	Chief Executive
Fiona Christiansen	Chief Financial Officer
Gavin Geekie	Chief Risk Officer
Craig MacBeth	Head of IT
David Tomlinson	Senior Manager Operations
Paul Welham	Treasurer

Company Secretary
John Connell

Registered Office
36-38 Leadenhall Street
London EC3A 1AT

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Diamond Bank (UK) Plc

We have audited the financial statements of Diamond Bank (UK) Plc for the year ended 31 December 2013 set out on pages 11 to 38. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the EU.

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

Respective Responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Bank's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Suvro Dutta (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

8 April 2014

Statement of Financial Position

	Note	2013	2012
		£	£
Assets			
Cash and cash equivalents	**15**	**49,190,547**	44,528,446
Loans and advances to banks	**16**	**37,637,812**	9,093,185
Loans and advances to customers	**17**	**106,740,074**	3,090,999
Available-for-sale financial assets	**18**	**4,958,797**	4,425,358
Held-to-maturity financial assets	**19**	**1,808,535**	1,852,380
Derivative financial instruments	**20**	**270,999**	83,990
Property, plant and equipment	**21**	**183,022**	217,155
Intangible assets	**22**	**58,114**	78,984
Other assets	**23**	**945,607**	754,830
Total assets		**201,793,507**	64,125,327
Liabilities			
Deposits from banks	**24**	**169,571,717**	50,055,454
Derivative financial instruments	**20**	**-**	74,589
Other liabilities	**25**	**3,457,402**	786,761
Total liabilities		**173,029,119**	50,916,804
Equity			
Share capital	**26**	**48,000,000**	31,000,000
Retained losses	**27**	**(19,215,777)**	(17,790,422)
Other reserves	**28**	**(19,835)**	(1,055)
Total equity		**28,764,388**	13,208,523
Total equity and liabilities		**201,793,507**	64,125,327

The financial statements were approved by the Board of Directors on 8 April 2014 and authorised for issue on that date.

Signed on behalf of the Board by:

Dr. Alex Otti
Chairman
8 April 2014

David Rollo Greenfield
Director and Chief Executive Officer
8 April 2014

The accompanying Notes set out on pages 15 to 38 form an integral part of these Financial Statements.

Statement of Comprehensive Income

	Note	2013	2012
		£	£
Interest income		**2,687,859**	761,625
Interest expense		**(599,097)**	(166,073)
Net interest income	**8**	**2,088,762**	595,552
Fee and commission income		**964,228**	218,308
Fee and commission expense		**(82,339)**	(15,854)
Net fee and commission income	**9**	**881,889**	202,454
Other gains - net	**10**	**22,801**	27,268
Total revenue		**2,993,452**	825,274
Administrative expenses	**11(a)**	**(4,418,807)**	(4,065,020)
Net Impairment losses on loans and advances		**-**	(18,949)
Loss before income tax		**(1,425,355)**	(3,258,695)
Income tax expense	**13**	**-**	-
Loss for the year	**27**	**(1,425,355)**	(3,258,695)
Other comprehensive income:			
Gains recognised directly in equity:			
Revaluation of available-for-sale financial assets	**28**	**(18,780)**	11,026
Other comprehensive income net of tax		**(18,780)**	11,026
Total comprehensive income for the year		**(1,444,135)**	(3,247,669)
Loss attributable to equity holders of the Bank		**(1,425,355)**	(3,258,695)
Total comprehensive income attributable to equity holders of the Bank		**(1,444,135)**	(3,247,669)

All income has been derived from continuing operations.

The accompanying Notes set out on pages 15 to 38 form an integral part of these Financial Statements

Statement of Changes in Equity

	Note	Share capital	Other reserves	Retained earnings	Total equity
		£	£	£	£
Balance at 1 January 2012		31,000,000	(12,081)	(14,531,727)	16,456,192
Comprehensive income					
Net loss for year	27	-	-	(3,258,695)	(3,258,695)
Available-for-sale financial assets	18	-	11,026	-	11,026
Total comprehensive income		-	11,026	(3,258,695)	(3,247,669)
Balance at 1 January 2013		**31,000,000**	**(1,055)**	**(17,790,422)**	**13,208,523**
Comprehensive income:					
Net loss for year	**27**	**-**	**-**	**(1,425,355)**	**(1,425,355)**
Available-for-sale financial assets	**18**	**-**	**(18,780)**	**-**	**(18,780)**
Total comprehensive income		**-**	**(18,780)**	**(1,425,355)**	**(1,444,135)**
Transactions with owners:					
Proceeds from shares issued		**17,000,000**	**-**	**-**	**17,000,000**
Balance at 31 December 2013		**48,000,000**	**(19,835)**	**(19,215,777)**	**28,764,388**

The accompanying Notes set out on pages 15 to 38 form an integral part of these Financial Statements

Cash Flow Statement

Continuing Operations

	Note	2013	2012
Cash flows from operating activities		**£**	£
Net cash generated from / (used in) operations	**14**	**(11,728,602)**	767,202
Tax paid		**-**	
Net cash generated from / (used in) operating activities		**(11,728,602)**	767,202
Cash flows from investing activities			
Proceeds from sale of available for sale financial assets	**18**	**6,826,208**	12,244,292
Acquisition of available for sale financial assets	**18**	**(7,400,230)**	(12,967,981)
Maturing held-to-maturity financial assets	**19**	**-**	6,468,724
Purchase of property, plant and equipment	**21**	**(17,775)**	(2,749)
Purchase of intangible assets	**22**	**(17,500)**	-
Net cash generated from/(used in) investing activities		**(609,297)**	5,742,286
Cash flows from financing activities			
Proceeds from issue of ordinary shares	**26**	**17,000,000**	-
Net cash from financing activities		**17,000,000**	-
Net increase in cash and cash equivalents		**4,662,101**	6,509,488
Cash and cash equivalents at beginning of year		**44,528,446**	38,018,958
Cash and cash equivalents at end of year	**15**	**49,190,547**	44,528,446

Cash and cash equivalents comprise:			
Cash in hand		**2,661,374**	369,297
Short term bank deposits		**46,529,173**	44,159,149
Cash and cash equivalents at end of year	**15**	**49,190,547**	44,528,446

The accompanying Notes set out on pages 15 to 38 form an integral part of these Financial Statements

Notes to the Financial Statements

1. Reporting entity

These financial statements are prepared for Diamond Bank (UK) Plc ("the Bank"), the principal activity of which is wholesale banking. The financial statements are prepared for the Bank only. The Bank is a wholly owned subsidiary of Diamond Bank PLC, incorporated in Nigeria.

The Bank is a public limited company, incorporated and domiciled in the UK. The address of the registered office of the Bank is 36-38 Leadenhall Street, London EC3A 1AT.

2. Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), adopted for use in the EU, interpretations of the International Financial Reporting Interpretations Committee ('IFRIC') and the Companies Act 2006 applicable to companies reporting under IFRS.

3. Accounting policies and basis of preparation

These financial statements are prepared in compliance with the principal accounting policies set out below, which have been consistently applied.

Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under International Accounting Standard ("IAS") 39, 'Financial Instruments, recognition, and measurement' as set out in the relevant accounting policies. They are stated in pounds sterling, the currency of the country in which the Bank is incorporated.

Going concern

As noted in the Directors Report on pages 6 – 7, these Financial Statements have been prepared on a going concern basis, as the Directors are satisfied that the Group has the resources to continue in business for the foreseeable future. In making this assessment, the directors have taken into account that the Bank is now part of the Diamond Bank Plc group and has been recapitalised. They have reviewed the Bank's business plan, business model and regulatory compliance measures, including liquidity levels and capital adequacy.

Whilst the Bank has recorded losses for the year, it had capital of £28,727,000 as at 31 December 2013 which is in excess of the regulatory capital requirement by £16,144,000. The Bank's funding is mainly through capital, Group deposits (including those used as cash collateral for underlying exposures) and CBN placements. Having considered the current capital and funding position, the Directors have concluded that the Bank would be able to continue to operate as a going concern on a standalone basis for the foreseeable future.

Accounting judgements

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The Notes to the financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements.

(a) Standards effective and applicable in 2013

In May 2011, the IASB issued IFRS 13 'Fair Value Measurement' ('IFRS 13'). This standard is effective for annual periods beginning on or after 1 January 2013. The standard clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions, and enhances disclosures about fair value measurement. The Bank has implemented this standard during the year.

(b) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the Bank, with the exception of:

IFRS 9 Financial Instruments, which becomes mandatory for the Bank's 2015 financial statements and could change the classification and measurement of financial assets. The Bank does not plan to adopt this standard early and the extent of the impact has not been determined. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value.

Notes to the Financial Statements (Continued)

3. Accounting policies and basis of preparation (continued)

A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to the income statement at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value with changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value. The standard is effective for annual periods beginning on or after 1 January 2015. Earlier application is permitted.

The Bank is currently in the process of evaluating the potential effect of this standard. Given the nature of the Bank's operations, this standard is not expected to have a pervasive impact on the Bank's financial statements.

(c) Foreign currency translation

The financial statements are presented in pounds sterling, which is the functional currency of the Bank.

Foreign currency transactions are translated into pounds sterling using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the period end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement.

(d) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and provisions for impairment, if any. Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the assets.

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its economic life.

The Bank uses the following annual rates in calculating depreciation:

Leasehold improvements	10%
Other equipment	20%
Computer hardware	25 - 33.3%
Computer software	25%
Office furniture	33.3%

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances.

When deciding on depreciation rates and methods, the principal factors the Bank takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets.

(e) Intangible assets

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 4 years and included in the income statement under administrative expenses.

(f) Held-to-maturity financial assets

Held-to-maturity investments are financial instruments with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recorded at fair value plus any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment. The effective interest method is a way of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period.

Notes to the Financial Statements (Continued)

3. Accounting policies and basis of preparation (continued)

(g) Available-for-sale financial assets

Available-for-sale financial assets are debt securities that are not classified as trading securities at fair value through profit or loss or as loans and receivables.

Gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised directly in other comprehensive income, until the financial asset is either sold, becomes impaired or matures, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the income statement. Interest calculated using the effective interest method and foreign exchange gains and losses on debt securities denominated in foreign currencies are recognised in the income statement.

(h) Loans and receivables

Loans and receivables include loans and advances to banks and customers and are reported in the balance sheet under loans and advances. Loans and receivables are initially recognised when cash is advanced to the borrowers at fair value inclusive of transaction costs. Financial assets classified as loans and receivables are accounted for at amortised cost using the effective interest method less provision for impairment.

(i) Impairment

At each balance sheet date the Bank assesses whether, as a result of one or more events occurring after initial recognition and prior to the balance sheet date, there is objective evidence that an asset or group of financial assets has become impaired.
The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal and/or interest;
- Indications that the borrower or group of borrowers is experiencing significant financial difficulty;
- Restructuring of debt to reduce the burden on the borrower;
- Breach of loan covenants or conditions; and
- Initiation of bankruptcy or individual voluntary arrangement proceedings.

If necessary, a collective impairment provision is determined after taking into account historical loss experience of the portfolio and management's experienced judgments. Given a significant portion of the loan portfolio is fully cash collateralised and not subject to credit risk, the Bank has not recognised a collective impairment provision.

Loans and receivables and held to maturity investments

If there is objective evidence that an impairment loss has been incurred, an allowance is established which is calculated as the difference between the balance sheet carrying value of the asset and the present value of estimated future cash flows discounted at that asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as an improvement in the borrower's credit rating, the allowance is adjusted and the amount of the reversal is recognised in the income statement.

Non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Available for sale financial assets

Impairment losses on available for sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit and loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit and loss. Changes in impairment provisions attributable to application of the effective interest rate method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit and loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

Notes to the Financial Statements (Continued)

3. Accounting policies and basis of preparation (continued)

(j) Derivative financial instruments

Derivative financial instruments are used to hedge foreign currency exposures related to non-trading book positions. These are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value which is derived from quoted market rates in active markets. Changes in the fair value of derivatives are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Certain foreign currency transactions entered into are hedged with forward foreign exchange contracts.

Derivatives are carried in the balance sheet as assets when their fair value is positive and as liabilities when their fair value is negative (see Note 20).

(k) Cash and cash equivalents

For the purposes of the cash flow statement, cash comprises cash on hand, demand deposits, and cash equivalents. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value. Trading balances are not considered to be part of cash equivalents.

(l) Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefits will be necessary to settle the obligation, and these can be reliably estimated.

(m) Revenue recognition

- **Interest receivable and payable**
  Interest receivable and payable, calculated using the effective interest rate, is recognised in the profit and loss account on an accruals basis.

- **Fees and commissions**
  Fees and commissions are accounted for depending on the services to which the income relates. Fees earned in respect of services are recognised in ‘fee income’. Some fees earned on the execution of a significant act are recognised in ‘fee income’ when the act is completed. Other fees which form an integral part of the “effective interest rate’’ of a financial instrument are recognised as an adjustment to the effective interest rate and recorded in ‘interest income’.

(n) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

(o) Income taxes, including deferred income taxes

Income tax payable on taxable profits (‘current tax’) is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses are recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary timing differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantially enacted by the balance sheet date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets are only recognised if, in the opinion of the Directors, there is reasonable certainty that there will be sufficient taxable profits in the future to recover these amounts.

Notes to the Financial Statements (Continued)

4. Financial risk management

The Bank's activities expose it to a variety of financial risks. The Board of Directors monitors the Bank's financial risks and has responsibility for ensuring effective risk management and control. The Bank has a risk management framework to ensure the level of risk incurred is within the constraints of the Board's risk appetite. The framework embodies clear reporting lines, defined areas of responsibility and risk management procedures and includes formal risk management procedures and regular reporting as necessary.

4(i) Financial risk factors

The main financial risks that the Bank is exposed to are highlighted as follows:

(a) Market risk

Market risk is the risk that the Bank's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, equity prices and foreign exchange rates. Assets are invested at market rates within the constraints of the Bank's risk appetite as approved by the Board.

(i) Interest rate risk
Interest rate risk is the risk that changes in interest rates will result in reduced income and/or higher financing costs from the Bank's interest bearing financial assets and liabilities.

During the year to 31 December 2013 the Bank held interest-bearing liabilities in the form of short term deposits from CBN and group entities. The risk of an interest rate mismatch is minimal due to the Bank's policy of matching the tenor of exposures with the tenor of funding.

(ii) Foreign exchange risk
Foreign currency risk arises due to the extent of the Bank's foreign currency assets not matched by foreign currency borrowings in the same currency. All material foreign exchange risks are hedged through forward foreign exchange transactions and monitored on a daily basis through the Bank's risk management reporting systems.

The table below shows the impact on the profit and loss account, pre-tax, at 31 December 2013 of foreign currency weakening/strengthening by 4% against the UK pound, with all other variables held constant.

31 December 2013	**EUR £ equiv**	**USD £ equiv**	**JPY £ equiv**
Net foreign currency exposure	**3,767**	**(7,902)**	**7,957**
Impact of 4% increase in foreign currency	**151**	**(316)**	**318**
Impact of 4% decrease in foreign currency	**(151)**	**316**	**(318)**
31 December 2012	EUR £ equiv	USD £ equiv	JPY £ equiv
Net foreign currency exposure	1,158	15,167	6,114
Impact of 4% increase in foreign currency	46	607	245
Impact of 4% decrease in foreign currency	(46)	(607)	(245)

(b) Liquidity risk

Liquidity risk is the risk that the Bank's cash and committed facilities may be insufficient to meet its payment obligations as they fall due. On a daily basis, liquidity mismatch reports are reviewed by senior management and undrawn lending commitments, overdrafts and contingent liabilities are considered. In accordance with the Prudential Regulation Authority (PRA) Liquidity Regime the Bank has been issued with Individual Liquidity Guidance (for Backstop purposes) on 4 March 2013. The Bank has produced an Individual Liquidity Adequacy Assessment ("ILAA") which has been reviewed and approved by ALCO, EXCO and the Board. The ILAA includes stress testing undertaken to assess and plan for the impact of a range of scenarios on the Bank's liquidity along with the planned management actions to be taken to mitigate the effects of the stress scenarios. Regular stress testing is undertaken by management during the year to assess the impact of the stresses on the Bank's liquidity and to plan management action.

The Bank maintains access to sufficient funds on a day-to-day basis to cover all contractual obligations, maturing liabilities and contingencies while raising funds at economical cost. The Bank will also maintain an adequate buffer of high quality liquid asset securities in line with the PRA liquidity requirements. It is the policy of the Bank that the internal Liquid Assets Buffer target should, at all times be greater than the regulatory buffer requirement for Standardised Banks.

Notes to the Financial Statements (Continued)

4. Financial risk management (continued)

4(i) Financial risk factors (continued)

(b) Liquidity risk (continued)

The following table indicates the contractual maturity of financial assets and financial liabilities:

31 December 2013	**Note**	**Demand**	**< 1 year**	**> 1year but < 5 years**	**> 5 years**	**Non-financial instruments**	**Total**
Assets		**£**	**£**	**£**	**£**	**£**	**£**
Cash and cash equivalents	**15**	**21,982,131**	**27,208,416**	**-**	**-**	**-**	**49,190,547**
Loans and advances to banks	**16**	**-**	**37,033,181**	**604,631**	**-**	**-**	**37,637,812**
Loans and advances to customers	**17**	**123,895**	**106,575,918**	**40,261**	**-**	**-**	**106,740,074**
Available-for-sale financial assets	**18**	**-**	**1,914,097**	**3,044,700**	**-**	**-**	**4,958,797**
Held-to-maturity financial assets	**19**	**-**	**-**	**1,214,698**	**593,837**	**-**	**1,808,535**
Derivative financial instruments	**20**	**186**	**270,813**	**-**	**-**	**-**	**270,999**
Other assets	**23**	**671**	**246,326**	**-**	**-**	**698,610**	**945,607**
Total		**22,106,883**	**173,248,751**	**4,904,290**	**593,837**	**698,610**	**201,552,371**
Liabilities							
Deposits from banks	**24**	**6,841,513**	**162,730,204**	**-**	**-**	**-**	**169,571,717**
Derivative financial instruments	**20**	**-**	**-**	**-**	**-**	**-**	**-**
Other liabilities	**25**	**176**	**2,713,893**	**33,263**	**-**	**710,070**	**3,457,402**
Total		**6,841,689**	**165,444,097**	**33,263**	**-**	**710,070**	**173,029,119**
Net		**15,265,194**	**7,804,654**	**4,871,027**	**593,837**	**(11,460)**	**28,523,252**

31 December 2012	Note	Demand	< 1 year	> 1year but < 5 years	> 5 years	Non-financial instruments	Total
Assets		£	£	£	£	£	£
Cash and cash equivalents	15	16,791,453	27,736,993	-	-	-	44,528,446
Loans and advances to banks	16	-	9,093,185	-	-	-	9,093,185
Loans and advances to customers	17	-	3,090,999	-	-	-	3,090,999
Available-for-sale financial assets	18	-	4,323,288	102,070	-	-	4,425,358
Held-to-maturity financial assets	19	-	-	1,246,717	605,663	-	1,852,380
Derivative financial instruments	20	-	83,990	-	-	-	83,990
Other assets	23	113	104,668	-	-	650,049	754,830
Total		16,791,566	44,433,123	1,348,787	605,663	650,049	63,829,188
Liabilities							
Deposits from banks	24	638,386	49,417,068	-	-	-	50,055,454
Derivative financial instruments	20	-	74,589	-	-	-	74,589
Other liabilities	25	158	63,918	-	-	722,685	786,761
Total		638,544	49,555,575	-	-	722,685	50,916,804
Net		16,153,022	(5,122,452)	1,348,787	605,663	(72,636)	12,912,384

Notes to the Financial Statements (Continued)

4. Financial risk management (continued)

4(i) Financial risk factors (continued)

(c) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers or market counterparties fail to fulfil their contractual obligations to the Bank. As at 31 December 2013 the Bank's credit risks arose principally from trade finance related lending and investment activities.

Credit risk exposures relating to on-balance sheet assets are as follows:

	2013	2012
	£	£
Cash and cash equivalents	**49,190,547**	44,528,446
Loans and advances to banks	**37,637,812**	9,093,185
Loans and advances to customers	**106,740,074**	3,090,999
Available-for-sale financial assets	**4,958,797**	4,425,358
Held-to-maturity financial assets	**1,808,535**	1,852,380
Derivative financial instruments	**270,999**	83,990
Other assets[1]	**246,997**	104,781
Maximum exposure to credit risk	**200,853,761**	63,179,139

[[1]Other assets include accrued fee and interest receivables]

Credit risk exposures relating to off-balance sheet assets are as follows:

	2013	2012
	£	£
Documentary credits and other short term trade related credits	**10,936,093**	325,237
Maximum exposure to credit risk	**10,936,093**	325,237

The above table represents a worst case scenario of credit risk exposure to the Bank without taking account of any collateral held on trade finance receivables (see Note 24).

No credit limits were exceeded during the reporting period. At 31 December 2013 £Nil *(*2012: £Nil*)* of the Bank's financial assets were impaired. The credit quality of all financial assets is considered by the Directors to be satisfactory and in line with the Board's credit policy. The Bank's credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. A significant portion of the credit exposures to wholesale customers is fully cash collateralised. The minimum credit rating and credit quality for all lending and financial assets are disclosed within the credit policy and risk appetite of the Bank (see Note 7).

(d) Capital risk

Capital risk is the risk that the Bank does not have sufficient capital resources to meet its regulatory capital requirements or to support its current business and strategy for future development.

The Bank is required by the PRA to retain financial resources (i.e. liquid financial assets and net capital) sufficient for the proper performance of its regulated activities. These requirements are monitored daily by risk and senior management and are subject to rigorous stress testing as part of the Internal Capital Adequacy Assessment Process ("ICAAP") which is reviewed annually by the Board of Directors.

Notes to the Financial Statements (Continued)

4. Financial risk management (continued)

4(i) Financial risk factors (continued)

The information below from (e) to (h) is unaudited

(e) Operational risk

The Bank's business is dependent on the ability to process a large number of transactions efficiently and accurately. To manage this risk, the Bank has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures and to staff training.

(f) Regulatory risk

Regulatory risk is the risk of an adverse impact resulting from the failure to comply with laws, regulations, codes of conduct and standards of good practice governing a financial institution operating in the UK market. The Bank has a Compliance Department and devotes adequate resources towards managing this risk.

(g) Reputational risk

Reputational risk is the risk of a loss of reputation, both of the Bank and its parent or another Group entity, most likely to arise as a consequence of a failure to manage the other principal risks. The Bank has an experienced management team, follows all rules and regulations of the UK Regulatory bodies and adheres to the parent bank's core values.

(h) Competition risk

The Bank operates in a highly competitive environment particularly around price and product availability and quality. During the year the Bank's operations mainly involved trade finance and investing capital and surplus funds in the UK money market.

4(ii) Fair value of financial instruments

The fair value of a financial instrument is the amount for which the instrument could be exchanged or a liability settled, in an arm's length transaction between knowledgeable willing parties. The fair value of the Bank's financial instruments reflect the carrying value, as the valuations are observable either in an active market or derived from prices within an active market.

Accounting standards specify a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring transactions on an arm's length basis.

- Level 2 – The fair value of financial instruments that are not traded in active markets (for example over the counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available 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.

- Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Notes to the Financial Statements (Continued)

4. Financial risk management (continued)

4(ii) Fair value of financial instruments (continued)

The following table presents the Bank's assets and liabilities that are measured at fair value:

At 31 December 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets	**£**	**£**	**£**	**£**
Available-for-sale financial assets	**4,958,797**	**-**	**-**	**4,958,797**
Derivatives	**-**	**270,999**	**-**	**270,999**
Total assets	**4,958,797**	**270,999**	**-**	**5,229,796**
Liabilities				
Derivatives	**-**	**-**	**-**	**-**
Total liabilities	**-**	**-**	**-**	**-**

At 31 December 2012	Level 1	Level 2	Level 3	Total
Assets	£	£	£	£
Available-for-sale financial assets	4,425,358	-	-	4,425,358
Derivatives	-	83,990	-	83,990
Total assets	4,425,358	83,990	-	4,509,348
Liabilities				
Derivatives	-	74,589	-	74,589
Total liabilities	-	74,589	-	74,589

All other financial assets and liabilities are held at amortised cost, and the fair valuation levelling of these instruments is level 2.

The fair value of deposits from banks is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

The fair value of loans and advances to customers, which all have a residual maturity of less than one year, generally approximate to their carrying value subject to any significant movement in credit spreads.

As at 31 December 2013 £103,419,959 of loans and advances to customers (2012: £Nil) were fully cash collateralised (see Note 17).

5. Segmental information

All the Bank’s activities are derived from one main activity, the provision of banking services, and all arise in the United Kingdom.

Notes to the Financial Statements (Continued)

6. Financial assets and liabilities by category

31 December 2013 Assets per balance sheet	**Note**	**Loans and receivables £**	**Available for sale £**	**Held-to-maturity £**	**Derivatives £**	**Total £**	**Fair value £**
Cash and cash equivalents	**15**	**49,190,547**	**-**	**-**	**-**	**49,190,547**	**49,190,547**
Loans to banks	**16**	**37,637,812**	**-**	**-**	**-**	**37,637,812**	**37,637,812**
Loans to customers	**17**	**106,740,074**	**-**	**-**	**-**	**106,740,074**	**106,740,074**
Available-for-sale financial assets	**18**	**-**	**4,958,797**	**-**	**-**	**4,958,797**	**4,958,797**
Held-to-maturity financial assets	**19**	**-**	**-**	**1,808,535**	**-**	**1,808,535**	**1,943,515**
Derivative financial instruments	**20**	**-**	**-**	**-**	**270,999**	**270,999**	**270,999**
Other assets [1]	**23**	**246,997**	**-**	**-**	**-**	**246,997**	**246,997**
Total		**193,815,430**	**4,958,797**	**1,808,535**	**270,999**	**200,853,761**	**200,988,741**

Liabilities per balance sheet	**Note**	**Other financial liabilities £**	**Derivatives £**	**Total £**	**Fair value £**
Deposits by banks	**24**	**169,571,717**	**-**	**169,571,717**	**169,571,717**
Derivative financial instruments	**20**	**-**	**-**	**-**	**-**
Other liabilities[1]	**25**	**2,744,410**	**-**	**2,744,410**	**2,744,410**
Total		**172,316,127**	**-**	**172,316,127**	**172,316,127**

31 December 2012 Assets per balance sheet	Note	Loans and receivables £	Available for sale £	Held-to-maturity £	Derivatives £	Total £	Fair value £
Cash and cash equivalents	15	44,528,446	-	-	-	44,528,446	44,528,446
Loans to banks	16	9,093,185	-	-	-	9,093,185	9,093,185
Loans to customers	17	3,090,999	-	-	-	3,090,999	3,090,999
Available-for-sale financial assets	18	-	4,425,358	-	-	4,425,358	4,425,358
Held-to-maturity financial assets	19	-	-	1,852,380	-	1,852,380	2,056,287
Derivative financial instruments	20	-	-	-	83,990	83,990	83,990
Other assets [1]	23	104,781	-	-	-	104,781	104,781
Total		56,817,411	4,425,358	1,852,380	83,990	63,179,139	63,383,046

Liabilities per balance sheet	Note	Other financial liabilities £	Derivatives £	Total £	Fair value £
Deposits by banks	24	50,055,454	-	50,055,454	50,055,454
Derivative financial instruments	20	-	74,589	74,589	74,589
Other liabilities[1]	25	64,075	-	64,075	64,075
Total		50,119,529	74,589	50,194,118	50,194,118

[[1]This analysis is required for financial assets and liabilities, non-financial instruments are excluded.]

Notes to the Financial Statements (Continued)

7. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

Counterparties with external credit rating (Fitch):

Cash at bank and short term bank deposits	2013 £	2012 £
AA-	**550,461**	289,655
A+	**2,108,580**	78,207
A	**32,138,944**	8,531,157
A-	**-**	-
BBB+	**-**	7,890,999
BBB[3]	**-**	6,100,000
BBB-[3]	**14,390,229**	21,636,993
Counterparties without external credit rating[3]:		
Group 2 [1]	**2,333**	1,435
Total cash at bank and short term bank deposits	**49,190,547**	44,528,446

Loans and advances to banks	2013 £	2012 £
A+	**2,100,000**	1,260,000
A-	**-**	1,193,037
BBB+	**-**	-
BBB-[3]	**-**	-
B+[3]	**2,865,397**	1,539,787
B[3]	**28,332,277**	687,057
Counterparties without external credit rating[3]:		
Group 2 [2]	**4,340,138**	4,413,304
Total loans and advances to banks	**37,637,812**	9,093,185

Loans and advances to customers	2013 £	2012 £
Counterparties without external credit rating[3]:		
Group 1 [1]	**60,719,845**	-
Group 2 [2]	**46,020,229**	3,099,999
Total loans and advances to customers	**106,740,074**	3,099,999

Available-for sale debt securities	2013 £	2012 £
AAA	**1,813,757**	4,425,358
AA+	**100,340**	-
B+	**1,911,391**	-
B	**1,133,309**	-
Total available-for sale debt securities	**4,958,797**	4,425,358

Held-to-maturity debt securities	2013 £	2012 £
BBB[3]	-	1,246,717
BBB-[3]	**1,214,698**	-
B+[3]	**593,837**	605,663
Total held-to-maturity debt securities	**1,808,535**	1,852,380

Notes to the Financial Statements (Continued)

7. Credit quality of financial assets (continued)

Derivative financial instruments	2013 £	2012 £
A+	**270,999**	83,990
Total derivative financial instruments	**270,999**	83,990

Other assets	2013 £	2012 £
AAA	**-**	713
AA+	**713**	
A+	**934**	1,158
A	**22,862**	36
A-	**-**	33
BBB+	**-**	78
BBB[3]	**-**	29,856
BBB-[3]	**32,679**	32,088
B+[3]	**29,539**	12,206
B[3]	**88,929**	3,265
Counterparties without external credit rating[3]:		
Group 1 [1]	**26**	-
Group 2 [2]	**71,315**	25,348
Total other assets	**246,997**	104,781

[1] Group 1 - new customers/ related parties (less than 6 months).
[2] Group 2 - existing customers/ related parties (more than 6 months) with no defaults in the past.
[3] All BBB and below exposure, that has fallen due subsequent to 31 December 2013, has been received.

No financial assets that are performing have been restructured in 2013 (2012: £Nil). None of the loans are past due but not impaired as at 31 December 2013 (2012: £Nil).

At 31 December 2013 the Bank received £124,860,647 in collateral for credit risk mitigation for on balance sheet exposures (2012: £Nil).

8. Net interest income

Interest income	2013 £	2012 £
Cash and cash equivalents	**371,853**	273,751
Loans and advances to banks	**226,232**	112,183
Loans and advances to customers	**1,883,736**	229,282
Held to maturity financial assets	**135,314**	134,376
Available for sale financial assets	**70,461**	11,501
Other	**263**	532
Total interest income	**2,687,859**	761,625
Interest expense		
Deposits from banks	**599,097**	166,073
Total interest expense	**599,097**	166,073
Net interest income	**2,088,762**	595,552

Notes to the Financial Statements (Continued)

9. Net fee and commission income

	2013	2012
Fee and commission income	**£**	£
Trade related transactions	**950,784**	216,465
Funds transfer	**109**	1,843
Other	**13,335**	-
Total fee and commission income	**964,228**	218,308
Fee and commission expense		
Loan management fees	**62,869**	-
Brokerage and account fees	**19,470**	15,613
Trade related transactions	**-**	241
Total fee and commission expense	**82,339**	15,854
Net Fee and commission income	**881,889**	202,454

10. Other gains net

	2013	2012
	£	£
Realised gains on available-for-sale assets	**1,787**	576
Net foreign exchange gains	**21,014**	26,692
Total other gains – net	**22,801**	27,268

11. (a) Administrative expenses

The following items have been charged in arriving at operating profit:

	Note	2013 £	2012 £
Staff costs	**12a**	**2,579,473**	2,129,311
Depreciation	**21**	**51,908**	132,080
Amortisation	**22**	**38,370**	63,708
Services provided by Bank's auditor and its associates	**11b**	**57,150**	59,260
Operating lease payments		**335,887**	335,887
Other expenses		**1,356,019**	1,344,774
Total administrative expenses		**4,418,807**	4,065,020

11. (b) Auditors' remuneration

During the year the Bank obtained the following services from the Bank's auditor and its associates:

	Note	2013 £	2012 £
Audit of the Bank's financial statements		**49,500**	45,000
Tax compliance services		**7,450**	14,060
Other services		**200**	200
Total auditors remuneration	**11a**	**57,150**	59,260

Notes to the Financial Statements (Continued)

12. Employee information

(a) Staff costs

Staff costs comprise of the following:

	Note	2013 £	2012 £
Wages and salaries		**2,322,311**	1,923,676
Social security costs		**223,534**	194,067
Other staff costs		**33,628**	11,568
Total staff costs	**11a**	**2,579,473**	2,129,311

(b) Average number of people employed

The average number of persons employed during the year, excluding agency staff, was 23 (2012:21).

13. Income tax expense

The analysis of the charge/(credit) for the year is as follows:

	2013 £	2012 £
Current tax on profits for the year	-	-
Adjustments in respect of prior years	-	-
Total tax charge	**-**	-

A numerical reconciliation of the applicable tax rate and the effective tax rate is as follows:

	2013 £	2012 £
Loss before tax	**1,425,355**	3,258,695
Tax charge at average UK corporation tax rate	**(331,395)**	(798,380)
Expenses not deductible for tax purposes	**10,569**	61,190
Unrecognised deferred tax asset	**320,826**	737,190
Effects of the UK corporation tax rate change	**-**	-
Adjustment in respect of prior years	**-**	-
Total tax charge	**-**	-

The standard rate of corporation tax in the UK for 2013 was 23.25% (2012: 24.5%), being 24% for the 3 months to 31 March 2013 and 23% for the 9 months to 31 December 2013.

Details of deferred taxation are reported under Note 29.

Notes to the Financial Statements (Continued)

14. Cash generated from operations

	Note	2013 £	2012 £
Loss before taxation		**(1,425,355)**	(3,258,695)
Net (increase) in loans to banks	16	**(28,544,627)**	(1,211,603)
Net decrease / (increase) in loans to customers	17	**(103,649,075)**	343,359
Fair value (profit) on derivative financial instruments	20	**(261,598)**	(180,171)
Depreciation and amortisation	21,22	**90,278**	195,788
Net decrease /(increase)in other assets	23	**(190,777)**	78,885
Net (decrease) in other liabilities	25	**2,670,641**	107,428
Net increase in deposits from banks	24	**119,516,263**	4,442,839
Realised gains on financial assets	10	**(1,787)**	(576)
Other non-cash movements (including premium/discount on Available-for-sale and Held-to-maturity securities)	18,19	**67,435**	249,948
Net cash generated from / (used in) operations		**(11,728,602)**	767,202

15. Cash and cash equivalents

An analysis of cash and cash equivalents, comprising balances with less than 3 months maturity from the date of acquisition, is as follows:

	2013 £	2012 £
Short term deposits	**46,529,173**	44,159,149
Cash at bank and on hand	**2,661,374**	369,297
Total	**49,190,547**	44,528,446

The carrying value of cash and cash equivalents approximates to their fair value.

16. Loans and advances to banks

An analysis of loans and advances to banks is as follows:

	2013 £	2012 £
Loans to banks	**37,637,812**	9,093,185
Total	**37,637,812**	9,093,185

The carrying amounts of loans and advances to banks are denominated in the following currencies:

	2013 £	2012 £
UK pound	**2,100,000**	1,260,000
Euros	**401,291**	-
US dollar	**35,136,521**	7,833,185
Total	**37,637,812**	9,093,185

As at 31 December 2013 loans and advances to banks of £37,637,812 (2012: £9,093,185) were fully performing. All loans and advances to banks are unsecured.

See Note 4b for the maturity analysis of loans and advances to banks.

Notes to the Financial Statements (Continued)

17. Loans and advances to customers

An analysis of loans and advances to customers is as follows:

	2013	2012
	£	£
Loans to customers	**106,740,074**	3,090,999
Impairment provision	**-**	-
Total	**106,740,074**	3,090,999

The carrying amounts of loans and advances to customers are denominated in the following currencies:

	2013	2012
	£	£
UK pound	**49,167**	-
US dollar	**106,690,907**	3,090,999
Total	**106,740,074**	3,090,999

Movements on the provision for impairment of loans and other receivables are as follows:

	2013	2012
	£	£
At 1 January	-	(1,094,866)
Charge for the year	-	(51,844)
Recoveries	-	32,895
Write offs	-	1,113,815
At 31 December	-	-

As at 31 December 2013 loans and advances to customers £106,740,074 (2012: £3,090,999) were fully performing and £103,419,959 (2012: £Nil) were fully cash collateralised against cash pledges received from the parent, which are available to be set off in the event of default by the counterparty.

As at 31 December 2013 loans and advances to customers of £Nil *(*2012: £Nil) were impaired and fully provided for.

See Note 4b for the maturity analysis of loans and advances to customers.

Notes to the Financial Statements (Continued)

18. Available-for-sale financial assets

	2013	2012
	£	£
At 1 January	**4,425,358**	3,850,678
Additions	**7,400,230**	4,425,352
Maturities and sales	**(6,826,208)**	(3,850,678)
Amortisation of discount and premium	**(21,803)**	1,061
Net realised (losses) / gains transferred from equity to profit and loss	**1,055**	(12,081)
Net unrealised gains/(losses) recognised in equity	**(19,835)**	11,026
At 31 December	**4,958,797**	4,425,358

The carrying amounts of available-for-sale financial assets are denominated in the following currencies:

	2013	2012
	£	£
UK pound	**100,340**	102,070
Euros	**-**	-
US dollar	**4,858,457**	4,323,288
Total	**4,958,797**	4,425,358

Available-for-sale financial assets include listed debt securities and treasury bills. None of these financial assets are past due or impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as available for sale.

19. Held-to-maturity financial assets

	2013	2012
	£	£
At 1 January	**1,852,380**	8,410,441
Additions	**-**	-
Maturing/ exchange of held to maturity assets	**-**	(6,468,724)
Amortisation of discount and premium	**(3,189)**	(3,319)
Exchange differences	**(40,656)**	(86,018)
At 31 December	**1,808,535**	1,852,380

The carrying amounts of held-to-maturity financial assets are denominated in the following currencies:

	2013	2012
	£	£
US dollar	**1,808,535**	1,852,380
Total	**1,808,535**	1,852,380

Held-to-maturity financial assets include listed debt securities. None of these financial assets are past due or impaired. The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as held-to-maturity.

Notes to the Financial Statements (Continued)

20. Derivative financial instruments

	2013		2012	
	£		£	
	Assets	**Liabilities**	Assets	Liabilities
Forward foreign exchange contracts hedges non trading book	**270,999**	**-**	83,990	74,589
Total	**270,999**	**-**	83,990	74,589

The notional principal amounts of forward foreign exchange contracts at 31 December 2013 were £13,091,024 (2012: £12,797,739). Gains and losses arising from the revaluation of foreign currency assets and liabilities into pounds sterling have been hedged with forward foreign exchange contracts and the net result is reported in the Statement of Comprehensive Income under “Other (losses)/gains - net”.

21. Property, plant & equipment

Movements in, and details of, the Bank’s property, plant and equipment are as follows:

	Leasehold Improvement	**Computer Hardware**	**Computer Software**	**Other Equipment**	**Office Furniture**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Year ended 31 December 2012						
Opening net book amount	227,003	38,580	67,381	11,870	1,652	346,486
Additions	-	2,749	-	-	-	2,749
Disposals	-	-	-	-	-	-
Depreciation charge	(35,476)	(32,767)	(54,046)	(8,883)	(908)	(132,080)
Closing net book amount	191,527	8,562	13,335	2,987	744	217,155
At 31 December 2012						
Cost	354,757	385,976	502,814	44,414	126,429	1,414,390
Accumulated depreciation	(163,230)	(377,414)	(489,479)	(41,427)	(125,685)	(1,197,235)
Net Book amount	191,527	8,562	13,335	2,987	744	217,155
Year ended 31 December 2013						
Opening net book amount	**191,527**	**8,562**	**13,335**	**2,987**	**744**	**217,155**
Additions	**-**	**17,775**	**-**	**-**	**-**	**17,775**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge	**(35,476)**	**(4,765)**	**(8,020)**	**(2,987)**	**(660)**	**(51,908)**
Closing net book amount	**156,051**	**21,572**	**5,315**	**-**	**84**	**183,022**
At 31 December 2013						
Cost	**354,757**	**403,751**	**502,814**	**44,414**	**126,429**	**1,432,165**
Accumulated depreciation	**(198,706)**	**(382,179)**	**(497,499)**	**(44,414)**	**(126,345)**	**(1,249,143)**
Net book amount	**156,051**	**21,572**	**5,315**	**-**	**84**	**183,022**

Notes to the Financial Statements (Continued)

22. Intangible assets

Movements in, and details of, the Bank's intangible assets are as follows:

	Software Licences	**Total**
	£	**£**
Year ended 31 December 2012		
Opening net book amount	142,692	142,692
Additions	-	-
Amortisation for the year	(63,708)	(63,708)
Closing net book amount	78,984	78,984
At 31 December 2012		
Cost	434,382	434,382
Accumulated amortisation	(355,398)	(355,398)
Net book amount	78,984	78,984
Year ended 31 December 2013		
Opening net book amount	**78,984**	**78,984**
Additions	**17,500**	**17,500**
Amortisation for the year	**(38,370)**	**(38,370)**
Closing net book amount	**58,114**	**58,114**
At 31 December 2013		
Cost	**451,882**	**451,882**
Accumulated amortisation	**(393,768)**	**(393,768)**
Net book amount	**58,114**	**58,114**

23. Other assets

An analysis of other assets is as follows:

	2013	2012
	£	£
Prepaid expenses	**343,054**	342,572
Accrued interest	**198,707**	74,395
Accrued fee receivables	**48,290**	30,386
Other receivables	**355,556**	307,477
Total	**945,607**	754,830

The carrying amounts of other assets are denominated in the following currencies:

	2013	*2012*
	£	*£*
UK pound	**700,259**	*655,781*
Euros	**799**	-
US dollar	**244,549**	*99,049*
Total	**945,607**	*754,830*

Notes to the Financial Statements (Continued)

24. Deposits from banks

	2013	2012
	£	£
Deposits from banks held as collateral	**137,230,509**	272,011
Bank borrowings	**32,341,208**	49,783,443
Total	**169,571,717**	50,055,454

	£	£
Repayable on demand	**6,841,513**	638,386
Maturity in less than 3 months	**144,591,260**	49,417,068
Maturity in more than 3 months and less than 1 year	**18,138,944**	-
Total	**169,571,717**	50,055,454

All collateral is in the form of cash. This collateral is taken as security against the Bank's liability under confirmed letters of credit and loans and advances. Payment, withdrawal or transfer of any collateral is covered by formal collateral agreements (see Note 31c).

The carrying amounts of deposits by banks are denominated in the following currencies:

	2013	2012
	£	£
UK pound	**1,342,137**	3,005,145
Euros	**667,008**	3,462
US dollar	**167,562,572**	47,046,847
Total	**169,571,717**	50,055,454

25. Other liabilities

An analysis of other liabilities is as follows:

	2013	2012
	£	£
Accrued expenses	**710,070**	722,686
Accrued interest	**295,957**	40,385
Deferred income	**2,451,375**	23,690
Total	**3,457,402**	786,761

The carrying amounts of other liabilities are denominated in the following currencies:

	2013	2012
	£	£
UK pound	**710,134**	722,749
Euros	**83**	-
US dollar	**2,747,185**	64,012
Total	**3,457,402**	786,761

Notes to the Financial Statements (Continued)

26. Called up share capital

Particulars of the Bank's share capital were as follows:

	Number of shares	Ordinary shares	Total
		£	£
At 31 December 2012	31,000,000	31,000,000	31,000,000
Proceeds from shares issued	17,000,000	17,000,000	17,000,000
At 31 December 2013	**48,000,000**	**48,000,000**	**48,000,000**

At 31 December 2013 the authorised share capital of the Bank was £100,000,000 (2012: £100,000,000) comprising 100,000,000 ordinary shares of £1 each. Issued shares of 48,000,000 at £1 each are all fully paid.

At 31 December 2013 Diamond Bank PLC owned 100% of the issued ordinary shares. All issued shares have the same voting rights.

See Note 33.

27. Retained losses

Movements in the retained earnings are as follows:

	2013	2012
	£	£
At 1 January	**(17,790,422)**	(14,531,727)
Net loss for the period	**(1,425,355)**	(3,258,695)
At 31 December	**(19,215,777)**	(17,790,422)

28. Other reserves

	Available-for-sale investments £	Total £
At 1 Jan 2012	(12,081)	(12,081)
Revaluation – gross	11,026	11,026
At 31 Dec 2012	**(1,055)**	**(1,055)**
Revaluation – gross	**(18,780)**	**(18,780)**
At 31 Dec 2013	**(19,835)**	**(19,835)**

See Note 18 for the net gains and losses transferred to and from reserves.

Notes to the Financial Statements (Continued)

29. Deferred taxation

Potential deferred tax assets amounting to £3,723,168 (2012: £4,008,635), consisting of deferred taxation in respect of unused tax losses of £3,493,968 *(*2012: £3,746,370*)*, deferred tax in respect of accelerated capital allowances of £233,166 (2012: £262,510) and other comprehensive income of (£3,967) *(*2012: (£245*)* have not been recognised in these financial statements due to uncertainty in relation to the timing of future profits.

The rate of UK corporation tax for the financial year starting 1 April 2013 reduced to 23% from 24%, and the rate will reduce to 21% for the financial year starting 1 April 2014.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015.

The potential deferred taxation asset amounts given above have been calculated using an assumed corporation tax rate of 20%, which is the rate expected to be applicable at the earliest date timing differences will reverse.

30. Pension

In accordance with statutory requirements and subject always to the rules of the relevant plan, the Bank operates a defined contribution (stakeholder) pension plan.

31. Contingencies and commitments

(a) Legal issues

As at 31 December 2013 there were no contingent liabilities in respect of legal claims arising in the ordinary course of business *(*2012: £Nil*)*.

(b) Operating lease commitments

The Bank leases office premises under non-cancellable operating lease agreements. The lease terms are 10 years. The future aggregate minimum lease payments are as follows:

	2013	2012
	£	£
No later than 1 year	**377,830**	377,829
Later than 1 year and no later than 5 years	**1,184,825**	1,511,320
Later than 5 years	**-**	51,336
Total operating lease commitments	**1,562,655**	1,940,485

(c) Off balance sheet

	2013	2012
	£	£
Documentary credits and other short term trade related transactions	**10,936,093**	325,237

Acceptances and letters of credit are accounted for as off balance sheet transactions and disclosed as contingent liabilities.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers or in advance by cash collateral agreements. (see Notes 24 and 32(e)).

Notes to the Financial Statements (Continued)

32. Related party transactions

At 31 December 2013 the Bank's parent was Diamond Bank PLC, Nigeria. Diamond Bank PLC acquired the Bank in April 2013 from Access Bank Plc, Nigeria. The following transactions were carried out with parties in 2013 related to the Diamond Bank Group, and in 2012 related to the Access Bank Group:

(a) Key management compensation

The following information is presented only in respect of those employees of the Bank who would be considered as key management personnel, as defined under IAS 24 (related party disclosures). At 31 December 2013, the number of key management personnel was 8 *(*2012:7*)*.

The key management personnel of the Bank include executive and non-executive directors and the Company Secretary. The compensation paid or payable to key management for employee services is shown below:

	2013	2012
	£	£
Salaries and other short term benefits	**547,517**	385,398
Long term benefits	**24,864**	-
Total remuneration and compensation	**572,381**	385,398

(b) Directors

The following information is presented only in respect of the directors and non-executive directors of the Bank. At 31 December 2013, the number of directors and non-executive directors was 7 (2012:5). No directors held shares or share options in the Bank during the year.

	2013	2012
	£	£
Salaries and other short term benefits	**510,731**	350,301
Long term benefits	**22,508**	-
Aggregate emoluments	**533,239**	350,301

The emoluments of the highest paid director:

	2013	2012
	£	£
Salary and other short term benefits	**183,672**	177,301
Long term benefits	**18,450**	-
Aggregate emoluments	**202,122**	177,301

(c) Amounts due from related parties

	2013	2012
	£	£
Amounts due from parent	**22,144,941**	-
Amounts due from fellow subsidiaries	**-**	-
Total amounts due from related parties at 31 December	**22,144,941**	**-**

Interest income earned during the year from the parent bank totalled £86,311 (2012: £9).
Interest income earned during the year from fellow subsidiaries totalled £Nil (2012: £1,265).
Fee income earned during the year from the parent bank totalled £Nil (2012: £1,828).
Fee income earned during the year from fellow subsidiaries totalled £Nil (2012:£Nil).

Notes to the Financial Statements (Continued)

33. Related party transactions (Continued)

(d) Deposits from related parties

	2013	2012
	£	£
Amounts due to parent bank	**138,872,711**	-
Amounts due to fellow subsidiaries	**28,731**	282,243
Total deposits from related parties at 31 December	**138,901,442**	282,243

Interest expense paid during the year to the parent bank on deposits totalled £492,969 *(*2012:£ 12,185*)*.
Interest expense paid during the year to the fellow subsidiaries on deposits totalled £Nil *(*2012: £186*)*.
Fee income earned during the year from the parent bank totalled £62,869 *(*2012: £1,828*)*.
Fee income earned during the year from fellow subsidiaries totalled £Nil *(*2012:£Nil*)*.

(e) Other transactions with related parties

	2013	2012
	£	£
Documentary credits and other short term trade related transactions from parent bank	**9,880,106**	-
Documentary credits and other short term trade related transactions from fellow subsidiaries	**443,644**	272,008
Total other transactions with related parties	**10.323,750**	272,008

34. Events after the balance sheet date

There were no other significant events after the balance sheet date.

35. Ultimate Parent

At 31 December 2013 Diamond Bank PLC was the ultimate parent and the results of the Bank are to be consolidated into the group accounts of Diamond Bank PLC. Diamond Bank PLC is a bank incorporated in Nigeria and copies of its accounts may be obtained from the Company Secretary, Diamond Bank PLC, Head Office, PGD's Place, Plot 4, Block 5, Bis Way Off Lekki Expressway, Lekki, Lagos, Nigeria or via that Bank's website at www.diamondbank.com .

The registered address of Diamond Bank PLC is PGD's Place, Plot 4, Block 5, Bis Way Off Lekki Expressway, Lekki, Lagos, Nigeria.