Crown Agents Bank Limited

Annual Report and Financial Statements

For the year ended 31st December 2020

Registered Number

2334687

Registered Office:

Quadrant House

The Quadrant

Sutton

Surrey SM2 5AS

Moving Money Where It's Needed

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Chairman's Report for the year ended 31 December 2020

I am extremely proud of the way Crown Agents Bank Limited ('the Bank') has stepped up to the multiple challenges posed during 2020 by the global pandemic. Despite the headwinds faced by all as a result of multiple lockdowns and the consequent demands on our loyal and resolute staff, the Bank has nevertheless produced an excellent set of financial results.

Indeed, after making an appropriate adjustment for the unavoidable impact of the substantial cuts in interest rates on our Net Interest Income line during 2020, we succeeded in producing revenue and pre tax results that remain in line with our pre-pandemic expectations. It is a strong signal of our resilience and of our loyal client base that we produced a pre-tax profit of £1.3 million under such difficult operating conditions.

I'd like to take this opportunity on behalf of the whole Board to thank management and staff for stepping up to the undoubted challenges of 2020. And in particular for the outstanding way in which working from home was adopted without demur. This doubtless placed, and continues to place, extreme demands on our people right the way through the organisation.

During 2020 we achieved a number of milestones.

The Bank won a record number of awards for our services from leading industry commentators and journals, including in particular for our frontier market FX services, where we now occupy a pre-eminent position with rapidly growing market share.

It is typical of the Bank's client focus, and desire to do the right thing , that we continued to service our clients in all of our chosen frontier markets right the way through 2020 (despite highly volatile markets) , thereby also growing substantially our payment flows as we live on a daily basis our strap line of ' Moving money where it's needed'.

We also recruited a new CEO , Bhairav Trivedi, to replace Albert Maasland, who steps down from the role after 4 years of distinguished service, during which time he has ably led the transformation of the Bank into the formidable payments/FX bank that it is today. I'd accordingly like to express the entire Board's appreciation for his extraordinary contribution. I'm delighted that Albert will stay on the Board as a non-executive director until later this year.

We are delighted to have secured the services of Bhairav as our new CEO. Bhairav joins us after an exemplary career predominantly in the payments space, and brings with him deep experience gained at Citigroup, McKinsey and as CEO of Network International in Dubai. Bhairav also led the sale of Network International in 2016 to a group of private equity firms. He therefore also brings substantial experience of exits and managing business disposals to financial and other investors. We are fully confident in Bhairav's abilities to continue along the ambitious path set by the Board, and indeed to refining and expanding our strategic goals in the wake of a rapidly changing marketplace for our capabilities.

We have also chosen to engage Deloitte LLP to work with us to automate our operational platform with the goal of providing an efficient, scalable and resilient platform. We anticipate beginning to see the benefits of this major project before the end of 2021.

At Board level, we have said goodbye to Carole Machell who served for over 4 years as iNED and Chair, Audit and Risk Committee. I'd like to thank her for her valuable advice and service on the Board and as Chairman of this committee.

Chairman's Report for the year ended 31 December 2020 (continued)

We also said goodbye to Nick Beecroft who left the Board after many years of service as Senior independent Director and Chair of the Remuneration committee.

I'd like to welcome Mario Shiliashki to the Board as iNED. Mario beings substantial experience of payments and IT plus Fintech , thus bringing exceptional knowledge to the Board in these key areas of increasing focus for the Bank.

Finally I'd like to recognise the continuing progress we are making in terms of fulfilling our ambitious D&I agenda. As a Bank with a major focus on African and Caribbean markets we are particularly keen to ensure diversity across the Bank. Under the leadership of our HR Head, Marcia Jones , we now employ 38% BAME staff in the Bank, and we are running numerous campaigns to ensure we embrace best practice in terms of equal pay and opportunity. We believe this makes for a better organisation overall, and one where all can make the very best of their talent.

In closing, we approach 2021 - despite the continuing adverse impact of the pandemic - quietly confident in our capabilities and expertise ,and in our market positioning and commitment to our clients ; and I believe that these factors will, when combined with our superbly talented staff and leadership , ensure we continue to make rapid and positive progress throughout the year, and make 2021 yet another outstanding year for Crown Agents Bank.

Jeremy Parrish

Chairman

30 March 2021

Chief Executive Officer's Report for the year ended 31 December 2020

Performance Report

I am pleased to report further meaningful progress in 2020 against the execution of our strategic plan despite challenges stemming directly and indirectly from the global pandemic in 2020.

We aspire to be the 'go to' trusted digital FX and payment partner for a globally diversified, wholesale (B2B) customer base wishing to make payments delivered in local currency across Frontier and Emerging markets. I am particularly pleased that not only did our strategic FX and payment business activity grow significantly overall but also that we succeeded in increasing strategic business revenues across each of our customer segments throughout the year.

Key profitability highlights

- In 2020, we continued to experience significant high double digit revenue growth across our strategic FX and payment business lines somewhat offset by a decline in our legacy net interest income and trade finance activities. Given the significant upheaval caused by the global pandemic and in particular the added challenges for many of the focus markets of the bank, I am pleased nonetheless that we increased our operating income to £33.3 million (up from £29.2 million in 2019), resulting in 41% compound annual growth rate since change of control of the Bank in 2016.

- As in previous years, we continue to balance profitability with sustained investment in transforming and developing our digital infrastructure. In 2020, our overall profitability was impacted by the unexpected decline in our legacy net interest income and fees from trade finance activities. Despite this unwelcome headwind, we generated Profits Before Taxation of £1.3 million (vs £5.1 million in 2019). This positive net result was achieved whilst we continue to invest in the major infrastructure transformation aspects of our business, the overall skills level of our staff and in continued enhancement of our compliance, control environment, product and business development capabilities.

- Our business model and strategy is focused on scaling our non capital-intensive FX and payment services particularly leveraging our strength in Frontier and Emerging market spot deliverable FX with the addition of reliable payment capabilities crediting bank accounts and rapidly expanding mobile wallet services across many African and other Frontier and Emerging markets. The increasing market recognition of our specialist capabilities in FX and payments in less liquid frontier and emerging market currencies coupled with our investment in infrastructure and business development capabilities is fuelling continued growth and diversification of our client franchise.

The successful execution of the focus on payments, spot deliverable FX and building more predictable, recurring, fee-based revenues, means that as of the end of 2020:

- Approximately 88% of operating income now comes from our strategic, non capital-intensive activities (up from c. 68% in 2019) with these proportions expected to increase further as our FX and digital payment product developments continue to gain traction in the marketplace.

- Income from our strategic businesses has grown at a cumulative average growth rate (CAGR) of 54.7% between 2016-2020 and in 2020 this growth accelerated at an even faster 68% vs 2019. Income from spot deliverable FX has experienced CAGR over the 4 years of 66.4% and fee-driven payment businesses have grown on a CAGR of 37.5% over the same time horizon.

- In 2020, our FX revenues rose 96% to £19 million up from £9.6 million in 2019. This growth was driven by continued expansion of our frontier and emerging market currency capabilities where we added

Chief Executive Officer's Report for the year ended 31 December 2020 (continued)

Performance Report (continued)

Key profitability highlights (continued)

capabilities in an additional 22 currencies in Africa, Latin America and parts of Asia including various Pacific islands and ongoing growth and diversification of our client franchise. Our overall Frontier Market FX volumes have grown 6 fold since 2017 and are a core part of our distinctive value proposition.

- In 2020, our processed payment transaction volumes grew 66% vs 2019. This came to a large extent from a material increase in mobile wallet transactions and growth in the volumes of bank payments into Frontier and Emerging markets particularly on behalf of our OECD based clients. This volume increase was facilitated by the 2019 acquisition by the Group of the digital payment gateway and African mobile network operator integrations and team at Segovia Technology. In the course of 2020, we continued to expand our payout network of bank and mobile network operators in conjunction with the growth of our FX delivery capabilities and growing customer demand.

- Our Frontier and Emerging market FX and payment capabilities are a key business differentiator for the Bank with our specialist expertise recognized in the form of various industry awards in the past year. These included Best Bank for Emerging and Frontier Markets awarded by Global Finance Magazine for the second year in a row and Transaction Bank Award - Africa from the Banker magazine. In addition to these and other industry awards, in the course of 2020, we were also pleased that we were ranked amongst the FT 1000 Europe's Fastest Growing Companies.

Key balance sheet highlights

Our main focus is on building out our strategic FX and payment business lines and as such we do not target the size of our balance sheet. Its size is more a function of the evolving requirements of our diverse client franchise for maintaining current account or short term deposits in direct support of their FX or payment and transaction banking flows. Our strategy is not to provide traditional lending services. As such, we do not have a requirement to seek funding in support of a traditional bank loan book. We aim instead to support our customers through the provision of current account and short-term deposits in as much as this facilitates efficient payment , spot FX flows or in certain circumstances cash collateral for Trade Finance transactions.

- In 2020, our balance sheet remained materially unchanged at £1.17 billion (£1.21 billion in 2019). We continued to ensure that we maintain a diverse wholesale customer base geographically, balancing deposits from our traditional central bank and government clients with deposits from banks and other regulated financial institutions across our network reflecting the expanding and diversifying customer franchise of the bank.

- Our focus remains on maintaining very high levels of liquidity with 73% of our balance sheet at year end placed in High Quality Liquid Assets (HQLA) including deposits held with Bank of England and US Government Securities holdings. The increased holdings of US Treasury securities and other highly rated USD deposits and funds provides the Bank with highly liquid USD denominated assets more correlated with our significant USD deposit base.

Chief Executive Officer's Report for the year ended 31 December 2020(continued)

Performance Report (continued)

Key operational highlights

- We maintained and strengthened our surplus capital levels, significantly in excess of our regulatory requirements through the course of the year. We have conservative risk appetite and desire to maintain strong liquidity ratios and this, coupled with the added challenges and uncertainties resulting from the global pandemic, meant we took additional steps to maintain flexibility and to fund ongoing capital expenditure as we continue to transform to a digital infrastructure. The significant decline in short-dated interest rates through the year and increased proportion of our placements in HQLA resulted in a meaningful decline in our legacy NII income stream to £4.2 million (down from £9.4 million in 2019). We also reviewed our legacy activities in Trade Finance such that the combination of reduction in cross border trade coupled with efforts to reduce capital intensive balance sheet exposures at the height of the pandemic resulted in a modest decrease in income to £1.4million from £2.1million in 2019.

- The global pandemic has impacted our organisation as it has every other financial services provider across our markets. As lockdown took hold in March 2020 in our home base in the UK, we rapidly and successfully moved our staff to a full work from home working arrangement. As the initial lockdown restrictions were lightened, a small contingent of staff have operated from our office however the vast majority of our team continue to successfully support our full business operations from home with minimal impact on services. I would like to express my sincere appreciation to each and every member of our team who continue with such diligence and commitment to ensure we so ably continue to serve the needs of our global client franchise.

- As in prior years, we have continued to review and strengthen our governance framework including compliance and control infrastructure based upon our forward looking strategic growth plans. We made ongoing enhancements to our processes for the on-boarding of new clients and monitoring of existing clients including the offboarding of clients where this is warranted. We have made further improvements in our transaction monitoring tools including ongoing development on enhancing controls for our payment activities including further integration of Segovia's Payment Gateway into enhanced components of the Bank's IT infrastructure. We continue to monitor and upgrade cyber-security controls.

- A key strategic goal of the bank is to fundamentally decouple growth in the overall headcount of the organization from transaction growth through fully digitising key parts of our operational infrastructure. We have been working on a comprehensive plan to this end which has received formal Board approval in 2020 with early impact of the project taking effect in 2021 with the full value becoming increasingly apparent from 2022 onward.

- In 2020, we formed a dedicated unit internally tasked with accelerating the development of our digital payment capabilities incorporating the Segovia developed Payment Gateway into our payment infrastructure as part of our overall digital transformation. We expect to see increasing signs of success of this initiative in 2021 and beyond as we develop additional product capabilities to serve the growing customer franchise of the bank.

- Our ambition and growth plans are underpinned and predicated on uncompromising commitment to the highest level of governance, anti-financial crime and compliance controls. As in 2019, we have further strengthened our team and our processes in this area.

- We encourage everyone in the organisation to challenge current practices and techniques to find better solutions for our clients and to foster a culture of vigilance, continuous improvement and operational

Chief Executive Officer's Report for the year ended 31 December 2020 (continued)

Performance Report (continued)

excellence. We are committed to supporting diversity in its broadest form and are making steady progress in achieving improvements in all of our metrics in this regard.

Strategic Report for the year ended 31 December 2020

Moving money where it is needed

We aspire to be the preferred - 'go to' - digital FX and payment partner for a globally diversified, wholesale (B2B) customer base wishing to make payments delivered in local currency across Frontier and Emerging markets. We are proud to facilitate ever increasing transaction flows into, from and across Africa, the Caribbean and select Asia Pacific and Latin American markets. We target FX and payment flows which arise from government payments, development and emergency aid, remittances, pension and cross border commercial payments and inward investment. We are committed to supporting financial inclusion across our markets offering new, cost effective last mile payment delivery solutions including mobile money. In 2020 we continued to add meaningful additional capabilities to our bank and Mobile Network delivery channels. These included close to 30 new capabilities including launching mobile wallet payments in locations such as the DRC, Liberia, Rwanda and Zambia and bank payments across new markets in the South Pacific, Africa, Latin America and the Caribbean in support of our International Development Organisation, Fintech and Bank clients in particular.

We primarily serve Commercial Banks, regulated Non-Bank Financial Institutions (NBFIs) including Fintech payment specialists, Central Banks, Governments as well as Supranational and International Development Organisations. In 2020 we continued to expand our customer franchise with particularly strong growth with various OECD based Fintech NBFIs and International Development Organisations.

We look to differentiate our services by leveraging our Frontier and Emerging market FX expertise stemming from our unique heritage, our digital FX and payment platforms supported by our rapidly expanding cross currency FX capabilities and payment distribution network. This allows us to provide reliable, cost- efficient solutions to our clients across multiple traditional and emerging payment distribution channels. We experienced strong growth in all our key transaction and volume metrics in the course of the year.

We pride ourselves in the quality of our deliverable FX and payment capabilities in Frontier and Emerging market currencies where we aspire to be a world leader. This unique position is the result of trusted relationships with Central Banks and domestic financial institutions across Africa, the Caribbean and selected Latin American and Asia Pacific markets. Throughout 2020, our increased market visibility and growing scale of operations has been an important factor supporting our steadily extending network reach across the developing world.

Many of our focus markets account for some of the youngest and fastest growing populations in the world with increasing Fintech developments positively impacting these countries. Despite widely reported reductions due the pandemic in cross border trade, remittance, tourism, investment and payments to many of our markets, our experience bucked this trend as we experienced meaningful increases in FX and payment activities. We note ongoing signs of improvement in financial inclusion ratios across our focus

Chief Executive Officer's Report for the year ended 31 December 2020 (continued)

Strategic Report for the year ended 31 December 2020 (continued)

regions supported by technology led transformation of domestic payment capabilities. This is being triggered due to rapid increase in usage of mobile wallets and new digital innovations. We are committed to supporting greater levels of financial inclusion across our focus markets by encouraging adoption of international standards of compliance and controls whilst using new technologies and processes to facilitate greater scale and cost reduction in processing payment and FX activities.

In 2019 our Group closed a Fintech acquisition in order to enhance the digital payment infrastructure of the bank. Segovia Technology is a digital payment specialist with a next-generation Payment Gateway capability. In 2020, as a part of the digital transformation of the bank, the Segovia engineering, network and tech integration specialists worked with the Bank to embed the capabilities into the architecture of the bank and to expand the capabilities of the Payment Gateway, incorporating a wider array of payment delivery channels across a wider geographic footprint and to leverage our acknowledged Frontier and Emerging market FX expertise. We expect these efforts to support continued rapid growth in 2021 and in the years that follow.

As in prior years, our success continues to be defined by a strong governance framework, commitment to supporting the development and adherence to rigorous levels of compliance by the institutions we serve, technological leadership and client focus.

Post change of control in 2016, we have been investing heavily in a forward looking, fit for purpose, governance and control environment, a robust, "best practice" compliance and on-boarding process, and technology developments to drive business growth and operational excellence across the Bank. New system investments and process improvement initiatives are playing an important role in facilitating planned scalability of FX and payment transaction volumes increasingly delinking head count growth from transaction volume growth. We expect to continue and accelerate the success made in this regard in 2021 as we see the impact of investments made to date and we execute upon new plans agreed by the Board in 2020.

Central to this programme continues to be an investment in talent and enhancing diversity as we seek to continuously improve the skills of our team laying the foundations for sustained future growth.

After laying the business transformation groundwork over the past few years, I am pleased to report that the Bank is continuing to leverage these significant and ongoing investments with continued growth in our strategic activities in 2020. The strategy to focus on becoming the market leader in international payments and spot deliverable FX specialising in our unique area of expertise in Frontier and Emerging markets is gaining significant traction.

On a personal note, it has been an enormous privilege and an honour to lead the company through a period of enormous transformation into a market leading and distinctive digitally led FX and payment specialist for frontier and emerging markets. I originally joined the Bank as a non-executive director in 2016 before being asked to step in to lead the transformation of the group as CEO in 2017. After 4 years leading a comprehensive and highly successful transformation of the bank, with growing momentum, a strong team in place and, in consultation with our Chairman, Board and majority shareholders it was agreed it was the appropriate time to seek the next leader of the organisation as I step back into a non-executive role. As a result, I announced plans internally to step down in Q4 2020 and after a successful recruitment effort we publicly announced the recruitment of Bhairav Trivedi in January 2021 with Bhairav formally taking over the reins of the bank as of the beginning of March. As incoming CEO, Bhairav brings a wealth of experience as a leader and expertise in the digital payment space and will, I have no doubt, take the organisation to much greater levels of success in the years to come.

In closing, I would like to take this opportunity to thank my team members and all our stakeholders for their

Chief Executive Officer's Report for the year ended 31 December 2020 (continued)

Strategic Report for the year ended 31 December 2020 (continued)

tremendous support over the past 4 years. Together, we have created an organisation with a purpose - making a real difference as we work to improve FX and payment solutions resulting in positive impact on the economic development of countries with challenges but also enormous potential in the years to come.

S172 Companies Act 2006

The Board is conscious of the need to consider the wider ramifications of individual decisions, and key considerations are as follows:

- Long term consequences: the Bank produces a three year forecast on an annual basis and presents this to the Board. The effect of any decision on that forecast, and hence the long term consequences, will be considered as part of the decision making process.
- Interests of employees: as mentioned in the Directors' Report below, in recent years the Bank has developed a robust Employee Engagement Survey process which is conducted at least annually. The last survey was conducted in November 2020. The results, which are considered by the Board, are borne in mind as subsequent Board decisions are made. Key findings included the need for greater cross departmental collaboration, improved change management processes and further support for flexible working.
- Relationships with customers and suppliers: the Bank is regulated by both the PRA and FCA in the UK and as a result is governed by Conduct Rules requiring it at all times to treat its customers and suppliers fairly. The effect on such relationships is therefore embedded within the Board's decision making processes.
- Effect on community/environment: given the type of business with which the Bank is involved, the Board is confident that its decisions will have no detrimental effect on either the community or the environment. Going forwards the carbon footprint of the Bank will be monitored.
- Company's reputation for maintaining high business standards: the regulators' Conduct Rules include the requirement for banks to maintain the highest business standards at all times, the need for which is therefore embedded within the Board's decision making process. The various Board Committees and structure ensure these matters are not compromised.
- The need to act fairly as between the company's shareholders: the Bank has one shareholder. The majority of the directors of the shareholder are directors of the Bank and therefore are closely involved with the decision making processes.

Principal risks and uncertainties

The principal risks facing the Bank are those relating to liquidity, credit, operational (including operational resilience), market, financial crime and compliance. Further details are provided in note 21 on pages 65-70

The Board is cognisant of the ongoing challenges and risks posed by the outbreak of Coronavirus19. The impacts of the pandemic have been fully considered within the capital, liquidity and funding planning processes which are central to the going concern review performed as at the year end.

Chief Executive Officer's Report for the year ended 31 December 2020 (continued)

Principal risks and uncertainties (continued)

In addition Management has considered very carefully two specific aspects in relation to Coronavirus19 as follows:

Remote Working: since 24 March 2020, the effective operational start of the Covid pandemic in the UK, the Bank has continued to operate successfully in a changed environment with all of its staff having the ability to work remotely and from home. In particular the Bank has been conscious of the needs of staff, both physical and mental, and has done everything possible to ensure their wellbeing. During this time, and throughout the different lockdown periods, the Bank has been able to continue normal business operations, including full functionality and with no interruption. All transactions and interactions with client/counterparties have operated broadly as normal. Operational Resilience and reported incidents were closely monitored and managed.

The Bank's key supplier/service organisations have continued to provide uninterrupted service throughout the pandemic. Of those considered most important to the operations of the Bank:

- Building and property - access and use of the Bank's head office remained available where required (albeit as above the Group is fully operational with its entire workforce working remotely at home).
- Professional services- no disruption was noted in this regard and services continue as normal across the Group.
- Software- all platforms, including the core banking and FX trading continue to function with full support as required. Such firms are typically well used to working from home/ remotely.

Throughout the Covid-19 pandemic in the UK, the Bank has continued working in line with UK Government Guidelines and liaising with UK Finance to ensure the Bank's approach is both understood, and in line with the UK Financial Services industry.

Risk Profile: the risk profile of the bank has remained stable and within the Bank's Board approved risk appetite.

Many of the Bank's products are linked to the provision of international banking and payment services. Short-term client credit risk exposures are generally only put in place to assist the transactional flows of correspondent banking relationships and to support the wholesale transactional banking business model. Settlement risk during the period was carefully monitored and remained within appetite. The Bank's infrastructure continued to allow and manage this with no issues operationally. The Bank does not have a commercial loan book.

The Bank proactively reduced some risk exposure as appropriate in light of market conditions, which impacted Trade Finance and Net Interest Income (NII) revenue streams.

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. Responsibility for the management of the Bank's exposure to liquidity, interest rate and currency risk is delegated to the Bank's Asset

Chief Executive Officer's Report for the year ended 31 December 2020 (continued)

Principal risks and uncertainties (continued)

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 risk is delegated to the Compliance and Operational Risk Committee with all residual risks being delegated to the Executive Committee. Furthermore, all these committees report to the Audit and Risk Committee.

Albert Maasland

Director

30 March 2021

Directors For The Year Ended 31 December 2020

Jeremy Parrish – Chairman and Independent Non-Executive Director

Jeremy Parrish joined the Board in 2017 with over four 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 and, from 2010, as CEO UAE with overall 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 Julius Baer International Ltd. He is also Chairman of Anglo Gulf Trade Bank in Abu Dhabi , UAE and an advisor to Deloitte Financial Advisory.

Nick Beecroft – Senior Independent Non-Executive Director (resigned 1 April 2020)

Nick Beecroft joined the Bank's Board in March 2010. He brings over 30 years of international experience within the financial services industry, including senior global 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 an Ambassador for the Themis Financial Crime Agency. He also acts as an expert witness in cases involving financial markets.

Rajesh Bhatia - Independent Non-Executive Director (resigned 25 June 2020)

Rajesh Bhatia joined the Bank's Board in 2016 bringing with him 30 years of international banking experience. He has held senior Risk Management positions at Standard Chartered, ING, and Australia New Zealand Bank. He was the Group Treasurer at Standard Chartered during the financial crisis.

Susanne Chishti - Independent Non-Executive Director

Susanne joined the Bank's Board in June 2018. Susanne brings over 20 years of financial expertise, board-level experience focused on organisational governance, and a strong understanding of the small/medium size enterprise market. Her experience draws on 14 years in banking with senior positions at Morgan Stanley, Lloyd's Banking Group and Deutsche Bank. As CEO of FINTECH Circle she is an award winning entrepreneur, investor and global expert in financial technology, new business models and a bestselling Editor of The FINTECH Book Series published by Wiley. Susanne is also the Editor in Chief of a book on global payment innovation, called "The PAYTECH Book" and "The AI Book" focused on how financial institutions can implement artificial intelligence driven solutions. She has won many awards including City Innovator - Inspirational Women 2016, top 100 fintech leaders globally in 2020 and among the top 5 ESG Influencers globally by Refinitiv.

After completing her MBA at the University of Business Administration in Vienna, Austria, she worked more than 15 years' across Deutsche Bank, Lloyds Banking Group, Morgan Stanley and Accenture in London and Hong Kong. She is also a NED at fintech companies and the Chair of the Remuneration and Nomination Committee of SupplyMe Capital, a London Stock Exchange listed fintech firm.

Directors For The Year Ended 31 December 2020 (continued)

Jennifer Johnson-Calari - Independent Non Executive Director
Jennifer Johnson-Calari joined the board of the Bank in June 2020, with over four decades of experience in financial markets, portfolio and risk management, and bank supervision at the World Bank's Treasury, the US Comptroller of the Currency (OCC) and the Board of Governors of the Federal Reserve System (FRB). At the World Bank Treasury, Ms. Johnson-Calari was part of the Executive Committee responsible for the management of over $110bn in global financial assets and led the Treasury's Reserves Advisory Management Program (RAMP), working globally with official sector asset managers in building capacity. She also contributed to the setting of standards of best practice for central bank reserves management and sovereign wealth funds. At the OCC and Federal Reserve Board, she contributed to bank supervisory policy governing multinational bank's market risk management and international harmonization of bank capital adequacy standards.

She has published extensively and spoken widely on governance and investment management issues. Ms. Johnson-Calari is a graduate of Harvard's General Management Program, earned an MA at Johns Hopkins University and is a Chartered Financial Analyst. She currently serves on the Advisory Committee of the World Gold Council and on the Board of Directors of two non-profit organizations.

Carole Machell - Independent Non-Executive Director (resigned 17 December 2020)
Carole Machell is a chartered accountant and experienced business leader combining P&L responsibility with end to end infrastructure experience. Carole has held senior executive roles in Merrill Lynch, JP Morgan and Barclays. She joined Barclays in 2006 in the Investment Bank then transitioned to the Corporate Bank in 2010. As global COO of the Corporate Bank she had responsibility for all infrastructure groups. Later as Head of the International Corporate Bank she had responsibility for Europe, Asia, Africa and North America. Later roles included COO and Deputy CEO of Barclay's Wealth Business.

Carole has extensive experience as a Non-executive director. She currently sits on the Board of Weatherby's Bank and Chairs their Risk Committee. She is also a member of their Audit and Remuneration Committees. She is a Non-executive director of Distribution Finance Capital Limited for which she chairs the Audit Committee and is a member of both the Risk and Remuneration Committees. She is also a Non-executive director of Sainsbury's Bank PLC for which she similarly chairs the Audit Committee and is a member of both the Risk and Remuneration Committees. She has recently joined the Board of the London Clearing House where she chairs the Audit Committee.

Derek McMenamin – Independent Non-Executive Director
Derek McMenamin joined the Bank's Board in June 2013. He is a retired solicitor and former partner of Linklaters LLP where he specialised in all aspects of corporate work, including mergers and acquisitions as well as public offerings of securities. He has a wide experience of corporate and corporate finance transactions in the UK, Europe and the Far East, as well as experience of the Middle East and India. He was a non-executive director of Crown Agents Limited until July 2014 and is a director of the Scotts Project Trust, a corporate charity for adults with learning disabilities.

Directors For The Year Ended 31 December 2020 (continued)

Mario Shiliashki – Independent Non-executive director

Mario Shiliashki joined the Bank's Board as an independent non-executive director in July 2020. Mario brings a wealth of experience in payments and fintech from across the world, currently as the CEO of PayU Global Payments Organization – a leading global online payments player in high-growth emerging markets across Latin America, Africa, Europe and Asia. Prior to PayU, Mario led MasterCard's global eCommerce and cross-border trade initiatives, before launching and commercializing MasterCard's first Open API developer platform. At PayPal, Mario drove the expansion into Asia, building the PayPal business across Southeast Asia, India, Japan and Korea from the ground up, and was on the initial founding team of PayPal in Europe. In his earlier career, Mario was a Consultant at Bain & Company in London and an Equities Analyst at Goldman Sachs in New York.

Mario is a prolific speaker at payments and fintech conferences and contributor to a number of industry publications.

Mario holds an MBA from Harvard Business School and a Batchelor's degree in Finance and Economics from Bryant University. He also earned an International Directors Programme diploma from INSEAD.

Arnold Ekpe – Non-Executive Director

Arnold Ekpe joined the Board in April 2016 and has degrees in engineering and business administration. He has 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 Chairman of Baobab, the leading France based pan African Microfinance Banking Group; non-executive director of the Dangote Group, the leading pan-African industrial group; Senior Adviser and member of the Investment Committee of US based Equator Capital Partners LLC; non-executive director of Aavishkaar Venture Management Services, India; and Chairman of the Business Council for Africa.

Michael Faye – Non-Executive Director

Michael Faye joined the Board of CAB Tech HoldCo Ltd (the Bank's parent) in 2019 following the acquisition of Segovia Technology, which he co-founded and served as CEO. In November 2020 he also joined the Board of the Bank. Michael is the co-founder and President of GiveDirectly, which saw unprecedented growth in 2020. He's concurrently the co-founder and CEO of Taptap Send, a direct-to-consumer remittance platform focused on emerging markets. Previous to this, he was an Associate Partner at McKinsey where he focused on tech, risk and regulation in the financial services industry.

Michael's work on international development has been published in the American Economic Review, Brookings Papers on Economic Activity, Foreign Affairs , and he's spoken extensively on development and philanthropy. In 2020 he joined the World Economic Forum's community of Young Global Leaders. In addition, Michael's a term member of the Council of Foreign Relations and was named one of Foreign Policy's 100 leading Global Thinkers in 2013. He holds a PhD in Economics from Harvard, where he also studied Math and Classics.

Directors For The Year Ended 31 December 2020 (continued)

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. Since 2011, he has been an Operating Partner with Helios Investment Partners. He was previously a director of both Helios Towers Africa Limited and Vivo Energy Limited. He currently serves on the boards of directors of Link Commerce Limited (previously Mall for Africa Limited) and Solevo B.V.

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.

Bhairav Trivedi – Chief Executive Officer (from 1 March 2021)

Bhairav joined the Bank on the 4 January 2021 as CEO designate. He brings over 30 years' experience in financial services, with a core focus on digital payments, cross-border remittances and fintech development. His previous roles include that of Group CEO of Network International Payment Solutions, a UAE-based payments provider for the Middle East and Africa. He has been President and Chief Operating Officer of Sigue Global Services Ltd., a global money transfer company, and was Managing Director, Global Head of Remittance Services at Citi's Global Transaction Services from 2008 to 2010. He also founded PayQuik (later acquired by Citi) and has worked at McKinsey and Company, Fair Isaac and Providian Bancorp. He joins us after a nine-month stint as Group CEO of LSE-listed Finablr.

Bhairav holds an MBA from the Wharton School of the University of Pennsylvania, a Masters in Engineering Economic Systems from Stanford University and an undergraduate degree in Engineering from Birla Institute of Technology, India. He has also been in the Indian Navy.

Albert Maasland – Chief Executive Officer (until 28 February 2021)

Albert Maasland started his career in banking at Chase Manhattan Bank – later JP Morgan – and during his 11 years career was involved in transforming and building a range of highly successful and profitable business units. This included launching the first generation of cross-border electronic transaction banking services and setting up teams in global cash management, institutional and Custody areas before he moved to the Markets division as Head of FX sales for Chase.

Albert later became Global Head of Business Development at HSBC Markets before tackling the transformation of the FX business at Deutsche Bank, helping steer them from 24th to the number one FX provider worldwide. He took on various other roles before joining the Deutsche Bank Wholesale and the Investment Bank's Management Committee.

He founded or co-founded a number of start up businesses before returning to banking and 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. He was CEO of Knight Capital Europe and subsequently KCG Europe before becoming Group CEO of the Bank in February 2017. He stepped down from his role as Group CEO on 28 February 2021.

Directors For The Year Ended 31 December 2020 (continued)

Richard Hallett – Chief Financial Officer

Richard Hallett is the Chief Financial Officer of the Bank and of Crown Agents Investment Management Limited, having joined in June 2016. Richard's career spans more than 25 years in top tier financial services organizations with an extensive track record across Investment Banking, Commercial and Retail Banking sectors both regionally and globally. He was formally CFO of Barclays Africa and CFO of Absa Capital. Previous roles to this include UK & Europe CFO and Global Business Unit Controller at RBS, Managing Director, European Head of Fixed Income Product Control and Global Head of Interest Rates Product Control at Morgan Stanley, and Director and Global Head of Expense Management at Credit Suisse First Boston. Richard started his career at Price Waterhouse, is a qualified accountant and holds a BSc. (Hons) in Chemistry from the University of East Anglia.

Chris Green – Chief Risk Officer (appointed 30 March 2020)

Chris joined the Bank on 30 March 2020 as Chief Risk Officer and Head of Compliance. Chris has 25 years of corporate financial services experience mainly in senior risk leadership roles. He joined Crown Agents Bank from Royal Bank of Scotland where roles included: Head of Portfolio Management for Commercial Banking, Head of Commercial Credit, and Head of Risk for Business and Commercial Banking. Prior to that, he worked for GE Capital where he held Chief Risk Officer roles for several of their businesses both in France and EMEA.

At GE Capital, Chris led the operational delivery and process transformation for credit origination, transaction management and in-life credit risk stewardship, managing an SME and corporate portfolio of ~£100Bn across the suite of lending products and industry sectors. He is passionate about people leadership, development and inclusiveness, leading end-to-end lending journey transformation activities including digital and automated credit decisioning.

Doug MacLennan – Chief Risk Officer (resigned 28 February 2020)

Doug MacLennan joined the Bank in December 2012 as both CFO and CRO. He stepped down from the CFO position in June 2016 to focus on the development of the risk management function within the Bank.

He has been involved in the UK Financial Services Industry for over 30 years within Investment Banking, Broking, and Global Custody, 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. Doug is a member of the Institute of Chartered Accountants of Scotland, and a Fellow of the Chartered Institute for Securities and Investments.

Directors' Report for the year ended 31 December 2020

The Directors submit their report and the audited financial statements of the Bank for the year ended 31 December 2020.

Principal Activity

The Bank is a regulated bank providing banking services particularly as a digital FX and payment partner for a globally diversified wholesale customer base wishing to make payments in local currency across Frontier and Emerging markets. The Bank is authorised by the Prudential Regulation Authority (PRA), and regulated by the PRA and the Financial Conduct Authority (FCA).

Future Developments

Future Developments are discussed in the Strategic Report.

Dividends

No dividend was paid or declared during 2020 or 2019.

Political Donations

No political donations were made in 2020 or 2019.

Employee Matters

(a) Employee Engagement Survey

On an annual basis the Bank carries out an Employee Engagement Survey. Through a company-wide questionnaire and a series of focus groups, the Bank 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 2020, was specifically designed to ask questions about employees experience that have taken centre stage as a result of the pandemic, and political and social injustice movements. The focus was on how well we have done in supporting our employees through the pandemic and creating an inclusive and fair place to work. This was consistent with industry practice for 2020.

(b) Disabled Persons

Our commitment is to attract talented individuals. 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 with the Bank continues. It is the policy of the Bank 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.

Directors' Report for the year ended 31 December 2020 (continued)

Employee Matters (continued)

(c) Employee Involvement

The Bank 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. There is also Conduct and Culture Forum and a Culture Champion Forum sponsored by an executive manager and led by the employees. The purpose of these forums is to enable us to build an engaging, inclusive and collaborative culture. 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 by the business is 39% and 61% respectively. The Bank has 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.

Risk Management

The Bank's Board determines overall strategy, the markets in which it will operate and the levels of risk acceptable to the Bank.

Management, as part of its PRA Pillar 3 Capital Adequacy disclosure requirements, has performed an assessment of these requirements and the information, including remuneration, can be found on the Bank website www.crownagentsbank.com.

The Bank complies with the regulators' minimum capital requirement as at 31st December 2020.

Details of the principal risks and risk management arrangements are set out in Note 21 of the Notes to the Financial Statements beginning on page 66.

Climate Change

The Bank recognises that the risks associated with climate change are subject to rapidly increasing prudential, regulatory, political, and societal focus both in the UK and internationally.

As the nature of our business model is relatively short-term, we consider that climate change is unlikely to have any significant medium to long term impact on the business. To determine this, we have used the Task Force On Climate-Related Financial Disclosures industry guidance along with publicly available indices to monitor our credit exposures in those countries most vulnerable to climate change.

Our analysis of the TCFD industry guidance and publicly available indices shows that we have no credit exposures beyond one year and that there are a limited number of countries where we have exposure greater than 180 days.

The majority of our limits in the most vulnerable countries are daily settlement and nostro which could be withdrawn at very short notice. We also recognise that these countries are vulnerable to Climate-related events

Directors' Report for the year ended 31 December 2020 (continued)

Climate Change (continued)

such a cyclones, hurricanes, and flooding. These events may lead to disruption in our dealings with clients in these countries, but in most countries back-up providers are already in place.

We will continue to use the TCFD industry guidance and publicly available indices to assess our exposure against countries and their relative vulnerability to climate change.

As part of our enhanced approach, we have allocated overall responsibility for managing the financial risks associated with climate change to the Chief Risk Officer (SMF4).

In addition, through our continued work with IDOs, NGOs, governments, and others, in countries vulnerable to Climate-related events, we can have a positive impact on the people most affected by helping move funds where they are most needed. This may benefit the Bank in terms of a potential increase in revenues. The Bank is however fully aware of the fact that it has exposures in a number of countries in Africa which are heavily reliant on the petro-chemical industry.

The Bank is conscious of the Streamlined Energy and Carbon Reporting requirements requiring it to disclose energy and carbon information within this report. However, currently, the Bank does not meet the reporting thresholds.

Directors

The directors of the Bank who were in office during the year and, except as indicated, up to the date of signing the financial statements were:

	Committees	
	Remuneration	Audit/Risk
J Parrish* (Chairman)	x	
N Beecroft* (resigned 1.4.20)	x	x
R Bhatia* (resigned 25.6.20)		x
S Chishti*		
J Johnson-Calari* (appointed 25.6.20)		x
C Machell* (resigned 17.12.20)		x
D McMenamin*		x
M Shiliashki* (appointed 1.9.20)		
A Ekpe**	x	
M Faye** (appointed 4.11.20)		
S Poole**	x	
B Trivedi (apointed 1.3.21)		
A Maasland		
R Hallett		
C Green (appointed 11.9.20)		
D MacLennan (resigned 28.2.20)		

* independent non-executive director ** non-executive director

Lesley Martin is the company secretary.

Directors' Report for the year ended 31 December 2020 (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, 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 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 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 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves 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 2020 (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.

Shareholders Matters

As laid out in its Articles Of Association, the Company has dispensed with holding annual general meetings and with the laying of financial statements before shareholders in general meeting.

Independent auditors

In line with regulatory requirements relating to their period of tenure, PricewaterhouseCoopers LLP will be resigning as the Company's auditors. The Company will be appointing Mazars LLP as auditors for the year ended 31 December 2021.

By order of the Board,

Albert Maasland
Director
30 March 2021

Independent Auditors' Report to the members of Crown Agents Bank Limited

Report on the audit of the financial statements

Opinion

In our opinion, Crown Agents Bank Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit 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, which comprise: the balance sheet as at 31 December 2020; the profit and loss account, the statement of changes in equity and the cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group headed by CABIM Limited, of which the company is a member.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview

Audit scope

- The Bank prepares individual company financial statements and has no branches or subsidiaries. We perform a full scope audit of the financial statements of the Bank as a whole.

Independent Auditors' Report to the members of Crown Agents Bank Limited (continued)

Report on the audit of the financial statements (continued)

Our audit approach (continued)

Overview (comtinued)

Key audit matters

- Impact of COVID-19
- Fees and commission income
- Capitalisation and impairment of software assets

Materiality

- Overall materiality: £477,091 (2019: £291,650) based on 1% of Common Equity Tier 1 Regulatory Capital.
- Performance materiality: £357,818.

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Prudential Regulatory Authority ('PRA') regulations and the UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries to increase revenue or reduce costs, creation of fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading key correspondence with and reports to the regulators, including the PRA and HMRC;
- Reviewing customer complaints for any indication that there has been a breach of relevant laws and regulations or instances of fraud;

Independent Auditors' Report to the members of Crown Agents Bank Limited (continued)

Report on the audit of the financial statements (continued)

Our audit approach (continued)

Capability of the audit in detecting irregularities, including fraud (continued)

- Identifying and testing journal entries meeting specific fraud criteria, in particular any journal entries posted with unusual account combinations or posted by senior management;
- Assessment of matters reported on the whistleblowing platform and the results of management's investigation of such matters; in so far as they related to the financial statements;
- Performing procedures to confirm existence of transactions including obtaining confirmations from third parties; and .
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the capitalisation of internally generated software assets and impairment of software assets.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

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

This is not a complete list of all risks identified by our audit.

Capitalisation and impairment of software assets is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Independent Auditors' Report to the members of Crown Agents Bank Limited (continued)

Report on the audit of the financial statements (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impact of COVID-19 The impact of the Covid-19 pandemic has resulted in unprecedented economic conditions and resulting government support programs and regulatory interventions to support businesses and people. The Covid-19 pandemic has also changed the way that companies operate their businesses, with one of the most substantial impacts being the transition to remote working. Crown Agents Bank Limited has provided the ability for its employees to work remotely during the majority of 2020, with some consequential changes on their processes and the control environment, some of which were relevant for financial reporting purposes. Our audit team has also been working remotely for most of the 2020 audit engagement. The impact of the Covid-19 pandemic and the resulting economic uncertainty was considered when determining the appropriateness of the Going Concern assumption. Management is satisfied that the Going Concern assumption remains appropriate.	We engaged with the Audit and Risk Committee and management in a manner consistent with our previous audits, albeit remotely using video and telephone calls. Substantially all of the information and audit evidence we needed for the audit was provided in electronic format. We understood and assessed the transition of employees to working remotely on the control environment relevant to financial reporting, and reflected this in our audit approach for new or changed processes and controls. In respect to the going concern assessment performed, our procedures included: - Enquiries of management to understand how the uncertainties relating to COVID-19 continues to be considered in the company's stress testing of liquidity and regulatory capital; - Understanding the impact of COVID-19 on the Company's recent financial performance and business operations; and - Understanding management actions available to improve the Company's capital and liquidity position. Based on our work performed we are satisfied that the matter has been appropriately evaluated and reflected in the financial statements.

Independent Auditors' Report to the members of Crown Agents Bank Limited (continued)

Report on the audit of the financial statements (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Fees and commission income A significant portion of the Bank's income is generated by fees and commission income relating to account management and payments, and pensions. The breakdown of fee and commission is shown in note 2 to the financial statements, and the recognition policy is described in note 1. We considered the risk of material misstatement to be a significant audit risk in relation to occurrence and accuracy of fees and commission income given the manual recording of transactions in the General Ledger based on legal agreements or internal fee schedules.	We understood and evaluated the design of the key controls over fees and commission income and in some instances tested their operating effectiveness. Controls tested included: • Controls over outbound and inbound payments; and • IT general controls including user access, change management and segregation of duties within the core banking system and general ledger. We determined that we could rely on these controls for the purposes of our audit. In addition, we performed substantive procedures including those described below: • Vouching a sample of transactions to supporting evidence. This evidence varied depending on the type of fee and commission income and typically included some of invoices, fee schedules and client contracts; • Recalculated a sample of transactions booked in the ledger based on agreed rates and fees with clients. • Agreed terms used in recalculation to original contracts to ensure accuracy of consultancy fees booked in the ledger; • Testing of journal entries including those impacting fee and commission income, using risk-based criteria. Based on the work performed, we found that the fee and commission income was supported by the evidence we obtained.

Independent Auditors' Report to the members of Crown Agents Bank Limited (continued)

Report on the audit of the financial statements (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Capitalisation and impairment of software assets Refer to page 51 (Note 4 Intangible Assets) The Bank capitalises, as intangible assets, certain expenditure on the development of systems and infrastructure designed to support its business strategy. Determining whether expenditure qualifies for capitalisation requires judgement and the total expenditure capitalised in the financial year ending 31 December 2020 amounting to £4.7m. The carrying value of software assets was £17.5m at the end of the period. Capitalisation and impairment of software assets was an area of focus for our audit due to the size of the balances and the heightened degree of judgement involved. When capitalising software expenditure, management determined whether it is probable that expected future economic benefits are attributable to the asset, the cost or value can be reliably measured and the nature of expenditure qualifies for capitalisation under the accounting standards. Management also evaluated the carrying amount of the Company's software assets by determining whether individual assets were no longer in use and therefore required impairment. Additionally, management determined an appropriate recoverable amount of these software assets to identify whether an impairment should be recognised. Where assets do not independently generate cash flows, they have been incorporated into a relevant cash generating unit ('CGU'). The relevant CGU was considered to be the Bank. The recoverable amount of the CGU was determined using the value in use ('VIU') model where judgment is required to estimate certain assumptions such as cash flow projections, a long-term growth rate, and a cash flow discount rate. No impairment was recognised as a result of management's assessment.	We evaluated the design and implementation of key controls around the capitalisation of internally generated intangible assets. We performed the following substantive audit procedures over the newly capitalised software assets: • For a sample of software assets we obtained and evaluated management's assessment of the probable economic benefit expected from the intangible asset; • For a sample of newly capitalised expenditure we obtained supporting documents to corroborate the value and the nature of the expenditure, and assessed whether it met the criteria for capitalisation. With respect to the software expenditure capitalised during the current financial period we found it to be reasonable, supportable and materially compliant with the requirements of Chapter 18 of FRS 102. In respect to the assumptions included in management's impairment assessment we performed the following substantive audit procedures: • Evaluated management's accounting policy and impairment methodology with reference to FRS 102 requirements, including management's determination of the relevant cash generating unit. • For a sample of unimpaired intangible assets, we obtained and assessed management's analysis by validating assertions made against the latest board approved IT transformation strategy; • Obtained management's cash generating unit impairment assessment calculations and tested the forecast cash flows to the latest approved board plans; • Evaluated the key assumptions in the budget and plans, and evaluated the evidence provided to corroborate them, with a focus on the revenue growth plans, cost reduction initiatives and those related to areas such as capital requirements; • Assessed whether the cash flows included in the model were in accordance with the relevant accounting standard;

Independent Auditors' Report to the members of Crown Agents Bank Limited (continued)

Report on the audit of the financial statements (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Capitalisation and impairment of software assets (cont)	• Assessed the sensitivity of the VIU to reasonable variations in significant assumptions; and • Determined a reasonable range for the discount rate used within the model, with the assistance of our valuation experts, and compared it to the discount rate used by management. With respect to the carrying value assessment performed in relation to the Bank cash generating unit, we found the key assumptions to be reasonable and supportable, and the assessment to be materially compliant with the requirements of Chapter 27 of FRS102

How we tailored the audit scope

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

The Bank prepares individual company financial statements and was tested as a single audit component. We tested all material balances.

Independent Auditors' Report to the members of Crown Agents Bank Limited (continued)

Report on the audit of the financial statements (continued)

Our audit approach (continued)

Materiality

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

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

Overall company materiality	£477,091 (2019: £291,650).
How we determined it	1% of Common Equity Tier 1 Regulatory Capital
Rationale for benchmark applied	Common Equity Tier 1 (CET 1) regulatory capital is used as a benchmark as it is considered to be a key driver of Crown Agents Bank Limited's decision making and risk management processes and has been a primary focus for regulators. Revenue was used as the benchmark in the prior year. The basis for determining materiality was re-evaluated and CET 1 capital was determined to be a more appropriate benchmark given the importance of this metric to a wide range of the Bank's stakeholders.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £357,818 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £23,855 (2019: £14,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report to the members of Crown Agents Bank Limited (continued)

Report on the audit of the financial statements (continued)

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting, including the impact of Covid-19.
- Understanding and evaluating the financial forecasts and the stress testing of liquidity and regulatory capital, including the severity of the stress scenarios that were used.
- Reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 Crown Agents Bank Limited (continued)

Report on the audit of the financial statements (continued)

Reporting on other information (continued)

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2020 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 company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors’ Responsibilities in respect of the Financial Statements , 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 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 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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. In our

Independent Auditors' Report to the members of Crown Agents Bank Limited (continued)

Report on the audit of the financial statements (continued)

Reporting on other information (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

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.

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 obtained 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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the directors on 31 December 1989 to audit the financial statements for the year ended 31 December 1989 and subsequent financial periods. The period of total uninterrupted engagement is 32 years, covering the years ended 31 December 1989 to 31 December 2020.

Liam Thompson-Clarke (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London 2 April 2021

Profit and Loss Account for the year ended 31 December 2020

	Note	**2020 £'000**	2019 £'000
Interest income			
- interest receivable from debt securities		**2,274**	5,370
- other interest receivable and similar income		**7,003**	20,063
Interest payable		**(5,125)**	(16,074)
Net interest income		**4,152**	9,359
Fees and commissions receivable	2	**9,656**	9,764
Foreign exchange transaction revenue		**18,974**	9,627
Other operating income		**472**	415
Operating income		**33,254**	29,165
Administrative expenses	3	**(28,631)**	(22,072)
Amortisation	4	**(2,539)**	(1,285)
Depreciation	5	**(698)**	(615)
Write-off of/ provisions re doubtful debts		**(108)**	(64)
Profit before taxation		**1,278**	5,129
Tax charge on profit	6	**(366)**	(951)
Profit for the financial year		**912**	4,178

There were no other items of Comprehensive Income (2019: £nil).

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

The notes on pages 40 to 78 form part of these financial statements.

Balance Sheet as at 31 December 2020

	Note	**2020 £'000**	2019 £'000
Assets			
Cash and balances at central banks		677,864	579,088
Loans and advances to banks	7	224,667	379,645
Loans and advances to related parties	8	-	2,146
Debt securities	9	162,370	155,046
Money market funds	10	52,740	60,601
Investments	11	126	2,106
Derivative financial instruments	12	2,305	1,959
Intangible assets	4	18,841	10,425
Tangible fixed assets	5	2,500	2,500
Other assets	14	25,587	13,674
Prepayments and accrued income		3,022	2,319
Total Assets		1,170,022	1,209,509

Balance Sheet as at 31 December 2020

	Note	**2020 £'000**	2019 £'000
Liabilities			
Customer accounts	15	1,077,110	1,126,560
Bank overdrafts		-	70
Items in course of transmission		-	339
Derivative financial instruments	12	13,511	5,996
Other liabilities	16	7,548	7,479
Accruals and deferred income		5,372	3,502
Capital and reserves			
Called up share capital	17	41,200	41,200
Retained earnings		25,281	24,363
Total shareholders' funds		66,481	65,563
Total Equity and Liabilities		1,170,022	1,209,509

The notes on pages 40 to 78 form part of these financial statements.

The Board of Directors approved the financial statements on 30 March 2021.

A Maasland
Director

R Hallett
Director

Statement of Changes in Equity for the year ended 31 December 2020

	Called up share capital	Profit & loss account	Total shareholders funds
	£'000	£'000	£'000
Balance as at 1 January 2019	41,200	20,167	61,367
Profit for the financial year	-	4,178	4,178
Share based payment expense	-	18	18
Balance as at 31 December 2019	41,200	24,363	65,563
Balance as at 1 January 2020	**41,200**	**24,363**	**65,563**
Profit for the financial year	**-**	**912**	**912**
Share based payment expense	**-**	**6**	**6**
Balance as at 31 December 2020	**41,200**	**25,281**	**66,481**

The directors have not declared an interim (2019: £nil) or a final dividend (2019: £nil).

Cash Flow Statement for the year ended 31 December 2020

	Note	**2020 £'000**	2019 £'000
Net Cash Inflow from Operating Activities	28	16,550	136,238
Tax paid		(218)	(591)
Net Cash Generated from Operating Activities		16,332	135,647
Cash flow from Investing Activities			
Sale/ (purchase) of investment - exchange traded funds	11	1,987	(1,891)
Purchase of tangible fixed assets	5	(698)	(363)
Purchase of intangible assets	4	(10,959)	(6,495)
Net cash used in Investing Activities		(9,670)	(8,749)
Net increase in cash and cash equivalents		6,662	126,898
Cash and cash equivalents at the beginning of the year		800,977	675,906
Decrease in overdrawn bank accounts		(70)	(310)
Exchange losses on cash and cash equivalents		(4,157)	(1,517)
Cash and cash equivalents at the end of the year		803,412	800,977
Cash and cash equivalents consist of:			
Cash and balances at central banks		677,864	579,088
Loans and advances to banks repayable on demand		72,808	161,288
Money market funds (OEICs)		52,740	60,601
		803,412	800,977

Notes to the Financial Statements for the year ended 31 December 2020

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Notes to the Financial Statements for the year ended 31 December 2020 (continued)

1. STATEMENT OF ACCOUNTING POLICIES

(a) General Information

Crown Agents Bank Limited is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS.

The Bank is a regulated bank providing banking services particularly as a digital FX and payment partner for a globally diversified wholesale customer base wishing to make payments in local currency across Frontier and Emerging markets. The Bank is authorised by the Prudential Regulation Authority (PRA), and regulated by the PRA and the Financial Conduct Authority (FCA).

(b) Statement Of Compliance

The financial statements of Crown Agents Bank Limited 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 financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and Applicable Accounting Standards in the United Kingdom, apart from derivatives, money market funds and exchange traded funds which have been accounted for at fair value.

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 Bank'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(s).

(d) Going Concern

The directors have considered the financial position of the Bank, including the net current asset position, regulatory capital requirements and estimated future cash flows and have concluded that the Bank will be able to meet its obligations as they fall due. Accordingly, the financial statements have been prepared on the going concern basis. In making this conclusion we also considered our key risks and uncertainties in the environment.

(e) Interest Income And Expense

Interest income and expense for all interest-bearing financial instruments, including interest accruals on related foreign exchange contracts and income from money market funds, are recognised within Interest Income and Interest Expense in the profit and loss account 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 2020 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(f) Recognition of income

Income, including that arising from advances, which comprises fees and commissions earned, reimbursable expenditure from clients, interest receivable and interest payable, is recognised on an accruals basis in the periods in which it is earned. Mark to market movements in derivatives are recognised through Foreign Exchange – Transaction And Other Income. Mark to market movements on money market funds and exchange traded funds are recognised through Other Income.

(g) Foreign Exchange – Transaction And Other Income

Such profits arise and are recognised at the time of translation or when the transactions from customer orders are undertaken in both spot/forward currency markets and revaluation of derivative fair values.

(h) Foreign currency

(i) Functional and presentation currency

The financial statements are presented in pounds sterling and rounded to thousands. The Bank’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 profit and loss account.

(i) 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.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(j) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, 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 corporation 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.

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

(k) Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. 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:

Core accounting software – 10 years (or over the remainder of the initial 10 year period, if less)

Other software/ licenses – 5 years (or over the life of the license if less)

Brand/name – 50 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.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(k) Intangible assets and amortisation (continued)

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.

(l) 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:

Leasehold improvements	Over the life of the lease
Computer equipment	5 years
Fixtures and fittings	5 years
Artwork	20 years

(m) 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 profit and loss account.

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.

(n) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with commercial or central banks and exposures to money market funds (transacted via Open Ended Investment Companies).

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments

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

(i) Financial assets

Basic Financial Instruments

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 profit and loss account.

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 profit and loss account.

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.

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.

Exchange traded funds are deemed to be equity and valued at fair value. The income re the exchange traded funds is accounted for on declaration of the dividend.

Complex Financial Instruments

Money market funds are deemed to be Complex Financial Instruments and valued at fair value based on the price a willing buyer would pay for the asset. Any gain or loss is taken through the profit and loss account.
The money market funds include contractual terms such that they are traded at par until the total market value of the underlying instruments deviates from that par value by a certain amount (typically 20bps). The funds have each traded at par at all times since the initial investment by the Bank.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including customer deposits and trade creditors, are classified as debt and are initially recognised at transaction price.

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

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.

(iii) Derivative financial instruments

The Bank's derivative financial instruments policy only permits dealing in forward foreign exchange contracts, and deposit linked swaps to economically hedge or provide services to customers. Derivative financial instruments are not basic financial instruments.

Derivative financial instruments 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 derivative financial instruments are recognised in the profit and loss account 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.

(p) Employee benefits

The Bank provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, medical insurance and a defined contribution pension plan. The Bank 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.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(p) Employee Benefits (continued)

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 Bank.

Long term Incentive Plan/ Share Based Payment

(i) The Company 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 profit and loss account.

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

(q) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(r) Recognition of income

Income relating to 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. Income re derivatives and money market funds is marked to market on a daily basis.

(s) 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.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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

Deferred Tax Asset
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.

Intangible Asset Impairment Review
The carrying value of the intangible assets have been reviewed against the value in use of the appropriate cash generating unit. The cash generating unit is deemed to be the Bank. Impairments are applied as appropriate. No impairments were deemed necessary in 2020 (2019 – none).

The calculation of the value in use is based on the free cash flows for the Bank using the latest plans as presented to the Board. These forecasts are based on management's judgement.

A discount rate of 12% has been applied to calculate the present value of the free cash flow which includes an extrapolation of cash flows in perpetuity with no growth rate assumed. A discount rate of 59% would have to be applied to warrant impairment of the intangible assets.

In addition, the useful economic life of each category of the intangible assets has been reviewed to ensure that the period of amortisation as set out in the accounting policy remains appropriate.

(t) 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. In 2020 and in 2019 there were none.

(u) Intra Group Transfers Of Assets

Transfers of assets between group companies are accounted for at cost unless supported by a third party valuation.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

2. FEES AND COMMISSIONS RECEIVABLE

	2020 £'000	2019 £'000
Account management and payments	**6,500**	5,625
Pension payment fees	**1,085**	908
Trade finance	**1,012**	1,276
Risk assessment services	**990**	1,883
Platform revenue	**69**	72
Total fees and commission receivable	**9,656**	9,764

3. ADMINISTRATIVE EXPENSES

	2020 £'000	2019 £'000
Staff costs and directors' emoluments (before exceptional item)		
Salaries, bonuses and benefits	**14,633**	11,929
Share based payments	**6**	18
Social security costs	**1,686**	1,399
Pension costs	**899**	727
	17,224	14,073
Fees payable to the auditor		
Audit*	**365**	136
Non audit services	**-**	-
Other administrative expenses	**11,042**	7,863
	28,631	22,072

* Includes £75,000 (2019 - £nil) re prior year.

The aggregate emoluments (including pension contributions and exit compensation) of the directors were £2,124,867 (2019: £1,480,573).

The aggregate emoluments (including pension contributions and exit compensation) of key management personnel (excluding directors) were £1,701,054 (2019: £1,762,038).

No retirement benefits accrued for any director (2019: none) under a defined benefits pension scheme.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

3 ADMINISTRATIVE EXPENSES (continued)

The Bank has made contributions of £48,224 (2019: £34,625) on behalf of three directors (2019: three) accruing benefit in defined contribution pension schemes.

The aggregate emoluments and pension contributions of the highest paid director were £604,583 (2019: £429,848) and £nil (2019: £nil) per annum respectively. In addition, the director is due to receive £200,000 (2019 - £nil) compensation re loss of office.

The Bank had loans outstanding at the year end to three (2019 – three) directors totalling £21,930 (2019 - £21,930 and to five (2019 – five) key management totalling £10,615 (2019 - £10,615). The loans do not accrue interest and are repayable on the occurrence of the earliest of a number of future events.

The monthly average number of full time equivalent staff, including executive directors, was 176 (2019: 178).

With effect from 1 April 2016, the Bank set up a new defined contribution pension scheme which all current and future employees were able to join. The Bank contributed £898,467 (2019: £727,137) to this scheme during the year of which all but £81,071 (2019: £67,573) was paid during the year.

In 2017 an equity settled share based payment scheme was put in place to incentivise senior management. During the year no (2019 – no) directors and no (2019 – no) key management personnel have purchased the equitable interest in no (2019 – no) £1 Ordinary (Class B) shares in the Bank's parent, CABIM Limited, at a cost of £1.00 per share. The equitable interest in the shares vest at various times as follows:

Vesting Date 31 March	Tranche 1 Issued 2017	Tranche 2 Issued 2018
2018	40%	-
2029	20%	-
2020	20%	40%
2021	20%	20%
2022	-	20%
2023	-	20%
	100%	100%
Number of shares	8,500	1,750

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

3 ADMINISTRATIVE EXPENSES (continued)

The interest in 230 (2019 – 1,000) shares was cancelled during the year. The movement in the equitable interest in the number of shares is as follows:

	2020 Number	2019 Number
As at 1 January	**8,250**	9,250
Granted (paid £1.00)	**-**	-
Cancelled (tranche 1)	**-**	-
Cancelled (tranche 2)	**(230)**	(1,000)
As at 31 December	**8,020**	8,250

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 CABIM Limited's parent on its underlying investment.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

4. INTANGIBLE ASSETS

	Brand/ Other £'000	Core Accounting Software £'000	Other Software £'00	Total £'000
Cost				
At 1 January 2020	1,357	4,639	8,774	14,770
Additions	10	137	10,812	10,959
Disposals	-	-	(285)	(285)
At 31 December 2020	1,367	4,776	19,301	25,444
Accumulated Amortisation				
At 1 January 2020	15	2,096	2,234	4,345
Charged in year	34	594	1,911	2,539
Disposals	-	-	(281)	(281)
At 31 December 2020	49	2,690	3,864	6,603
Net Book Value at 31 December 2019	1,342	2,543	6,540	10,425
Net Book Value at 31 December 2020	**1,318**	**2,086**	**15,437**	**18,841**

An impairment review was performed on the intangible assets based on a value in use of the appropriate cash generating unit. The calculation utilised a discount rate of 12% to calculate the present value of the associated free cash flows. A discount rate of 59% would have to be used before an impairment was required.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

5. TANGIBLE FIXED ASSETS

	Leasehold Property **£'000**	Computer equipment **£'000**	Fixtures and fittings **£'000**	Total **£'000**
Cost/Valuation				
At 1 January 2020	122	1,267	2,094	3,483
Additions	-	650	48	698
Disposals	-	(103)	-	(103)
At 31 December 2020	**122**	**1,814**	**2,142**	**4,078**
Accumulated Depreciation				
At 1 January 2020	23	563	397	983
Charge for year	22	291	385	698
Disposals	-	(103)	-	(103)
At 31 December 2020	**45**	**751**	**782**	**1,578**
Net Book Value				
At 31 December 2019	99	704	1,697	2,500
At 31 December 2020	**77**	**1,063**	**1,360**	**2,500**

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

6. TAX CHARGE ON PROFIT

A. Analysis of Tax Charge for the Year

	2020 £'000	2019 £'000
Current tax		
Corporation tax based on the taxable profit for the year	**19**	687
Prior year adjustment	**(22)**	-
	(3)	687
Deferred tax		
Prior year	**12**	17
Effect of change of tax rate	**53**	-
Originating and reversal of timing differences	**304**	247
	369	264
Total tax charge for the year	**366**	951

B. Factors Affecting Tax Charge for the Year

The tax assessed for the year is lower (2019: higher) than the standard rate of Corporation Tax in the UK.

	2020 £'000	2019 £'000
Profit before taxation	**1,278**	5,129
Standard rate corporation tax of 19.00% (2019: 19.00%) on profit before taxation	**243**	974
Effect of		
Expenses not deductible for tax	**80**	10
Adjustments to tax charge re prior year	**(10)**	(71)
Change of tax rates	**53**	-
Unrecognised deferred tax	**-**	38
Total tax charge for the year	**366**	951

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

7. LOANS AND ADVANCES TO BANKS

A By External Long-Term Credit Rating*:

	2020		2019	
	No.	**£'000**	**No.**	£'000
AA	**3**	**19,405**	2	34,716
AA-	**6**	**3,442**	7	12,572
A+	**9**	**56,903**	10	139,076
A	**9**	**67,424**	8	98,562
A-	**4**	**18,152**	6	29,288
BBB+	**7**	**14,304**	4	10,607
BBB	**2**	**38**	-	-
BBB-	**1**	**6**	2	8,492
BB+	**-**	**-**	3	6,703
BB-	**2**	**544**	-	-
B+	**2**	**16**	1	7
B	**-**	**-**	2	2,074
B-	**8**	**3,285**	4	758
Unrated**	**52**	**41,148**	50	36,790
	105	**224,667**	99	379,645

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

** cash collateral of £15,445,000 (2019 - £6,3421,000) is held re the unrated exposures which largely relate to nostro balances and trade finance exposures.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

7. LOANS AND ADVANCES TO BANKS (continued)

B By Country – location of counterparty:

	2020 £'000	Restated 2019 £'000
UK	35,304	39,720
Europe	25,447	47,407
Japan	3,143	23,729
China	51,729	56,928
US	34,374	83,760
Middle East	18,534	43,410
Far East	7,774	31,277
Africa	44,773	43,645
Other	3,589	9,769
	224,667	379,645

The 2019 figures were originally produced on the basis of the location of the office of the counterparty. For 2020 it was deemed more appropriate to base the analysis on the location of the incorporated entity. The 2019 figures have been restated accordingly.

The maturity profile of Loans And Advances To Banks is provided in Note 21.

There are no (2019: no) amounts included in Loans And Advances To Banks that are overdue.

Loans And Advances To Banks include £12,301,317 of encumbered assets (2019: £1,830,592) in relation to derivative contracts with other financial institutions.

8. LOANS AND ADVANCES TO RELATED PARTIES

As at 31 December 2019 the Bank had one exposure to an unrated UK registered company, Taptap Send UK Limited, a company of which Michael Faye, a director of the Bank's parent CAB Tech Holdco Limited, is a shareholder and Chief Executive Officer. The exposure was cash collateralised. The exposure was repaid in 2020.

The Bank also owed money to Taptap Send UK Limited.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

9. DEBT SECURITIES

The Bank's debt securities consist of certificates of deposit and fixed rate bonds issued (or guaranteed) by central and private banks. The fair value of these securities was as follows:

	2020		2019	
	Book Value	**Market Value**	Book Value	Market Value
	£'000	**£'000**	£'000	£'000
Certificates of deposits				
- Principal	-	-	51,508	51,508
- Accrued interest	-	-	127	127
Fixed rate bonds				
- Principal (US Treasury Bills)	84,924	85,384	67,949	68,251
- Principal (other fixed rate bonds)	76,645	76,986	34,991	35,238
- Accrued interest	801	801	471	471
At 31 December	162,370	163,171	155,046	155,595

A By External Long-Term Credit Rating*:

	2020		2019	
	No.	**£'000**	No.	£'000
AAA	**4**	**141,678**	3	85,875
AA	**2**	**11,099**	1	3,805
AA-	**-**	**-**	2	7,632
A+	**3**	**9,593**	2	19,051
A	**-**	**-**	2	17,419
A-	**-**	**-**	-	-
BBB+	**-**	**-**	1	11,267
BBB	**-**	**-**	1	9,997
At 31 December	**9**	**162,370**	12	155,046

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

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

9. DEBT SECURITIES (continued)

B By Country – location of counterparty:

	2020 £'000	2019 £'000
UK	**9,641**	55,377
Other Europe	**18,484**	17,697
Middle East	**3,682**	-
USA	**116,875**	68,173
Canada	**-**	10,001
Other	**13,688**	3,798
At 31 December	**162,370**	155,046

C By Maturity:

The maturity profile of Debt Securities is provided in Note 21.

10. MONEY MARKET FUNDS

	2020 £'000	2019 £'000
Open Ended Investment Companies		
Goldman Sachs USD Liquidity Reserve Fund	**-**	45,391
Goldman Sachs USD Treasury Liquid Reserves Fund	**32,962**	-
Black Rock ICS USD Liquidity Fund	**8,790**	7,565
JP Morgan USD Liquidity LVNAV Fund	**10,987**	7,565
Accrued interest	**1**	80
	52,740	60,601

The funds are all rated AAA based on a basket of credit rating agencies, all approved by the European Central Bank.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

11. INVESTMENTS

	2020 £'000	2019 £'000
30 shares in SWIFT SCRL	**126**	119
Exchange Traded Funds	**-**	1,987
	126	2,106

The Bank's policy is not to invest in equities. However, in order to undertake its business, the Bank utilises the Swift payment system, the conditions of which oblige participants to invest in the shares of Swift, in proportion to participants' financial contributions to Swift in the previous year (2019).

The exposure to exchange traded funds related shares in the African Domestic Bond Fund a US$ denominated fund managed by MCB Capital Markets. The investment was sold in 2020.

12. DERIVATIVE FINANCIAL INSTRUMENTS

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 total positive fair values 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 derivative financial instruments.

The Bank's derivative financial instruments are forward foreign exchange contracts used to hedge foreign exchange in order to reduce risk and are matched against the underlying asset/ liability. As at 31 December the positive and negative fair values of the derivative financial instruments were as set out below:

	Notional Principal £'000	Positive Fair Value £'000	Negative Fair Value £'000
Forward Foreign Exchange			
2020	**765,209**	**2,305**	**13,511**
2019	703,634	1,959	5,996

The forward foreign exchange contracts have been transacted to economically hedge assets and liabilities in foreign currencies. The net unrealised loss (2019 – loss) at the balance sheet date is £11,206,155 (2019: £4,037,015). These derivative financial instruments and the underlying transactions they hedge will mature during 2021 (2019 – 2020).

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

12. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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 Bank 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 Bank's exposure to exchange traded funds (see Note 11) is included in this category.

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 derivative financial instruments) 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.
Derivative financial instruments (ie forward foreign exchange contracts) and money market funds are included in level 2.
The money market funds include contractual terms such that they are traded at par until the total market value of the underlying instruments deviates from that par value by a certain amount (typically 20bps). The funds have each traded at par at all times since the initial investment by the Bank.

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 Bank did not have any such instruments.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

13. DEFERRED TAX

A Deferred Tax Asset

	2020 £'000	2019 £'000
At 1 January (at 19/17%; 2019: 19%)	-	226
Charge to profit and loss		
- prior year	22	(130)
- current year	(22)	(96)
At 31 December (at 19%; 2019: 19%)	-	-

B Deferred Tax Liability

	2020 £'000	2019 £'000
At 1 January (at 19%; 2019: 17%)	449	411
Charge to profit and loss	369	38
At 31 December (at 19%; 2019: 17%)	818	449

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period and the deferred tax liability, by £24,503.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

14. OTHER ASSETS

	2020	2019
	£'000	£'000
Trade debtors	**21**	18
Amounts due from group companies (note 23C)	**6,832**	2,876
Unsettled foreign exchange transactions*	**18,272**	9,853
Transactions debited in error**	**60**	376
Corporation tax	**124**	-
Other assets	**278**	551
	25,587	13,674

* these amounts were settled early the following year.
**these amounts were debited from the nostro account by the correspondent bank in error and credited back early the following year.

15. CUSTOMER ACCOUNTS

	2020	2019
	£'000	£'000
Repayable on demand	**428,779**	545,564
Other customers' accounts with agreed maturity dates or periods of notice by residual maturity repayable:		
3 months or less	**548,544**	542,000
1 year or less but over 3 months	**99,196**	38,942
2 years or less but over 1 year	**591**	54
	1,077,110	1,126,560

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

16. OTHER LIABILITIES

	2020 **£'000**	2019 £'000
Trade creditors	**91**	223
Corporation tax	**-**	96
Deferred tax (note 13B)	**818**	449
Unsettled foreign exchange transactions	**2,094**	2,904
Funds received in error	**423**	2,288
Funds received in advance	**2,211**	-
Amounts due to group companies (note 23C)	**1,214**	753
Other creditors	**697**	766
	7,548	7,479

17. CALLED UP SHARE CAPITAL

	2020 **£'000**	2019 £'000
Allotted, issued and fully paid (£1 Ordinary Shares)		
As at 1 Jan/ 31 December	**41,200**	41,200

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

18. CONTINGENT LIABILITIES

	2020 **£'000**	2019 £'000
Guarantees	**2,225**	11,384
Letter of credit confirmations/ bill acceptances	**69,920**	70,012
	72,145	81,396

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 £56,772,655 (2019: £56,126,629) was held in respect of the assets underlying the contingent liabilities noted above.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

19. COMMITMENTS

Capital Commitments

Capital commitments that have been contracted but not provided for in the financial statements amounted to £nil (2019: £nil) of which £nil (2019 - £nil) relates to amounts contracted on behalf of the parent, CABIM Limited. Capital commitments which have been approved but not contracted amounted to £nil (2019: £nil).

Operating lease commitments

The Bank had the following minimum lease payments (net of VAT) under non-cancellable operating leases:

Payment Due	**2020 £'000**	2019 £'000
Not later than one year	**578**	513
Later than one year and not later than five years	**1,414**	2,263
Later than five years	**-**	-
	1,992	2,776

The lease payments charged as an expense for the year totalled £529,386 (2019: £529,386).

Other Commitments

During the year the Bank entered into a five year contract to assist with the ongoing automation of manual processes. The following payments are due under the contract:

Payment Due	**2020 £'000**	2019 £'000
Not later than one year	**500**	-
Later than one year and not later than five years	**8,120**	-
Later than five years	**-**	-
	8,620	-

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

20. FINANCIAL INSTRUMENTS

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

	2020 £'000	2019 £'000
Financial Assets		
Measured at fair value through profit and loss		
Money market funds	**52,740**	60,601
Exchange traded funds	**-**	1,987
Derivative financial assets - foreign exchange related contracts	**2,305**	1,959
	55,045	64,547
Measured at amortised cost		
Cash and balances at central banks	**677,864**	579,088
Loans and advances to banks	**224,667**	379,645
Loans and advances to related parties	**-**	2,146
Debt securities	**162,370**	155,046
Investments*	**126**	119
Other assets	**25,587**	13,674
Accrued income	**1,035**	670
	1,091,649	1,130,388

* In 2019, excluding exchange traded funds

	2020 £'000	2019 £'000
Financial Liabilities		
Measured at fair value through profit and loss		
Derivative financial liabilities - foreign exchange related contracts	**13,511**	5,996
Measured at amortised cost		
Customer accounts	**1,077,110**	1,126,560
Bank overdrafts	**-**	70
Items in course of transmission	**-**	339
Creditors	**808**	991
Accruals	**4,932**	3,494
	1,082,850	1,131,454

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

20. FINANCIAL INSTRUMENTS (continued)

(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. Money market funds and exchange traded funds are valued at fair value based on the price a willing buyer would pay for the asset.

The money market funds include contractual terms such that they are traded at par until the total market value of the underlying instruments deviates from that par value by a certain amount (typically 20bps). The funds have each traded at par at all times since the initial investment by the Bank.

Any gain or loss is taken through the profit and loss account.

(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 profit and loss account is as follows:

	2020	2019
	£'000	£'000
Revaluation of money market funds	**-**	-
Revaluation of exchange traded funds	**-**	95
(Expense)/ Income from forward foreign exchange contracts*	**(7,222)**	(1,492)
	(7,222)	(1,397)

* the loss/gain on the FX contracts typically offsets the gain/loss of a similar magnitude following the revaluation of non £ denominated assets/liabilities on the balance sheet.

(c) **Risk exposure and fair value measurements**

Information about the methods and assumptions used in determining fair value is provided in note 12 above.

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

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

(e) **Impairment and risk exposure**

There were no impaired debtors. Information about the impairment of trade and other debtors, their credit quality and the Bank's exposure to credit risk can be found in the accounting policy note for financial instruments and note 14 below.

(f) **Financial liabilities measured at amortised cost**

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

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

21. RISK MANAGEMENT

Through its normal operations the Bank is exposed to a number of risks, which are captured by the firm-wide Risk Taxonomy. The firm's 'level 1' risks are:

- Liquidity and Funding
- Capital Adequacy
- Market (Interest Rate Risk in the Banking Book and Foreign Exchange Risk)
- Credit
- Operational
- Financial Crime
- Compliance
- Conduct
- Strategic and Business

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, as defined by Risk Appetite Statements and related Risk Appetite Thresholds and limits. The Bank operates only in the UK, albeit it transacts with counterparties globally.

Responsibility for the management of the Bank's exposure to capital adequacy risk, liquidity and funding risk, interest rate and foreign exchange risks is delegated to the Bank's Asset and Liability Committee (ALCO), and that relating to credit risk is delegated to the Credit Committee. Responsibility for the monitoring and reporting of Operational, Financial Crime, Conduct and Compliance risks is delegated to the Compliance and Operational Risk Committee (CORC); and all other risks, including Strategic and Business Risks are delegated to the Executive Committee (ExCO). Board Audit and Risk Committee (BRC) plays a key oversight role in the development of policies and procedures, evaluating risk levels and reporting to the Board on risk issues.

Capital adequacy risk: The risk of having insufficient capital to pay liabilities in the event that unexpected losses were to occur. This may be during the normal course of business or under a stress scenario.

The Bank's Capital adequacy Risk Appetite is to: ensure that CET1 ratio exceeds the total capital requirement (TCR) at all times, even during a severe but plausible stress, and also the overall capital requirement (OCR) during non-stressed periods.

Capital adequacy is subject to daily monitoring against internally agreed Board Risk Appetite Threshold Statements and Early Warning Indicator levels, the calibration and selection of which are informed by the outcomes of the annual Internal Capital Adequacy Assessment Process (ICAAP)

Liquidity Risk: The risk that the Bank cannot meet its obligations in a timely manner as they fall due. This may be during the normal course of business or under a stress scenario.

The Bank's Risk Appetite is: to ensure that adequate liquidity is held by the Bank at all times, by meeting the 30 Day OLAR[1] stress and a holding a level of surplus HQLA over and above minimum regulatory liquidity requirements, such that there is no significant risk that its liabilities cannot be met as they fall due, whether in business-as-usual or in a stress.

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[1] The Overall Liquidity Adequacy Rule (OLAR) stress reports whether the Bank has surplus liquidity at 30/45/60 days depending on a firm based measure of inflows and outflows in a stressed environment.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

21. RISK MANAGEMENT (cont)

The Bank is transaction led and does not borrow to finance lending. 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 internally agreed Board Risk Appetite Threshold Statements and Early Warning Indicator levels, the calibration and selection of which are informed by the outcomes of the annual Internal Liquidity Adequacy Assessment Process (ILAAP)

Funding Risk: The risk that the Bank cannot maintain access to a sufficient stable funding base to maintain its liquidity.

The Bank's risk appetite is: To ensure that the Bank's transaction led model is maintained through access to sufficient stable funding sources even under stress. The Bank's primary funding source is through client deposits and no reliance is placed on wholesale funding markets.

The Bank's business model is transaction led with asset purchase and lending decisions based on the level, currency and type of funding received and expected to be received from customers, alongside the Bank's own capital resources. The Bank is committed to continuing to provide key services to its target market. Funds received are placed into term matching assets to generate investment income for the Bank.

Interest Rate Risk in the Banking Book (IRRBB): The risk to earnings or capital arising from movements in interest rates that affect banking book positions. The Bank does not operate a trading book; therefore all activities are captured under the banking book definition.

The Bank's interest rate risk in the Banking Book (IRRBB) risk appetite is intrinsically low due to the business model being reliant on transaction-based income rather than net interest income. The Bank's risk appetite for IRRBB, is measured by:

- the impact of earnings sensitivity over 12 months arising from a maximum of 100bps parallel and non-parallel rate shift
- the economic value impact of a 200bps parallel rate shift (plus or minus)

Foreign Exchange Risk (FX Risk): The risk to earnings or capital arising from adverse movements in foreign exchange (FX) rates.

The Bank's FX risk appetite is to ensure that the exposure to FX rate movements is immaterial compared to the capital resources available.

This objective is achieved as a result of tightly limiting the size of open FX positions that the Markets business can run. The largest aggregate FX open position to which the Bank can be allowably exposed is restricted as a Board approved limit. More granular limits are set at individual/currency grouping levels. Speculative transactions are strictly prohibited.

FX exposures are reported daily.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

21. RISK MANAGEMENT (cont)

Credit Risk: Arises from extending credit in all forms where there is a possibility that counterparties may default on their obligations.

Credit policy and Risk Tolerances, covering limits, by value and duration, minimum credit ratings and concentration criteria, are set out in policy papers approved by the Bank's board of directors. Credit risk is managed by the 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 Board Audit and Risk Committee. All exposures are monitored daily against the limits set.

Operational Risk: The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Business units within the Bank are responsible for managing operational risk, with oversight and challenge carried out by Risk Management. A series of controls are employed in the management of operational risk, including segregation of duties, reconciliations, exceptions and exposure reporting, authorisation thresholds, and business continuity planning. Controls are developed, monitored and maintained in line with the identified risk exposure and appetite.

Operational resilience has been defined as the ability of firms and the financial system as a whole to absorb and adapt to shocks, rather than contribute to them, and has formed an increasingly integral part of the Bank's overall strategy to continue to deliver services, no matter the cause of the disruption.

Similarly, the Bank's response to cyber risk has also been raised over recent years and has employed a variety of mitigants in order to protect the Bank and its clients from such attacks. The subject is closely monitored by management and Board committees and is actively discussed at Board level.

Risk Management provides an independent assessment of the strength of the operational risk, resilience and cyber frameworks to the Board.

Financial Crime Risk: The risk of losses arising from financial crime events including Money Laundering, Terrorist Financing, Fraud, Market Abuse and Corruption due to failed internal processes, people and systems.

The Anti-Financial Crime (AFC) department sets the Bank's policies for the prevention of financial crime and undertakes oversight and supervision of the control environment implemented within the first line of defence in order to ensure policies have been appropriately implemented. AFC develops those policies on the basis of applicable UK financial crime prevention regulation and guidance as well as what it considers to be international best practice established from time to time.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

21. RISK MANAGEMENT (cont)

Compliance Risk: The risk arising from failures to comply with the entity's legal and regulatory obligations The Bank makes every effort to remain in compliance with applicable laws, rules and regulations in the jurisdictions in which it does business. It has developed and implemented a risk-based compliance programme comprised of written policies, procedures, internal controls and systems, and processes to keep required records. With respect to the prevention of financial crime, the Bank has a designated Money Laundering Reporting Officer (MLRO) to oversee a programme that includes but is not limited to undertaking appropriate due diligence on its clients and implementing systems and controls for the detection and reporting of suspicious activity.

Management information and reporting regarding the effectiveness of regulatory compliance controls is regularly provided to the Bank's oversight committees and primary regulatory supervisors. The Bank educates employees and related third parties on applicable laws, rules and regulations as well as the Bank's own compliance policies and procedures and internal controls. The Bank compliance programme is subject to annual independent testing. The Bank co-operates fully with law enforcement and regulatory investigations and enquiries.

Conduct Risk: The risk arising from the firm's culture, or from intentional employee behaviour, that threatens the delivery of fair outcomes for clients.

Our customers are at the heart of our business. We look to develop and maintain long term relationships with our customers, based on openness, trust and fairness in everything we do. CAB expects the behaviour and motivation of all employees to be about good conduct and adherence to established controls to deliver fair and appropriate outcomes for our customers

Management of Conduct Risk is key to the Bank's strategy and objectives and ensures that the outcomes in respect of treating customers fairly and the principles of business set by the regulator are met.

Key controls ensure that staff are appropriately trained in their roles and responsibilities. Conduct Risks arising from employee culture and behaviours are controlled and monitored through adequate policies for ethics, conduct risk and remuneration. In addition, all employees are subject to the Bank's Code of Conduct.

Strategic and Business Risk: The risk of the Bank not achieving its corporate and strategic objectives. The strategy of the Bank is established through the creation of a rolling three-year plan, agreed by the Board. In addition, an Annual Operating Plan and budget for each year is created and agreed by the Board.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

21. RISK MANAGEMENT (Continued)

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

Assets 2020					
More than Less than	0 months 3 months £'000	3 months 1 year £'000	1 year 2 years £'000	2 years 5 years £'000	Total £'000
Cash and balances at central banks	677,864	-	-	-	677,864
Loans and advances to:					
- banks	156,541	68,126	-	-	224,667
- related parties	-	-	-	-	-
Debt securities	41,069	121,301	-	-	162,370
Money market funds	52,740	-	-	-	52,740
Investments	-	-	-	126	126
Derivatives – assets	2,274	31	-	-	2,305
Other assets/ deferred tax	25,584	-	3	-	25,587
Prepayments/accrued income	3,022	-	-	-	3,022
	959,094	189,458	3	126	1,148,681
Fixed assets					
- Intangible					18,841
- Tangible					2,500
Total Assets					1,170,022

Equity and Liabilities 2020					
More than Less than	0 months 3 months £'000	3 months 1 year £'000	1 year 2 years £'000	2 Years 5 Years £'000	Total £'000
Customer accounts	977,323	99,196	591	-	1,077,110
Bank overdrafts	-	-	-	-	-
Items in course of transmission	-	-	-	-	-
Derivatives - liabilities	12,494	1,017	-	-	13,511
Other liabilities	6,729	-	819	-	7,548
Accruals and deferred income	5,372	-	-	-	5,372
	1,001,918	100,213	1,410	-	1,103,541
Shareholders' funds					66,481
Total Equity and Liabilities					1,170,022

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

21. RISK MANAGEMENT (Continued)

Assets 2019

More than / Less than	0 months / 3 months £'000	3 months / 1 year £'000	1 year / 2 years £'000	2 years / 5 years £'000	Total £'000
Cash and balances at central banks	579,088	-	-	-	579,088
Loans and advances to:					
- banks	289,349	90,296	-	-	379,645
- related parties	2,146	-	-	-	2,146
Debt securities	55,557	75,786	23,703	-	155,046
Money market funds	60,601	-	-	-	60,601
Investments	-	-	-	2,106	2,106
Derivatives – assets	1,942	17	-	-	1,959
Other assets	13,674	-	-	-	13,674
Prepayments/accrued income	2,319	-	-	-	2,319
	1,004,676	166,099	23,703	2,106	1,196,584
Fixed assets					
- intangible					10,425
- tangible					2,500
Total Assets					1,209,509

Equity and Liabilities 2019

More than / Less than	0 months / 3 months £'000	3 months / 1 year £'000	1 year / 2 years £'000	2 Years / 5 Years £'000	Total £'000
Customer accounts	1,087,564	38,942	54	-	1,126,560
Bank overdrafts	70	-	-	-	70
Items in course of transmission	339	-	-	-	339
Derivatives - liabilities	5,979	17	-	-	5,996
Other liabilities	7,479	-	-	-	7,479
Accruals and deferred income	3,502	-	-	-	3,502
	1,104,933	38,959	54	-	1,143,946
Shareholders' funds					65,563
Total Equity and Liabilities					1,209,509

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

22. HOLDING COMPANY

The immediate parent is CAB Tech Holdco Limited whose parent, CABIM Limited, is the smallest and largest group to consolidate these financial statements as at 31 December 2020. The ultimate parent undertaking and controlling party is 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.

Copies of the financial statements of CABIM Limited may be obtained from Quadrant House, The Quadrant, Sutton, Surrey SM2 5AS.

23. RELATED PARTY TRANSACTIONS

In addition to the related party transaction disclosed in Note 8:

A. As at 31 December 2020, the Company had one (2019 – one) intercompany balance with Helios Investors Genpar III LP (a company which had control or significant influence over the Company) of £12,500 (2019 - £12,500). The amount relates to the outstanding balance of a director’s fees incurred during the year totalling £25,000 (2019 - £25,000).

B. The Company provided administration services (HR, finance etc) and other banking services to two companies within the CABIM Limited group, Crown Agents Investment Management Limited and Segovia Technology Company.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

23. RELATED PARTY TRANSACTIONS (cont)

C. As at the year end, the Company had intercompany balances with a number of Group companies as follows:

	2020 £'000	2019 £'000
CABIM Limited	**295**	196
Crown Agents Investment Management Limited	**114**	222
CAB Tech HoldCo Limited	**53**	17
Segovia Technology Co (US)	**6,340**	2,349
Segovia Technology International Limited (Caymans)	**(183)**	-
Segovia Technology Bangladesh Limited	**(17)**	-
Segovia Technology Congo SARL	**(21)**	5
Segovia Technology Cote d'Ivoire	**(5)**	-
Segovia Technology (Kenya) Co	**(58)**	8
Segovia Technology Liberia Corp	**4**	(2)
Segovia Technology 454 Ltd (Malawi)	**(58)**	-
Segovia Technology Nigeria Ltd	**(23)**	-
Segovia Technology Rwanda Corp Ltd	**(133)**	3
Segovia Technology Senegal	**(17)**	-
Segovia Technology (Tanzania) Co	**(699)**	-
Segovia Technology (Uganda) Co Ltd	**26**	76
	5,618	2,874
Total receivable	**6,832**	2,876
Total payable	**(1,214)**	(2)
	5,618	2,874

D. The Bank conducted a number of forward FX deals with related parties as follows:

Counterparty	**2020**			2019		
	No.	***Nominal £'000***	**Profit £'000**	No.	Nominal £'000	Profit £'000
Helios Investors Genpar III LP	***37***	***10,941***	**2**	20	11,650	2
Helios Investors III LP	**-**	**-**	**-**	2	368	-
Helios Investment Partners LLP	***4***	***5,387***	**1**	1	400	-
	41	***16,328***	**3**	23	12,418	2

E. The Bank purchased software from another group company, Segovia Technology Company, for US$ 5,893,912/ £4,414,419 (2019 - £nil). The consideration was based on the costs incurred plus a mark up of 10%. The fair value of the consideration was confirmed by external consultants.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

24. INTEREST RATE SENSITIVITY GAP ANALYSIS

Part of the Bank'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 Bank's book as at 31 December. Items are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

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*
2020						
Assets						
Cash and balances at central banks	**677,864**	**-**	**-**	**-**	**-**	**677,864**
Loans and advances to						
- **Banks**	**156,541**	**49,364**	**18,762**	**-**	**-**	**224,667**
- **Related parties**	**-**	**-**	**-**	**-**	**-**	**-**
Debt securities	**41,069**	**53,187**	**68,114**	**-**	**-**	**162,370**
Money market funds	**52,740**	**-**	**-**	**-**	**-**	**52,740**
Investments	**-**	**-**	**-**	**-**	**126**	**126**
Other assets*	**-**	**-**	**-**	**-**	**52,255**	**52,255**
	928,214	**102,551**	**86,876**	**-**	**52,381**	**1,170,022**
Equity and Liabilities						
Customer accounts	**977,323**	**66,345**	**32,851**	**591**	**-**	**1,177,110**
Bank overdrafts	**-**	**-**	**-**	**-**	**-**	**-**
Other liabilities**	**-**	**-**	**-**	**-**	**26,431**	**26,431**
Shareholders' funds	**-**	**-**	**-**	**-**	**66,481**	**66,481**
Total equity and liabilities	**977,323**	**66,345**	**32,851**	**591**	**92,912**	**1,170,022**
Interest rate sensitivity gap	**(49,109)**	**36,206**	**54,025**	**(591)**	**(40,531)**	**-**
Cumulative gap	**(49,109)**	**(12,903)**	**41,122**	**40,531**	**-**	**-**

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

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

24. INTEREST RATE SENSITIVITY GAP ANALYSIS (cont)

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*
2019						
Assets						
Cash and balances at central banks	579,088	-	-	-	-	579,088
Loans and advances to						
- Banks	289,349	61,968	28,328	-	-	379,645
- Related parties	2,146	-	-	-	-	2,146
Debt securities	55,557	49,170	26,616	23,703	-	155,046
Money market funds	60,601	-	-	-	-	60,601
Investments	-	-	-	-	2,106	2,106
Other assets*	-	-	-	-	30,877	30,877
	986,741	111,138	54,944	23,703	32,983	1,209,509
Equity and Liabilities						
Customer accounts	1,087,564	8,087	30,855	54	-	1,126,560
Bank overdrafts	70	-	-	-	-	70
*Other liabilities***	-	-	-	-	17,316	17,316
Shareholders' funds	-	-	-	-	65,563	65,563
Total equity and liabilities	1,087,634	8,087	30,855	54	82,879	1,209,509
Interest rate sensitivity gap	(100,893)	103,051	24,089	23,649	(49,896)	-
Cumulative gap	(100,893)	2,158	26,247	49,896	-	-

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

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

25. CURRENCY RISK

The Bank does not have any structural exposure. The table below shows the Bank's transactional currency exposures in its book; that is those non-structural exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the Bank that are not denominated in sterling.

As at 31 December, these exposures were as follows:

2020 - Currency (£'000 equivalent)	**US$**	**Euro**	**Yen**	**XAF**	**Other**	**Total**
(Liabilities)/ Assets	**(472,367)**	**(22,002)**	**2,385**	**859**	**(13,585)**	**(504,710)**
Net forward purchases/(sales)	**475,639**	**21,920**	**(2,381)**	**370**	**15,525**	**511,073**
	3,272	**(82)**	**4**	**1,229**	**1,940**	**6,363**

2019 - Currency (£'000 equivalent)	US$	Euro	Yen	AU $	Other	Total
(Liabilities)/ Assets	(420,845)	(920)	22,386	(8,204)	(4,682)	(412,265)
Net forward purchases/(sales)	422,333	286	(22,382)	8,248	5,650	414,135
	1,488	(634)	4	44	968	1,870

An analysis of the total balance sheet, split between £ and other currencies, is as follows:

	2020 £'000	2019 £'000
Assets		
Denominated in sterling	**707,528**	659,121
Denominated in other currencies	**462,494**	550,388
	1,170,022	1,209,509
Liabilities and Equity		
Denominated in sterling	**202,818**	246,856
Denominated in other currencies	**967,204**	962,653
	1,170,022	1,209,509

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

26. CREDIT EXPOSURE

At 31 December the replacement costs by residual maturity and net replacement costs by counterparty of the Bank's over-the-counter derivative financial instruments, all of which were non-trading, were:

	2020		2019	
Potential Credit Risk Exposure	**Up to 1 year £000**	**Total £000**	Up to 1 year £000	Total £000
Forward foreign exchange contracts	**765,209**	**765,209**	703,634	703,634
Total notional principal amount	**765,209**	**765,209**	703,634	703,634
Replacement cost by counterparty				
Other banks	**2,305**	**2,305**	1,959	1,959
Total replacement cost	**2,305**	**2,305**	1,959	1,959

Other credit exposures (all falling due within one year) were as follows

	2020 £'000	2019 £'000
Central banks	**677,864**	579,088
Loans and advances to banks	**212,366**	377,814
Loans and advances to related parties	**-**	2,146
Debt securities	**162,370**	155,046
Money market funds	**52,740**	60,601
	1,105,340	1,174,965

27. CAPITAL MANAGEMENT

The Bank is subject to regulatory requirements imposed by the PRA and 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 Bank calculates those capital requirements on a daily basis, and, using a traffic light warning system based on an internal buffer, reports to ALCO, or should the need arise, the Board.

All of the above remained unchanged from 2019.

The Bank manages its capital on an entity basis with no consideration of other group companies.

As noted earlier, full details of the Bank's capital adequacy requirements are provided in its Pillar 3 Disclosures which can be found on the Bank's website (www.crownagentsbank.com). The disclosures are not audited.

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

28. NOTES TO THE CASH FLOW STATEMENT

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

	2020 £'000	2019 £'000
Profit before taxation	**1,278**	5,129
Increase in prepayments and accrued income	**(702)**	(1,014)
Increase in accruals, provisions and deferred income	**1,870**	562
(Decrease)/ increase in provision for doubtful debts	**(75)**	75
Effect of currency exchange rate changes	**(4,651)**	(11,897)
Effect of mark to market valuations	**-**	(95)
Amortisation	**2,539**	1,285
Depreciation	**698**	615
Net cash inflow/ (outflow) from trading activities	**957**	(5,340)
Net (decrease)/ increase in items in course of transmission	**(339)**	64
Net decrease/ (increase) in loans and advances to banks	**59,616**	(109,088)
Net decrease/ (increase) in loans and advances to related parties	**2,146**	(2,146)
Net (decrease)/ increase in customers' accounts	**(22,270)**	98,683
Net (increase)/ decrease in debt securities	**(11,653)**	162,049
Net increase in other assets	**(11,838)**	(6,902)
Net decrease in other liabilities	**(79)**	(1,100)
Share based payment charge	**6**	18
Loss on disposal of fixed assets	**4**	-
Net cash inflow from operating activities	**16,550**	136,238

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