167274/20

In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

OS AA01

Statement of details of parent law and other information for an overseas company

Companies House

MONDAY

A80ZMH4J
A09 11/03/2019 #303
COMPANIES HOUSE

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law.

X **What this form is NOT f**
You cannot use this form t
an alteration of manner o
with accounting requireme

Part 1 Corporate company name

Corporate name of overseas company ❶	ELAVON FINANCIAL SERVICES DAC
UK establishment number	B R 0 0 9 3 7 3

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

❶ This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited.

Legislation ❷	International Financial Reporting Standards as adopted by EU and Ireland

❷ This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3.**

☑ **Yes.** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3.**

Name of organisation or body ❸	IFRS

❸ Please insert the name of the appropriate accounting organisation or body.

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box.

☐ **No.** Go to **Section A5.**

☑ **Yes.** Go to **Section A4.**

A4 Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☐ No. Go to Part 3 'Signature'.

☑ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.

Name of organisation or body ❶

International Standards on Auditing (UK and Ireland)

❶ Please insert the name of the appropriate accounting organisation or body.

A5 Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box.

☐ No.

☑ Yes.

Part 3 Signature

I am signing this form on behalf of the overseas company.

Signature

Signature
X [signature] X

This form may be signed by:
~~Director~~, Secretary, ~~Permanent representative.~~

OS AA01
Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name DONNA PARKER

Company name TUGHANS

Address MARLBOROUGH HOUSE

30 VICTORIA STREET

Post town BELFAST

County/Region

Postcode B T 1 3 G G

Country NORTHERN IRELAND

DX 433 NR BELFAST 1

Telephone 02890 553300

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, *if appropriate*.
- ☐ You have signed the form.

Important information

Please note that all this information will appear on the public record.

Where to send

You may return this form to any Companies House address:

England and Wales:
The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:
The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:
The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

A U.S. Bancorp Company

Elavon Financial Services DAC

Directors' Report and Consolidated Financial Statements

31 December 2017

Table of Contents:

MAZARS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAVON FINANCIAL SERVICES DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Elavon Financial Services DAC ('the Company and Group') for the year ended 31 December 2017, which comprise the Group and Company Statement of Income, the Group and Company Statement of Other Comprehensive Income, the Group and Company Statement of Financial Position, the Group and Company Statement of Changes in Equity, the Group and Company Statement of Cash flows and the related notes 1 to 36 to the Group Company financial statements and notes A to I to the Company financial statements including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS regulation with respect to the Group financial statements.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS regulation.

Our opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISA (Ireland) 260.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our 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) we identified, 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAVON FINANCIAL SERVICES DAC

Key audit matter – Merchant processing revenue and related settlement balances	How the matter was addressed in our audit
The most significant revenue stream of the Company and Group is income earned from merchant processing services (discount income and merchant fees) which is determined based on the value and nature of transactions processed and the rates agreed with merchants in the underlying merchant contracts. The processing and recognition of these transactions with merchants is highly dependent on complex operational IT systems through which the payments are processed and controlled and the operating effectiveness of key manual and IT application controls underpinning each stage in the transaction cycle. Timely and accurate data feeds from these operational IT systems into the General Ledger is required to calculate and record revenue and determine settlement balances. The correct configuration of these systems and the design and implementation of the key general IT controls of each of these systems is key to ensuring that all transactions including those that are in progress at year end are processed and recorded in accordance with contractual terms and ensuring the correct classification of settlement balances. Refer to page 28 (accounting policy) and page 37 (financial disclosures).	Tested the design, implementation and operating effectiveness of key manual and IT application controls underpinning revenue and settlement processes, including controls around the on-boarding and credit underwriting of merchants, merchant payments and exceptions, master file maintenance and settlement reconciliations. Tested the relevant IT application controls supporting the upload of revenue and settlement transactions from the merchant processing system to the primary general ledger and tested the subsequent reconciliation of this merchant processing data to the general ledger to assess the completeness and accuracy of revenue and settlement data feeds into the general ledger. Reviewed and assessed the results of control testing performed as part of Elavon Inc's Service Organisation Control Report for 2017. Elavon Financial Services DAC is a user of key systems and processes operated by Elavon Inc. The controls tested included IT General controls and IT Application controls on key operational IT systems which underpin revenue and settlement as well as key manual controls underpinning the processing of merchant revenue. Reviewed and assessed control testing performed by internal audit on the settlement reconciliation process. We reperformed specified procedures on a sample basis to corroborate conclusions reached by internal audit. Performed substantive audit testing on a sample basis agreeing revenue from merchants to source documentation including contracts, system reports, invoices and clearance through bank statements. Assessed the cut off of revenue and settlement balances to ensure the recognition of revenue and classification of settlement balances were reflected in the correct period through both controls and substantive audit testing. Performed substantive testing on post year end clearance of settlement balances on a sample basis. We assessed the appropriateness of the related disclosures within the financial statements and discussed these with management. Based on the procedures performed we consider the basis for the recognition of merchant processing revenue and the related settlement balances to be reasonable.

MAZARS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAVON FINANCIAL SERVICES DAC

Key audit matter – Uncertain tax provision	How the matter was addressed in our audit
The recording of a provision for uncertain tax positions require the Directors to make judgements and estimates in relation to tax issues and exposures. Specifically, the Group have booked a tax provision in respect to its treatment of gains realised on sale of VISA shares in 2016 and 2017. Refer to page 30 (accounting policy) and page 40 (financial disclosures). This is one of the key judgemental areas that our audit is focused on due to the significance of the transactions upon which the provision has been accrued and the time it will take for these tax matters to be considered by the relevant tax authorities.	We engaged the assistance of our tax specialists to help assess the Group's uncertain tax provision. Specifically we asked our tax team to review the Group's tax return and submission of its expression of doubt to the relevant tax authority in respect to its treatment of the gain as a trading receipt. Our tax team also reviewed the Group's correspondence with its external tax advisor in respect to the matter. We met with senior management and challenged the judgements applied, which underpin the recognition of the provision. We reviewed the workings supporting the calculation of the provision, considered the basis of the provision against accounting recognition rules, and assessed the adequacy of the related disclosure within the financial statements. Based on the evidence obtained we consider the basis for the recognition of the uncertain tax provision to be reasonable.

Our application of materiality

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements of the Group and the Company as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

	Group financial statements	Company financial statements
Overall materiality	Overall materiality: €3,302,000	Overall materiality: €3,291,000
How we determined it	5% of normalised profit before tax (profit before tax adjusted for the loss incurred on the Group's sale of its joint venture during the year as disclosed in Note 11).	
Rationale for the materiality benchmark	We applied this benchmark because in our view this is a metric against which the recurring performance of the Group (and the Company) is commonly measured by its stakeholders.	

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €99,000 (Group audit) and €99,000 (Company audit) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

M A Z A R S

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAVON FINANCIAL SERVICES DAC

An overview of the scope of our audit

The Group financial statements are a consolidation of ten reporting units, four of which are separate legal entities and two of which are dormant. We tailored the scope of our audit to ensure that sufficient testing was performed to be able to give an opinion on the financial statements as a whole, taking into account, amongst others, the structure of the Group, the assessed risks of material misstatement and the control environment.

All audit work on reporting units undertaken for the purposes of our Group audit opinion was performed by the Group audit team at the Group's main finance centre in Dublin.

We identified and tested certain controls over key financial systems identified as part of our risk assessment, including a review of general IT controls, the accounts production process, and controls addressing critical accounting matters. From this work, we sought to place reliance on the Group's internal controls wherever possible.

We undertook substantive testing on significant transactions, balances, and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems, and the management of specific risks.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' report is consistent with the financial statements; and
- in our opinion, the Directors' report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion the accounting records of the Group and Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

We have nothing to report in this regard.

MAZARS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAVON FINANCIAL SERVICES DAC

Respective responsibilities

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set on page 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8a98202dc9c3a/Description of auditors responsibilities for audit.pdf.

This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Company and its subsidiaries on 3 August 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is eight months covering the year ended 2017.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISA (Ireland) 260.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Tuohy

Michael Tuohy
for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2

Date: 29 March 2018

Directors and Other Information

Board of Directors

Name	Country of Residence	Other
Chris Higgins	USA	
John Dunning	USA	
Jeff Jones	USA	
Andrew Hastings	UK	Independent Non-Executive
Shailesh Kotwal	USA	Chair
Troy Remington	USA	
Declan Lynch	Ireland	
Malcolm Towlson	Ireland	Resigned 1st December 2017
Craig Gifford	USA	
Bryan Calder	USA	Resigned 14th June 2017
Jamie Walker	USA	Appointed 12th September 2017
Adrian Wrafter	Ireland	Independent Non-Executive

Company Secretary
Mike Shea – Resigned 6th March 2018
Claire Ryan – Acting Secretary

Registered Office
Building 8
Cherrywood Business Park
Loughlinstown
D18 W319

Solicitors
A&L Goodbody
North Wall Quay
Dublin 1

Bankers
Deutsche Bank AG London
6 Bishopsgate
London EC2N 4DA
United Kingdom

Auditors
Mazars,
Chartered Accountants & Statutory Audit Firm,
Harcourt Centre,
Block 3,
Harcourt Road,
Dublin 2.

Registered Number: 418442

Directors' Report

The Directors present herewith their report together with the audited Financial Statements for the year ended 31 December 2017.

Principal activities and business objectives

Elavon Financial Services DAC ('the Bank') is licensed by the Central Bank of Ireland. The Bank's ultimate parent undertaking is U.S. Bancorp, a company incorporated in Delaware, U.S.A. which is also the parent of U.S. Bank National Association ('U.S. Bank'), and the fifth largest U.S. commercial bank. As at 31 December 2017, U.S. Bancorp has assets of $462 billion, deposits of $347 billion and loans of $280 billion. Further details of the Bank's parent undertakings are disclosed in Note 30 to the Consolidated Financial Statements. The Bank, its branches and its subsidiaries are hereinafter referred to as 'the Group'.

The Group's primary business objective is to support the growth of U.S. Bancorp's Payments and Investment Services businesses in Europe. Over the last number of years, this has been achieved through the development of relevant product sets and business models, plus through investment in both technology and people to deliver growth, improve customer experience, drive efficiencies, maintain appropriate controls and maintain a highly engaged employee base.

The Group's activities in Europe during 2017 were principally focused on the provision of:

- Elavon Merchant Services in respect of card and ecommerce transactions to merchants;
- Global Corporate Trust Services for structured and securitised transactions; and
- Corporate Payment Systems to merchants, multinational corporations and governments with complex payment processing needs.

Elavon Merchant Services ('EMS') is one of Europe's largest merchant acquirers and is well positioned in all of the key European acquiring markets. Merchant customers are from most areas of economic activity, including retail, hotel, restaurant, entertainment, fuel, travel and government.

Global Corporate Trust Services ('GCTS') is one of the premier providers of corporate trust services in the United States and Europe, serving private and public companies, government and tax-exempt entities, and financial services companies. It has been a provider of comprehensive corporate trust services for nearly 100 years and our European team has been active in the European corporate trust market for more than a decade. GCTS provides a wide range of trust and agency services such as corporate bond trustee, calculation/paying agent, and collateral administration.

Corporate Payment Systems ('CPS') existing business lines are focused on meeting the needs of our U.S. based multinational customers with subsidiaries located in Europe, delivering best in class travel and freight payment products and services.

Review of business performance during the financial year

Notwithstanding the loss on the sale of the Group's 51% interest in a Spanish joint venture, the underlying performance of the bank remains strong. The Corporate Trust business experienced strong fee revenue growth, positively impacted by an increase in deposit account fees. Although the Merchant Services business delivered volume growth broadly in line with market, overall fee revenues were down on the prior year. Increased expense in 2017 is reflective of ongoing investment in distribution capabilities to drive organic growth initiatives.

Strategic direction and business model

The Group's operation in Europe represents a significant investment on the part of the Group's ultimate parent, U.S. Bancorp, and is a key enabler of U.S. Bancorp's international growth strategy.

The Bank's strategic direction will continue to focus on payments and investments services markets and is well positioned for future challenges and opportunities with strong established franchises in both markets in Europe.

Strategic goals are focused on customer experience and operational efficiencies through streamlined global offerings, investment in technology and talent to deliver a bank with compelling, sustainable capital returns and considered, transparent and controlled risk profile.

Key performance indicators

The Directors are satisfied with the Group's performance and financial position for the year which are set out in the Consolidated Statement of Income and the Consolidated Statement of Financial Position on pages 13 & 15 respectively. The Group maintained strong capital and liquidity during 2017 and continued to focus on its financial strength, business model, prudent credit culture and efficiency.

On a monthly basis, multiple key performance indicators ('KPI') are calculated based on internal measures and are provided to the Group's Management Committee (see Note 27). The accounting basis for the internal measures differs from International Financial Reporting Standards ('IFRS').

The internal KPIs reviewed (together with their 2017 full year measures) are as follows:

- Net income for 2017 of EUR 30.6 million (2016: EUR 226.6 million)
- Total core revenue for 2017 of EUR 335.5 million (2016: EUR 364.8 million)
- Credit and debit volume for 2017 of EUR 87.4 billion (2016: EUR 82.7 billion)
- Number of employees as at 31 December 2017 of 2,005 (2016: 1,714)
- Total assets as at 31 December 2017 of EUR 10.3 billion (2016: EUR 8.7 billion)
- Return on assets as at 31 December 2017 of 0.3% (2016: 2.6%)
- Capital ratio as at 31 December 2017 of 22% (2016: 46%)

In respect of the above KPIs:

- Net income has declined by EUR 196 million from 2016 levels, primarily due to a one-time event in 2016 not repeating. In 2016, the Bank were a party to the sale of Visa Europe to Visa Inc. The realised gain on sale of the Visa Shares amounted to EUR 200.1 million;
- Core revenue has declined by EUR 29.3 million from 2016 levels, primarily due to the sale of the Bank's interest in the Spanish joint venture;
- The Bank's capital ratio has decreased by 24% from 2016, primarily due to an increase in the level of the Bank's risk weighted assets. This increase primarily relates to the decision made by the Bank to adopt the most capital intensive/prudent approach in response to the question and answer ('Q&A') published by the European Banking Authority ('EBA') regarding the capital treatment of chargeback risk pending agreement on approach with the Central Bank. The capital impact of the EBA Q&A to the EFS portfolio, remains under consideration.

Group outlook

It is considered that the Group's business mix, sound strategies and prudent business model puts the Group in a strong position for the years ahead. In particular, this should allow the Group to respond appropriately and effectively to the anticipated impacts of increased banking regulation, European legislation changes, political uncertainty and technological advances.

The Group; as part of its strategic planning processes, has developed strategic business objectives to be delivered over the planning horizon which is focused on new products, enhanced customer service and organic growth while operating in growing economies with strong fundamentals.

Going concern

The Directors have a reasonable expectation, having made appropriate enquiries,that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Financial Statements are prepared on a going concern basis.

Financial risk management

Details of the Group's financial risk management objectives and policies are set out in Note 27 to the Consolidated Financial Statements.

Capital Management

Details of the Group's capital management compliance and objectives are set out in Note 33 to the Consolidated Financial Statements.

Directors' Report (continued)

Principal risks and uncertainties

Risk management is an integral part of the Group's business process. Risk management and governance arrangements have been described in Note 27. The risks and uncertainties which are currently judged to have the largest impact on the Group's performance are noted below:

- General economic conditions may negatively affect consumer spending, resulting in declines in retail sales. A worsening of the current financial market conditions could materially and adversely affect the Group's business, financial conditions and results of operations;
- The Group faces strong competition in its various markets and if it fails to compete successfully, market share and profitability may decline;
- The Group is subject to changes in government and regulatory compliance regulations, as well as card scheme membership requirements. Ensuring adherence to these regulations and requirements could result in increased compliance costs for the Group and adversely affect operations and profitability;
- Movements in foreign currency exchange rates may positively or adversely affect the Group. The management of this risk is detailed in Note 27 to the Consolidated Financial Statements;
- The success of the Group is built upon a strong effective management team committed to achieving a superior performance in each of our divisions. The loss of key personnel could for a time have a significant impact on business performance;
- In addition to the above, the Group is subject to numerous operational risks. These include technology and systems execution risk, protection of cardholder data, information security breaches and data protection compliance, compliance with card schemes, payment card industry standards, business continuity planning and disaster recovery.

Directors' and Secretary's shareholdings

The names of the persons who were Directors at any time during the year ended 31 December 2017 are listed on page 6. Unless otherwise indicated, they served as Directors for the entire year.

The Directors and their families had no interests in the shares of the Bank as at 31 December 2017. As at 31 December 2017 the following Directors held stock, restricted stock and options to purchase ordinary shares in U.S. Bancorp.

	2017			2016		
Total outstanding as at 31 December	**Stock**	**Stock Options**	**Restricted Stock**	**Stock**	**Stock Options**	**Restricted Stock**
John Dunning	-	-	-	-	-	1,783
Craig Gifford	19,614	45,890	22,814	15,241	45,890	35,280
Chris Higgins	2,942	8,277	21,958	7,253	8,277	24,900
Jeff Jones	4,110	14,468	14,957	-	14,468	15,913
Shailesh Kotwal	12,427	94,949	36,025	4,201	67,682	19,125
Declan Lynch	-	-	13,421	-	-	11,259
Troy Remington	-	9,388	5,494	-	6,063	4,190
Mike Shea	-	-	180	489	-	1,403
Jamie Walker	-	-	11,731	3,382	562	14,597

No other Directors (nor the Secretary) had shareholdings in U.S. Bancorp group companies. The stock options and restricted stock are subject to minimum vesting periods for which they must be held before exercise or sale is permitted.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with Irish law and regulations.

Irish company law requires the Directors to prepare the Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with IFRS as adopted by the EU. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group at the financial year end date and of the profit or loss of the Group for the financial year and otherwise comply with the Companies Act 2014 and the European Union (Credit Institutions: Financial Statements) Regulations, 2015 and, in respect of the Consolidated Financial Statements, Article 4 of the IAS Regulation.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- state whether the Financial Statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards.

The Directors are responsible for ensuring that the Group keeps, or causes to be kept, adequate accounting records which correctly explain and record the transactions of the Group, enable at any time the assets, liabilities, financial position and profit or loss of the Group to be determined with reasonable accuracy, enable them to ensure that the Financial Statements and Directors' Report comply with the Companies Act 2014 and enable the Financial Statements to be audited. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of relevant audit information

In the case of each of the Directors at the time the report is approved:

- so far as the Directors are aware, there is no relevant audit information of which the Group's statutory auditors are unaware; and
- the Directors 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 Group's statutory auditors are aware of that information.

Directors' compliance statement pursuant to Section 225 of the Companies Act 2014

The Directors' acknowledge that they are responsible with securing the Group's compliance with its relevant obligations; and, state as follows:

For the year covered by this report it is confirmed that the Group's arrangements or structures which support the achievement of the objectives of the Group's Compliance Policy Statement have been reviewed and it has been affirmed that the Group maintains a register of all relevant policies, framework documents, terms of reference, guidelines and processes which are designed to secure material compliance with, and support the conclusion that, the Group is in compliance with all its relevant obligations (collectively the "Applicable Compliance Policies"). The Directors have been issued with a report compiled in conjunction with its professional advisors setting out these Applicable Compliance Policies and the relevant obligations to which they apply. The Group has utilised this review and report as the means of ascertaining that the appropriate arrangements and structures are present to insure compliance with the Group's relevant obligations.

Brexit

The Group has sought to minimise disruption to activities arising from Brexit. The Group is currently engaged in an application process with the Prudential Regulatory Authority in the UK, with final submission due the 31st of March 2018. A reorganisation of operational structures will result in the UK branch focusing predominantly on domestic activities only. Current cross border activities undertaken from the UK branch through passporting arrangements will be moved to head office or another branch within the EU. Notwithstanding the unresolved negotiations and potential for significant macro-economic impacts, this strategy will insulate operations from a degree of uncertainty.

Modern slavery statement

The Modern Slavery Statement by the Group is made pursuant to Section 54, Part 6 of the Modern Slavery Act 2015 and sets out the steps that the Group is taking to ensure that slavery and human trafficking is not taking place in the Group's supply chains or in any part of the business. The Group complies with all relevant Employment laws including *laws relating to working conditions of staff and has relevant policies and procedures in place to ensure the* requirements are followed.

This statement was approved by the Board of Directors on 6 December 2017 and can be found at www.elavon.co.uk.

Dividend

No dividend is proposed for the year (2016: nil). The Directors do not recommend any transfer to reserves.

Research and development

During the period the Group incurred development costs in relation to internally developed software which has been capitalised (2016: nil).

Branches outside the State

The Bank has branches, within the meaning of EU Council Directive 89/666/EEC, in the United Kingdom, Germany, Poland, Norway, Spain and Belgium.

Events after the reporting period

There are no subsequent events after the reporting date that require disclosure in the financial statements.

Political donations

No political donations, which require disclosure in accordance with the Electoral Acts, 1997 to 2002 were made by the Group during the year.

Corporate governance

The Group is subject to the provisions of the Central Bank of Ireland's Corporate Governance Code for Credit Institutions ('the Code'). The Group is not classified as a "high impact designated credit institution" for the purposes of the Code and is therefore not subject to the additional requirements of Appendix 1 of the Code.

Subsidiary companies

Details of the Group's subsidiaries are set out in Note 31 to the Consolidated Financial Statements in accordance with the Companies Act 2014.

Board Audit Committee

The Board Audit Committee has been delegated authority to provide assistance to the Board in fulfilling its responsibility to the shareholders with respect to its oversight of the financial reporting process and the quality and integrity of the Group's financial statements; the Group's internal controls and compliance with legal and regulatory requirements; the statutory audit of the annual and consolidated accounts; the independence of the Group's auditor, and the provision of additional services to the Group; and the effectiveness of the Group's Internal Audit function.

Directors' Report (continued)

Accounting records

The measures taken by the Directors to ensure compliance with the Group's obligation to keep proper accounting records, as outlined in Section 281-285 of the Companies Act 2014, are the use of appropriate systems and procedures and the employment of competent persons who report to the Chief Operations Officer and ensure that the requirements of the legislation are complied with. The accounting records are kept at 1st Floor, Building 8, Cherrywood Business Park, Loughlinstown, D18 W319.

Auditors

Mazars Statutory Auditor, who were appointed during the period, have expressed their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved and authorised for issue on 22 March 2018.

Declan Lynch

Craig Gifford

Elavon Financial Services DAC

Consolidated Statement of Income for the year ended 31 December

In thousands of Euro	Note	2017	2016
Fee and commission income	3	888,696	830,371
Fee and commission expense	3	(597,583)	(539,865)
Net fee and commission income		**291,113**	**290,506**
Interest income	4	8,107	5,669
Interest expense	4	(1,594)	(892)
Net interest income		**6,513**	**4,777**
Other operating income	5	16,685	207,854
Total operating income		**314,311**	**503,137**
Operating expense	7	(245,983)	(195,369)
Foreign exchange loss	7	(3,696)	(2,681)
Total other operating expense		**(249,679)**	**(198,050)**
Profit for the year from continuing operations before taxation		**64,632**	**305,087**
Income tax expense	8	(12,090)	(82,552)
Profit for the year from continuing operations		**52,542**	**222,535**
Discontinued operation			
(Loss)/Profit from discontinued operation, net of tax	11	(21,897)	4,066
Profit for the year attributable entirely to equity holders		**30,645**	**226,601**

Elavon Financial Services DAC

Consolidated Statement of Other Comprehensive Income for the year ended 31 December

In thousands of Euro	Note	2017	2016
Profit for the year		**30,645**	**226,601**
Other comprehensive income that may be reclassified to the Consolidated Statement of Income			
Foreign currency translation recognised directly in equity		(9,287)	(28,433)
Tax effect		-	-
Foreign currency translation recognised directly in equity, net of tax		**(9,287)**	**(28,433)**
Unrealised gain on financial assets available for sale		2,879	100,512
Realised gain reclassified to the Consolidated Statement of Income		(4,157)	(200,129)
Tax effect		330	33,822
Movement on financial assets available for sale, net of tax		**(948)**	**(65,795)**
Other comprehensive income that will not be reclassified to the Consolidated Statement of Income			
Re-measurement of defined benefit plans	**24**	1,533	(1,897)
Tax effect		(191)	237
Re-measurement of defined benefit plans, net of tax		**1,342**	**(1,660)**
Other comprehensive (loss), net of tax		**(8,893)**	**(95,888)**
Total comprehensive income, net of tax		**21,752**	**130,713**

Elavon Financial Services DAC
Consolidated Statement of Financial Position as at 31 December

In thousands of Euro	Note	2017	2016
Assets			
Balances at central banks	9	8,833,491	6,225,513
Due from banks	9	212,720	295,925
Investments with affiliates	10	288,896	1,229,745
Investment in joint venture	11	-	92,510
Merchant receivables	12	62,994	64,415
Receivables from issuing banks	13	696,475	478,794
Investment services receivables	14	13,548	11,032
Finance lease receivables	15	-	70
Financial assets available for sale	28	-	17,902
Intangible assets - goodwill	16	128,688	131,222
Intangible assets - other	17	13,546	15,886
Property, plant and equipment	18	44,351	38,278
Current tax asset		-	177
Deferred tax asset	8	3,414	4,091
Other assets	19	47,813	47,105
Total assets		**10,345,936**	**8,652,665**
Liabilities			
Overdrafts	9	11,865	784
Due to banks		-	646
Corporate trust deposits	20	8,317,102	6,774,151
Merchant payables	21	864,341	717,173
Provisions	29	2,852	3,442
Current tax liability		41,772	39,635
Deferred tax liability	8	3,332	9,429
Other liabilities	22	73,931	98,416
Total liabilities		**9,315,195**	**7,643,676**
Equity			
Share capital	25	6,400	6,400
Capital contribution	26	589,389	589,389
Retained earnings		483,591	452,946
Foreign currency translation reserve		(43,563)	(34,276)
Pension re-measurement reserve		(5,076)	(6,418)
Available for sale reserve		-	948
Total equity		**1,030,741**	**1,008,989**
Total liabilities and equity		**10,345,936**	**8,652,665**

Approved for issue, by the Board, on 22 March 2018.

Declan Lynch **Craig Gifford**

Elavon Financial Services DAC

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

In thousands of Euro	Share capital	Capital contribution	Retained earnings	Foreign currency translation reserve	Pension re-measurement reserve	Available for sale reserve	Total Equity
Balance as at 1 January 2016	6,400	589,389	226,345	(5,843)	(4,758)	66,743	878,276
Profit for the year	-	-	226,601	-	-	-	226,601
Other comprehensive loss, net of tax	-	-	-	(28,433)	(1,660)	(65,795)	(95,888)
Total comprehensive income, net of tax	-	-	226,601	(28,433)	(1,660)	(65,795)	130,713
Management re-charge for share-based payment (Note 7)	-	(1,274)	-	-	-	-	(1,274)
Capital contribution (Note 26)	-	1,274	-	-	-	-	1,274
Balance as at 31 December 2016	6,400	589,389	452,946	(34,276)	(6,418)	948	1,008,989
Profit for the year	-	-	30,645	-	-	-	30,645
Other comprehensive loss, net of tax	-	-	-	(9,287)	1,342	(948)	(8,893)
Total comprehensive income, net of tax	-	-	30,645	(9,287)	1,342	(948)	21,752
Management re-charge for share-based payment (Note 7)	-	(434)	-	-	-	-	(434)
Capital contribution (Note 26)	-	434	-	-	-	-	434
Balance as at 31 December 2017	6,400	589,389	483,591	(43,563)	(5,076)	-	1,030,741

Elavon Financial Services DAC
Consolidated Statement of Cash Flows for the year ended 31 December

In thousands of Euro	Note	2017	2016
Cash flows from operating activities			
Profit before tax		42,735	309,153
Adjustments to reconcile profit before tax to net cash			
Depreciation, amortisation and impairment losses	7	19,517	17,104
Losses on disposal of property, plant and equipment	7	253	245
Share in profit of joint venture	11	(1,407)	(4,066)
Loss on sale of discontinued operation		21,917	-
Realised gain on sale of financial assets*	5	(4,157)	(200,129)
Interest income		(7,683)	(5,523)
Interest expense		1,436	873
Dividend income on available for sale financial assets		(906)	(405)
Increase in prepayments and other receivables	19	(644)	(374)
Increase in Visa Europe deferred consideration receivables	19	(635)	-
Increase in accruals and sundry creditors	22	16,217	535
Net change in balances at central banks	9	(2,607,978)	(4,584,393)
Net change in receivables from issuing banks	13	(217,681)	(213,749)
Net change in merchant receivables	12	1,421	1,594
Net change in Investment services receivables	14	(2,516)	(3,802)
Net change in other assets		1,498	1,551
Net change in due to other banks		(646)	(1,835)
Net change in merchant payables	21	147,168	359,691
Net change in corporate trust deposits	20	1,542,951	694,925
Net change in other liabilities		(39,517)	16,878
Interest paid on short term borrowings	4	(156)	(215)
Interest paid on corporate trust deposits		(1,280)	(658)
Taxation paid		(15,727)	(39,540)
Net cash used in operating activities		**(1,105,820)**	**(3,652,140)**
Cash flows from investing activities			
Interest received on investments and cash balances		7,683	5,523
Net decrease in investment with affiliates	10	940,849	3,338,304
Disposal of joint venture:consideration received	11	72,000	-
Proceeds from sale of financial assets		20,787	168,508
Dividend income on available for sale financial assets		906	405
Additions to property, plant and equipment	18	(21,521)	(15,961)
Disposal of property, plant and equipment		1,043	948
Additions to intangible fixed assets	17	(2,840)	(1,535)
Net cash provided by investing activities		**1,018,907**	**3,496,192**

In thousands of Euro	Note	2017	2016
Cash flows from financing activities			
Payments for Parent Company re-charges for share-based payments	26	(434)	(1,274)
Net cash used in financing activities		**(434)**	**(1,274)**
Effect of exchange rate changes on cash and cash equivalents		**(6,939)**	**(17,251)**
Net decrease in cash and cash equivalents		**(94,286)**	**(174,473)**
Cash and cash equivalents at the beginning of the year	9	**295,141**	**469,614**
Cash and cash equivalents at the end of the year	9	**200,855**	**295,141**

*Realised gain on sale of financial assets in 2016 includes receipt of Visa shares (Note 28) and deferred cash consideration receivable (Note 19).

Elavon Financial Services DAC

Company Statement of Income for the year ended 31 December

In thousands of Euro	Note	2017	2016
Fee and commission income	A	884,933	826,810
Fee and commission expense	A	(597,284)	(539,834)
Net fee and commission income		**287,649**	**286,976**
Interest income	4	8,107	5,669
Interest expense	4	(1,594)	(892)
Net interest income		**6,513**	**4,777**
Other operating income	B	19,778	211,096
Total operating income		**313,940**	**502,849**
Operating expense	C	(245,775)	(195,313)
Foreign exchange loss	C	(3,745)	(2,706)
Total other operating expense		**(249,520)**	**(198,019)**
Profit for the year from continuing operations before taxation		**64,420**	**304,830**
Income tax expense	D	(12,056)	(82,521)
Profit for the year from continuing operations		**52,364**	**222,309**
Discontinued operation			
Profit/(loss) from discontinued operations, net of tax	11	(21,897)	4,066
Profit for the year attributable entirely to equity holders		**30,467**	**226,375**

Numeric note references refer to the Notes to the Consolidated Financial Statements. Letter note references refer to the Notes to the Company Financial Statements.

Elavon Financial Services DAC

Company Statement of Other Comprehensive Income for the year ended 31 December

In thousands of Euro	Note	2017	2016
Profit for the year		**30,467**	**226,375**
Other comprehensive income that may be reclassified to the Company Statement of Income			
Foreign currency translation recognised directly in equity		(9,209)	(28,171)
Tax effect		-	-
Foreign currency translation recognised directly in equity, net of tax		**(9,209)**	**(28,171)**
Unrealised gain on financial assets available for sale		2,879	100,512
Realised gain reclassified to the Company Statement of Income		(4,157)	(200,129)
Tax effect		330	33,822
Unrealised gain on financial assets available for sale, net of tax		**(948)**	**(65,795)**
Other comprehensive income that will not be reclassified to the Company Statement of Income			
Re-measurement of defined benefit plans	24	1,533	(1,897)
Tax effect		(191)	237
Re-measurement of defined benefit plans, net of tax		**1,342**	**(1,660)**
Other comprehensive loss, net of tax		**(8,815)**	**(95,626)**
Total comprehensive income, net of tax		**21,652**	**130,749**

Numeric note references refer to the Notes to the Consolidated Financial Statements. Letter note references refer to the Notes to the Company Financial Statements.

Elavon Financial Services DAC

Company Statement of Financial Position as at 31 December

In thousands of Euro	Note	2017	2016
Assets			
Balances at central banks	9	8,833,491	6,225,513
Due from banks	9	212,720	295,925
Investments with affiliates	10	288,896	1,229,745
Investment in joint venture	11	-	92,510
Investment in subsidiary	E	4,833	4,833
Merchant receivables	12	62,994	64,415
Receivables from issuing banks	13	696,475	478,794
Investment services receivables	F	10,832	8,970
Finance lease receivables	15	-	70
Financial assets available for sale	28	-	17,902
Intangible assets - goodwill	16	128,688	131,222
Intangible assets – other	17	13,546	15,886
Property, plant and equipment	18	44,351	38,278
Current tax asset		-	177
Deferred tax asset	D	3,414	4,091
Other assets	G	47,811	47,739
Total assets		**10,348,051**	**8,656,070**
Liabilities			
Overdrafts	9	11,865	784
Due to banks		-	646
Corporate trust deposits	20	8,317,102	6,774,151
Merchant payables	21	864,341	717,173
Provisions	29	2,852	3,442
Current tax liability		41,757	39,635
Deferred tax liability	D	3,332	9,429
Other liabilities	H	76,914	102,574
Total liabilities		**9,318,163**	**7,647,834**
Equity			
Share capital	25	6,400	6,400
Capital contribution	26	589,389	589,389
Retained earnings		482,504	452,037
Foreign currency translation reserve		(43,329)	(34,120)
Pension re-measurement reserve		(5,076)	(6,418)
Available for sale reserve		-	948
Total equity		**1,029,888**	**1,008,236**
Total liabilities and equity		**10,348,051**	**8,656,070**

Numeric note references refer to the Notes to the Consolidated Financial Statements. Letter note references refer to the Notes to the Company Financial Statements.

Approved for issue, by the Board, on 22 March 2018.

Declan Lynch **Craig Gifford**

Elavon Financial Services DAC

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

In thousands of Euro	Share capital	Capital contribution	Retained earnings	Foreign currency translation reserve	Pension re-measurement reserve	Available for sale reserve	Total Equity
Balance as at 1 January 2016	6,400	589,389	225,662	(5,949)	(4,758)	66,743	877,487
Profit for the year	-	-	226,375	-	-	-	226,375
Other comprehensive loss, net of tax	-	-	-	(28,171)	(1,660)	(65,795)	(95,626)
Total comprehensive income, net of tax	-	-	226,375	(28,171)	(1,660)	(65,795)	130,749
Management re-charge for share-based payment (Note 7)	-	(1,274)	-	-	-	-	(1,274)
Capital contribution (Note 26)	-	1,274	-	-	-	-	1,274
Balance as at 31 December 2016	6,400	589,389	452,037	(34,120)	(6,418)	948	1,008,236
Profit for the year	-	-	30,467	-	-	-	30,467
Other comprehensive loss, net of tax	-	-	-	(9,209)	1,342	(948)	(8,815)
Total comprehensive income, net of tax	-	-	30,467	(9,209)	1,342	(948)	21,652
Management re-charge for share-based payment (Note 7)	-	(434)	-	-	-	-	(434)
Capital contribution (Note 26)	-	434	-	-	-	-	434
Balance as at 31 December 2017	6,400	589,389	482,504	(43,329)	(5,076)	-	1,029,888

Elavon Financial Services DAC

Company Statement of Cash Flows for the year ended 31 December

In thousands of Euro	Note	2017	2016
Cash flows from operating activities			
Profit before tax		42,523	308,896
Adjustments to reconcile profit before tax to net cash			
Depreciation, amortisation and impairment losses	7	19,517	17,104
Losses on disposal of property, plant and equipment	7	253	245
Share in profit of joint venture	11	(1,407)	(4,066)
Loss on sale of discontinued operation		21,917	-
Realised gain on sale of financial assets*	5	(4,157)	(200,129)
Interest income		(7,683)	(5,523)
Interest expense		1,436	873
Dividend income on available for sale financial assets		(906)	(405)
Increase in prepayments and other receivables	G	(644)	(374)
Increase in Visa Europe deferred consideration receivable	G	(635)	-
Increase in accruals and sundry creditors	H	16,218	521
Net change in balances at central banks	9	(2,607,978)	(4,584,393)
Net change in receivables from issuing banks	13	(217,681)	(213,749)
Net change in merchant receivables	12	1,421	1,594
Net change in investment services receivables	F	(1,862)	(4,870)
Net change in other assets		2,133	2,038
Net change in due to other banks		(646)	(1,835)
Net change in merchant payables	21	147,168	359,691
Net change in corporate trust deposits	20	1,542,951	694,925
Net change in other liabilities		(40,693)	17,438
Interest paid on short term borrowings	4	(156)	(215)
Interest paid on corporate trust deposits		(1,280)	(658)
Taxation paid		(15,707)	(39,510)
Net cash used in operating activities		**(1,105,898)**	**(3,652,402)**
Cash flows from investing activities			
Interest received on investments and cash balances		7,683	5,523
Net decrease in investment with affiliates	10	940,849	3,338,304
Disposal of joint venture consideration received	11	72,000	-
Proceeds from sale of financial assets		20,787	168,508
Dividend income on available for sale financial assets		906	405
Additions to property, plant and equipment	18	(21,521)	(15,961)
Disposal of property, plant and equipment		1,043	948
Additions to intangible fixed assets	17	(2,840)	(1,535)
Net cash provided by investing activities		**1,018,907**	**3,496,192**

Elavon Financial Services DAC

Company Statement of Cash Flows for the year ended 31 December

In thousands of Euro	Note	2017	2016
Cash flows from financing activities			
Payments for Parent Company re-charges for share-based payments	**26**	(434)	(1,274)
Net cash used in financing activities		**(434)**	**(1,274)**
Effect of exchange rate changes on cash and cash equivalents		**(6,861)**	**(16,989)**
Net decrease in cash and cash equivalents		**(94,286)**	**(174,473)**
Cash and cash equivalents at the beginning of the year	9	**295,141**	**469,614**
Cash and cash equivalents at the end of the year	**9**	**200,855**	**295,141**

Numeric note references refer to the Notes to the Consolidated Financial Statements. Letter note references refer to the Notes to the Company Financial Statements.

*Realised gain on sale of financial assets in 2016 includes receipt of Visa shares (Note 28) and deferred cash consideration receivable (Note 19).

Notes to the Consolidated Financial Statements

1 *Basis of Preparation*

Reporting entity

Elavon Financial Services DAC is a company incorporated and domiciled in Ireland. The address of the Bank's registered office is Building 8, Cherrywood Business Park, Loughlinstown, D18 W319.

The Consolidated Financial Statements include the accounts of Elavon Financial Services DAC, its branches and its subsidiary undertakings and include all activity through to the end of the financial year.

The Bank commenced operations on 8 December 2006. Its ultimate parent undertaking is U.S. Bancorp, a company incorporated in Delaware, U.S.A. The Bank and its subsidiaries serve as the European platform for U.S. Bancorp's card acquiring and processing operations while also supporting additional payment service business lines. The Group has been primarily involved in merchant acquiring operations. Since 2010, when the Group acquired a book of business from Bank of America, the Group has been involved in the corporate trust business.

Statement of compliance

The Consolidated Financial Statements are presented in accordance with IFRS as adopted by the EU and applicable as at 31 December 2017. The accounting policies have been consistently applied by Group entities. The Consolidated Financial Statements also comply with the requirements of Irish Statute comprising the Companies Acts 2014 and the S.I. No. 266 of 2015 (European Union (Credit Institutions: Financial Statements) Regulations 2015), and, in respect of the Consolidated Financial Statements, Article 4 of the IAS Regulation.

Basis of measurement

The Consolidated Financial Statements have been prepared on a historical cost basis, except for pension plans, derivative financial instruments and available for sale financial assets that have been measured at fair value.

Functional and presentation currency

The Consolidated Financial Statements of the Group are presented in Euro (also referred to as 'EUR' and '€') rounded to the nearest thousand ('000). The Euro is the functional currency of the Bank. For other Group entities (i.e. branches and subsidiaries), the functional currency is the local currency in the country in which they operate.

Use of estimates and assumptions

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and judgements that have had the most significant effect on the amounts recognised in the Group's financial statements are set out below.

Provisions

The recognition and measurement of provisions, in certain instances, may involve a high degree of uncertainty, and thereby, considerable time is expended on research in establishing the facts, scenario testing, assessing the probability of the outflow of resources and estimating the amount of any loss. This process will, of its nature, require significant management judgement and will require revisions to earlier judgements and estimates as matters progress towards resolution. Details of the Group's provisions are shown in Note 8 and Note 29 to the Consolidated Financial Statements.

Goodwill and Intangible Assets Impairment

Goodwill and Intangible Assets are tested annually for impairment based on value in use calculations that use a cash flow model. The cash flows are derived from the forecast for 2018 and assumptions based on historical volumes and revenue. This test requires significant management judgements as a result of the assumptions used in this test. Additional details on goodwill impairment can be found in Note 16 to the Consolidated Financial Statements.

1 Basis of Preparation (continued)

Fair Value Available for Sale Assets

In calculating the fair value of these financial instruments the best evidence of fair value is quoted prices in an active market. The absence of quoted prices increases reliance on valuation techniques and requires the use of judgement in the estimation of fair value. This judgement includes but is not limited to: evaluating available market information; determining the cash flows for the instruments; identifying a risk free discount rate and applying an appropriate credit spread. Details of the Group's available for sale assets can be found in Note 28 to the Consolidated Financial Statements.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 33
- Risk management and policies Note 27
- Sensitivity analysis tables for Foreign Exchange Risk and Interest Rate Risk Note 27

Basis of consolidation

A subsidiary is an entity where the Group has the power, exposure or rights to variable returns and the ability to use its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases. If the Group loses control over a subsidiary, it derecognises the related assets, liabilities and non-controlling interest and other components of equity while any gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. Subsidiaries have the same reporting period as the Group and the same accounting policies. Intra-group transactions, balances and unrealised gains arising from intra-group transactions are eliminated upon consolidation.

2 Summary of Significant Accounting Policies

The significant accounting policies that Elavon Financial Services DAC and its subsidiary undertakings applied in the preparation of the Group Consolidated Financial Statements for the year ended 31 December 2017 are set out below. These accounting policies have been applied consistently to all years presented, unless otherwise stated.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree as appropriate.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration liability will be recognised in the Consolidated Statement of Income. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Interests in joint ventures

The Group's investments in its joint venture ('JV') are accounted for using the equity method. Under the equity method, the investment in a JV is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the JV since the acquisition date. Goodwill relating to the JV is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Consolidated Statement of Income reflects the Group's share of the results of operations of the JV. Any change in other comprehensive income ('OCI') of the JV is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the JV, the Group recognises its share of any changes, when applicable, in the Consolidated Statement of Changes in Equity.

2 Summary of Significant Accounting Policies (continued)

The aggregate of the Group's share of profit or loss of a JV is shown on the face of the Consolidated Statement of Income as operating income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the JV. The Financial Statements of the JV are prepared for the same reporting period as the Group.

The Group shall, if necessary, recognise an impairment loss on any investment in JV. At each reporting date, the Group determines whether there is objective evidence that an investment in a JV is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the JV and its carrying value, and then recognises the loss as 'Share of loss of a JV' in the Consolidated Statement of Income.

Foreign currency translation

Group companies

As at the reporting date, assets and liabilities of subsidiaries and branches denominated in a foreign currency are translated into the Group's presentation currency, (EUR), at the exchange rate on the Consolidated Statement of Financial Position. Exchange differences arising on translation are recorded directly to OCI. On disposal of a subsidiary, deferred cumulative amounts are recognised in realised exchange gain or loss in the Consolidated Statement of Income. The Consolidated Statement of Income is translated to the Group's presentation currency at the respective functional currency spot rates at the date the transaction first qualifies for recognition.

Transactions and balances

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Income.

Interest income and expense

Interest income and expense are recognised in the Consolidated Statement of Income for all interest bearing financial instruments using the effective interest method. The effective interest method is the interest rate on a loan or financial product restated from the nominal interest rate as an interest rate with annual compound interest payable in arrears. Negative interest expense is classified under bank processing fees in the current and prior year.

Other operating income

Other operating income consists primarily of foreign exchange gains on non-trading assets and liabilities and gains in derivatives' fair values. Other operating income also includes income received on investments.

Leases

Finance leases

As a lessee, the Group recognises leased point-of-sale terminal equipment and related liability for future lease payments on its Consolidated Statement of Financial Position. As a lessor, amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating leases

As a lessor, lease income on point-of-sale terminal equipment, is recognised in fee and commission income on a straight line basis over the life of the lease. Payments made under operating leases are recognised in the Consolidated Statement of Income on a straight line basis over the term of the lease. Lease incentives received, or premiums paid at inception of the lease, are recognised over the term of the lease.

2 Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue is recognised to the extent that economic benefits will flow to the Group. It represents consideration received or receivable from merchants and global corporate trust clients for services provided.

Staff costs

Short-term employee benefits

Short-term employee benefits, such as wages and salaries, social security costs and other benefits are accounted for on an accruals basis over the period during which employees have provided services. Bonuses are recognised to the extent that the Group has a legal or constructive obligation to its employees that can be measured reliably.

Long-term incentive benefit

U.S. Bancorp grants certain employees shares in U.S. Bancorp as a retention incentive, whereby employees render services as consideration for equity instruments (equity-settled transactions). The number of shares awarded is dependent on the annual award to the employee and the market price of the shares on the award date. The vesting period of the shares is four years. Ownership is transferable to employees after a four year period if they remain in employment within the Group.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in Staff Costs expense (Note 7), together with a corresponding increase in equity through Capital Contribution, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). U.S. Bancorp subsequently recharges the cost to the Group.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Consolidated Statement of Income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Pensions

The Group provides employees with post-retirement benefits mainly in the form of pensions - defined contribution and defined benefit pension plans. The cost of the Group's defined contribution plans is charged to the Consolidated Statement of Income in the accounting period in which it is incurred. Any contributions unpaid at the end of the reporting period are recorded as a liability. The Group has no further obligation under these plans once these contributions have been paid. For defined benefit pension plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Defined benefit costs are split into three categories:

- Current service cost, past service cost, gains and losses on curtailments and settlements;
- Net interest expense or income;
- Re-measurement.

The Group presents the first two components of defined benefit costs in the line item "Pension Costs – defined benefit plans" within Operating Expenses in the Consolidated Statement of Income. Curtailment gains or losses are accounted for as past service costs. Re-measurement is recorded in OCI.

2 Summary of Significant Accounting Policies (continued)

Re-measurement comprising of actuarial gains and losses, are recognised immediately in the Consolidated Statement of Financial Position with a gain/loss to OCI in the period in which they occur. Re-measurements are not *reclassified to profit or loss in subsequent periods. Past service cost is recognised in profit or loss in the period of* plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the Consolidated Statement of Financial Position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions currently held by the Group include chargeback provisions, asset Retirements Obligations and Corporate Card provisions. More information on these provisions can be found in Note 8 and Note 29 to the Consolidated Financial Statements.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events giving rise to present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. They are not recognised but are disclosed in the Notes to the Consolidated Financial Statements unless they are remote.

Income tax, including deferred tax

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Consolidated Statement of Income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- *Where the deferred tax asset relating to the deductible temporary difference arises from the initial* recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2 Summary of Significant Accounting Policies (continued)

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to net current tax assets and current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if incurred during the measurement period or in profit or loss.

Uncertain tax

The Group recognises an uncertain tax provision where it is considered that there is uncertainty as to the taxation *treatment to be applied to transactions. This only applies in limited instances where it is considered that the nature* of the underlying taxation treatment is such that it may be subject to an alternative interpretation by a tax authority.

Financial assets

The Group holds four categories of financial assets:

- loans and receivables;
- financial assets at fair value through profit or loss (other assets);
- financial assets available for sale; and
- cash investments.

Purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the assets. Transaction costs arising from financial assets that are immaterial from the perspective of the Group are treated as an expense. While measurement criteria differ for each of these categories, the carrying amount is a reasonable approximation of fair value for all financial assets. See Note 28.

Loans and receivables

Loans and receivables include receivables from issuing banks, merchant receivables and Corporate Trust receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They arise when the Group provides money or services directly to a customer with no intention of trading the loan. Loans and receivables are initially recognised at fair value including direct and incremental transaction costs and are subsequently measured at amortised cost less impairment.

Interest is calculated using the effective interest method and credited to the Consolidated Statement of Income. Impairment losses and translation differences on monetary items are recognised in the Consolidated Statement of Income. Loans and receivables are de-recognised when the rights to receive cash flows from the financial assets have expired or when the Group has transferred substantially all the risks and rewards of ownership and transfer qualifies for de-recognition in accordance with IAS 39, Financial Instruments: Recognition and Measurement.

Financial assets at fair value through profit or loss (other assets)

Derivative financial instruments are held at fair value through the profit and loss. Derivatives are carried as assets and included in other assets when the fair value is positive, and are carried as liabilities and included in other liabilities when the fair value is negative.

2 Summary of Significant Accounting Policies (continued)

In the ordinary course of business, the Group enters into foreign exchange forwards for hedging purposes to manage foreign currency risks. The Group does not enter into derivative transactions for speculative purposes. Further information on the Group's financial risk management is presented in Note 27. All derivatives are recorded at fair value on the date on which the contract is entered into. Subsequent changes in a derivative's fair value are recognised in other operating income or expense.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management has used available market information in estimating the fair value of financial instruments.

Financial assets available for sale

Financial assets classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. The assets are measured initially at fair value on the date of receipt, and are subsequently re-measured at fair value with changes being recognised in equity and credited in the available for sale reserve until the investment is de-recognised, at which time the cumulative gain or loss is recognised in other operating income, or if the investment is determined to be impaired then the cumulative loss is reclassified from the available for sale reserve to the Consolidated Statement of Income.

Cash investments

The Group places cash on deposit with U.S. Bank, on account with Central Banks and on fixed term deposits in the open market.

Impairment of financial assets

It is Group policy to make provisions for impairment of financial assets to reflect the losses inherent in those assets at the end of the reporting period. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a portfolio of financial assets is impaired.

Below is a list of some of the examples of impairment indicators that are reviewed in relation to the impairment of fixed assets:

- Market value decline;
- Negative changes in technology, markets, economy or laws;
- Increases in market interest rates;
- Obsolescence or physical damage;
- Economic performance is worse than expected.

A financial asset or portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset on or before the end of the reporting period, ('a loss event') and that loss event or events has had an impact such that the estimated present value of future cash flows is less than the current carrying value of the financial asset, or portfolio of financial assets.

Following impairment, interest income is recognised using the original effective rate of interest which was used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Consolidated Statement of Income.

Intangible assets

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

2 Summary of Significant Accounting Policies (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units ('CGU') that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

For more information please see Note 16 to the Consolidated Financial Statements.

Other intangible assets

Intangible assets acquired separately are capitalised at cost and those identified in a business acquisition are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at amortised cost less any accumulated amortisation and accumulated impairment losses.

Other intangible assets (continued)

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised, if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The useful lives of intangible assets are assessed to be either finite or infinite. There were no intangible assets with infinite lives other than goodwill in 2016 or 2017. Intangible assets with finite lives are amortised on a cash flow basis and this expense is included on the Consolidated Statement of Income within operating expense. Amortisation methods and periods relating to these intangible assets are reviewed annually. Intangible assets with finite lives must be tested for impairment where either there is an indicator of impairment or, in the case of material intangible assets, annually.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Income when the asset is de-recognised.

Amortisation

The Group uses the following useful lives when calculating amortisation:

Class	**Useful life**
Goodwill	Infinite
Computer Software	
- Software Purchased or Developed	3 - 10 years
- Software Licences	1 - 5 years
Contracts	
- Merchant Contracts	30 years
- Non-Compete Contracts	4 years
- Corporate Trust Contracts	8 years

2 Summary of Significant Accounting Policies (continued)

Impairment of goodwill and other intangible assets

The Group's impairment test for goodwill and intangible assets is based on value in use calculations that use a cash flow model. The cash flows are derived from the forecast for 2018 and assumptions based on historical volumes and revenue. The recoverable amount is most sensitive to the average revenue margins applied in the cash flow model as well as the expected future cash inflows and the volume/margin attrition rates applied for extrapolation purposes. The key assumptions used to determine the recoverable amounts are further explained in Notes 16 and 17.

The recoverable amount of an asset is the higher of its fair value less cost to sell, and its value in use. Value in use is the present value of the expected future cash flows from a CGU. If the recoverable amount is less than the carrying value, an impairment loss is charged to the Consolidated Statement of Income.

For other intangible assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the assets or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recóverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Property, plant and equipment

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

Property, plant and equipment are depreciated on a straight line basis over their estimated useful economic lives. Depreciation is calculated based on the gross carrying amount, less the estimated residual value (in the majority of cases deemed to be nil) at the end of the assets' economic lives.

Terminals under operating leases to customers, less accumulated depreciation, are included in property, plant and equipment. Leasehold leases are amortised on a straight line basis over the lease term and amortisation is included in depreciation expense.

The Group uses the following useful lives when calculating depreciation:

Class	Useful life
Premises and leasehold improvements	
- Freehold buildings	40 years
- Leasehold property	Life of lease, up to 40 years
- Leasehold improvements	Life of lease, up to 15 years
Office and computer equipment	
- Computers and similar equipment	3 – 5 years
- Furniture, fittings and other equipment	3 – 10 years
- Terminals leased to customers	5 years
Motor vehicles	3 – 5 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset, after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful life. Gains and losses on disposal of property, plant and equipment are included as part of "other operating income" in the Consolidated Statement of Income.

An asset retirement obligation is recognised at the same time as the leasehold improvements, i.e. when alterations to property are made. The obligation is therefore an expense related to the leasehold improvement and is depreciated over the term of the lease.

2 Summary of Significant Accounting Policies (continued)

Assets leased to customers

Assets leased to customers, comprising point-of-sale terminals, are classified as operating leases if the lease agreements do not transfer substantially all the risks and rewards of ownership. The leased assets and their associated installation costs are included within property, plant and equipment on the Group's Consolidated Statement of Financial Position and depreciation is provided on the depreciable amount of these assets on a systematic basis over their estimated useful lives. Lease income is recognised on a straight line basis over the period of the lease.

Financial liabilities

Financial liabilities include amounts due to banks, merchant payables and Corporate Trust deposits. Issued financial instruments or their components are classified as liabilities where the substance of the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares.

Financial liabilities are initially recognised at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred.

Financial liabilities are subsequently measured at amortised cost with any difference between the proceeds net of transaction costs and the redemption value is recognised in the Consolidated Statement of Income using the effective interest method. The carrying value of financial liabilities is a reasonable approximation of fair value. The Group de-recognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Shareholders' equity

Share capital

Share capital refers to the funds that a company raises in exchange for issuing an ownership interest in the company in the form of shares. It is presented as equity and represents 6,400,001 ordinary shares of €1 each.

Capital contribution

Capital contributions represent amounts received from U.S. Bancorp (via its subsidiary U.S. Bank National Association) which are non-refundable and for which neither U.S. Bancorp nor U.S. Bank National Association receives shares.

Retained earnings

Retained earnings represent the undistributed accumulated profits of the Bank, its branches and its subsidiaries.

Other reserves

The other reserves are made up of the foreign currency translation reserves, the available for sale financial assets reserve and the pension re-measurement reserve. The foreign currency translation reserve represents the cumulative gains and losses on the translation of the Group's net investment in foreign operations. The available for sale financial assets reserve represents the cumulative gains and losses on changes of fair value of available for sale financial assets. The pension re-measurement reserve represents actuarial gains and losses of the Group's defined benefit plans.

Cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise amounts due from banks and overdrafts. They are convertible into cash with an insignificant risk of changes in value and with original maturities of less than seven days. The Group does not consider investment with affiliates and balances at central banks as part of cash and cash equivalents. The balances that we hold with central banks are held as investments and to comply with regulatory requirements.

2 Summary of Significant Accounting Policies (continued)

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the new and amended IFRS EU and International Financial Reporting Interpretations Committee ('IFRIC') interpretations effective as of 1 January 2017 listed below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Although these new standards and amendments applied for the first time in 2017, they did not have an impact on the annual Consolidated Financial Statements of the Group.

New and amended standards and interpretations

IAS 7 Statement of Cash Flows (amendments)

The amendment is applied prospectively and intends to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items. This amendment did not have a material impact on the Group as it only affects disclosures and no comparative disclosures are required in the initial year of application.

IAS 12 Income Taxes (amendments)

The amendment is applied prospectively and clarifies the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes. This amendment did not have a material impact on the Group.

IFRS 12 Interests in other entities (Annual improvements cycle 2014-2016)

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. This amendment did not have an impact on the Group.

New accounting pronouncements with a future effective date

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's Consolidated Financial Statements are disclosed below. As at the Consolidated Financial Statements' effective date, the Group is assessing impacts if any.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its assets, liabilities or equity, except for the effect of applying the impairment requirements of IFRS 9. The Group expects an increase in the loss allowance resulting in a negative impact on equity. In addition, the Group will implement changes in classification of certain financial instruments where required. The Group is finalizing evaluation of the impact of these changes on the Group's Consolidated Financial Statements.

a) Classification and Measurement

The Group does not expect a significant impact on its assets, liabilities or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

2 Summary of Significant Accounting Policies (continued)

New accounting pronouncements with a future effective date (continued)

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group has determined that, due to the unsecured nature of its loans and receivables, the loss allowance will not have a material impact. Expected increase will be in the range of EUR 500 thousand to EUR 1,500 thousand.

c) Hedge Accounting

The Group does not expect any material changes or impact as the hedge accounting requirements of IFRS 9 will not be applied. Any derivatives entered into by the Group are generally traded in an over-the-counter market and are short term, therefore will not be impacted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with customers defines principles for recognizing revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by other applicable standards. Revenue will be recognized upon completion of the distinct performance obligations rather than completion at a contract level. This standard is effective for periods beginning on 1 January 2018. The Group has not early adopted IFRS 15 and does not anticipate its impact to be material.

IFRS 16 Leases

The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognize most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. IFRS 16 is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted, provided the new Revenue standard, IFRS 15, is applied on the same date. The Group does not anticipate early adopting IFRS 16 and is currently evaluating its impact.

IFRS 2 Clarifications of Classifications and Measurements (amendments)

The amendment specifies that a share-based payment transaction in which the entity settles the share-based payments arrangement net, by withholding a specified portion of the equity instruments to meet the employee tax obligation, should be classified as equity-settled in its entirety, if the entire share-based payment would otherwise be classified as equity-settled without the net settlement feature. This amendment is effective for periods beginning 1 January 2018 with early application permitted. This amendment is not expected to have a material impact to the *Group's Consolidated Financial Statements.*

IAS 40 Transfer of Investment Property (amendments)

IAS 40 Investment Property prescribes the accounting for property held to earn rentals, for capital appreciation, or both. The effective date of this amendment is 1 January 2018. This amendment will have no impact on the Group as the Group does not hold 'investment property'.

Annual improvements cycle 2015-2017

- IFRS 3 & IFRS 11 — Business Combinations & Joint Arrangements
- IAS 12 — Income Taxes
- IAS 23 — *Borrowing Costs*

3 **Fee and Commission Income and Expense**

Fee and Commission Income and Expense		
In thousands of Euro	**2017**	**2016**
Fee and commission income		
Merchant processing services - discount income	700,152	652,764
Merchant processing services - merchant fees	117,519	117,118
Merchant processing services - services to joint venture	5,774	7,213
Fee and commission income - terminal rental income	19,689	20,276
Fee and commission income - corporate payment products revenue	5,757	4,197
Fee and commission income - finance lease income	1	42
Fee and commission income - corporate trust revenue	39,804	28,761
Total fee and commission income	**888,696**	**830,371**
Fee and commission expense		
Merchant processing services - interchange and assessment expense	488,164	435,052
Merchant processing services - referral fees	41,480	38,036
Merchant processing services - other expense	55,036	51,994
Fee and commission expense - other	4,303	6,429
Fee and commission expense - other terminal expense	7,396	7,605
Fee and commission expense - corporate payment products expense	1,204	749
Total fee and commission expense	**597,583**	**539,865**
Net fee and commission income	**291,113**	**290,506**

Elavon Merchant Services

EMS fee and commission income is earned from discount fees charged to a merchant. For processing credit and debit card transactions for merchants, interchange and assessment fees are due to card issuers, and are included in fee and commission expense. These fees are recognised on each transaction processed, and as a consequence, in the same period as the related revenue. EMS revenue is recognised on an accruals basis in the financial year in which the services are provided. Terminal rental fees are due from terminal lessees and revenue is recognised on a straight-line basis over the terms of the lease agreements.

Global Corporate Trust Services

The Group earns trust fee income from a diverse range of services. GCTS fees are all fees earned by the Group in respect of Special Purpose Vehicles ('SPVs'), under the relevant Governing Instruments and include: Trustee, Principal Paying Agent, Transfer Agent, Calculation Agent, Agent Bank, Custodian, Cash Manager, Reporting Agent and other roles. GCTS revenue is recognised on an accruals basis in the financial year in which the services are provided. These fees are determined in accordance with contracts between the Group or the Group's subsidiaries and their clients.

Corporate Payment Systems

CPS generates its income from two lines of business: Corporate Card Issuance and Freight Payment Solutions. The Freight payment solutions provide a streamlined global payment network which automates the invoicing and payment process. Fee income is generated by charging the buyer a fee for this service. Discount fees are also earned on counterparty finance, whereby a percentage is deducted off the amount paid to the seller. Corporate Card Issuance acts as the issuing bank that offers bank cards to customers. Fee income is generated by charging interchange fees on transactions.

4 Interest Income and Expense

Interest Income and Expense			
In thousands of Euro	**Note**	**2017**	**2016**
Interest income			
Interest from central banks		3,553	25
Interest from other banks		1,357	2,782
Interest income from affiliate companies	**32**	3,197	2,862
Total interest income		**8,107**	**5,669**
Interest expense			
Interest expense on short term borrowings		156	215
Interest expense on Corporate Trust deposits		1,438	677
Total interest expense		**1,594**	**892**
Net interest income		**6,513**	**4,777**

5 Other Operating Income

Other Operating Income			
In thousands of Euro	**Note**	**2017**	**2016**
Dividend income on available for sale financial assets		906	406
Realised gain on sale of financial assets*	**28**	4,157	200,129
Services provided to affiliate companies		11,577	7,114
Recovery of finance lease losses		10	54
Other operating income - Other		35	151
Other operating income		**16,685**	**207,854**

*The realised gain on sale of financial assets relates to the sale of Visa Shares.

6 Staff Numbers

Staff Numbers		
Average number of employees during the year	**2017**	**2016**
Sales	351	253
Operations	1,032	1,005
Finance and administration	559	439
Total staff numbers	**1,942**	**1,697**

7 Other Operating Expense

In 2013, the Group amended its long term incentive plan. This amendment enabled U.S. Bancorp to grant certain employees shares in U.S. Bancorp as a retention incentive. As at 31 December, the charge for these awards in 2017 was EUR 434 thousand (2016: EUR 1,274 thousand). As at 31 December 2017, EUR 36 thousand was payable (2016: EUR 119 thousand). The charge for all other long term incentive awards in 2017 was EUR 2,408 thousand (2016: EUR 1,884 thousand).

An element of salaries and wages has been capitalised during the year in relation to the development of software. The Group has not capitalised social insurance and other retirement benefits during the year.

Other Operating Expenses			
In thousands of Euro	**Note**	**2017**	**2016**
Staff Costs			
Wages and salaries		106,181	92,003
Social security costs		12,140	10,235
Pension costs – defined contribution plans	24	4,705	3,949
Pension costs – defined benefit plans	24	448	459
Staff costs - other		10,250	7,971
Auditor's Remuneration			
Statutory Audit		678	936
Non audit services		-	-
Other			
Depreciation of property, plant and equipment	18	14,304	11,889
Amortisation of intangible assets	17	4,899	5,215
Goodwill impairment	16	314	-
Losses from disposals of fixed assets		253	245
Marketing and business development		9,095	9,887
Occupancy and equipment		12,109	10,477
Other operating expenses - Other		9,451	6,918
Bank processing fees*		28,685	15,361
Postage, printing and supplies		2,237	2,465
Professional services		12,796	10,328
Technology and communications		9,149	7,031
Services provided by affiliate companies		8,289	-
Total operating expenses		**245,983**	**195,369**
Foreign exchange loss		3,696	2,681
Total other operating expense		**249,679**	**198,050**

*Bank Processing fees includes negative interest expense

Directors' emoluments are analysed as follows:

In thousands of Euro	**2017**	**2016**
Remuneration in respect of services as Director	140	193
Remuneration in connection with management	944	1,241
Remuneration to Directors in respect of other termination payments	260	-
Remuneration in respect of other assets received or receivable from long term incentive plans	266	135
Pension costs – defined contribution plans (other than in respect of services as Director)	179	43
Total Directors' emoluments	**1,789**	**1,612**

No payments have been paid to past Directors during the current or prior year.

8 Income Taxes

Income Taxes			
In thousands of Euro	**Rate**	**2017**	**2016**
Income Tax			
Current tax		11,592	76,080
Prior year tax expense		281	597
Deferred tax income		217	5,875
Income tax expense for the year		**12,090**	**82,552**
Reconciliation of tax charge			
Profit before tax		42,735	309,153
Theoretical tax charge at statutory rate	**12.5%**	5,342	38,644
Tax effect of items which are not deductible or assessable for taxation purposes:			
Addition of prior year tax		281	597
Non-deductible expenses		2,903	(273)
Total temporary differences not accounted for in deferred tax		(283)	(455)
Overseas profits taxed at a higher rate		2,961	2,322
Losses recognised		83	384
Current year profits taxed at higher rate		852	1,362
Uncertain tax provision		5,578	34,492
Deferred tax on Visa preferred shares		(5,578)	5,578
Other adjustments		(49)	(99)
Income tax expense for the year		**12,090**	**82,552**

Deferred Taxes		
In thousands of Euro	**2017**	**2016**
Deferred Tax Liability		
Tax effect of taxable temporary differences		
Other intangibles: amortisation	(1,701)	(2,114)
Financial assets available for sale: unrealised gain on Visa Europe shares	-	(5,907)
Asset timing differences	(1,644)	(1,484)
Foreign exchange differences	13	76
Recognised deferred tax liability	**(3,332)**	**(9,429)**

In thousands of Euro	**2017**	**2016**
Deferred Tax Asset		
Tax effect of deductible temporary differences		
Asset timing differences	3,036	3,403
Losses in foreign markets	-	76
Re-measurement of defined benefit plan	730	922
Exchange movements	(352)	(310)
Recognised deferred tax asset	**3,414**	**4,091**

Underlying profit before tax for the year ended 31 December 2016 includes a gain on sale of shares in Visa Europe, as discussed in Note 5 and 26 to the Consolidated Financial Statements. For the purposes of taxation this gain has been considered trading income in nature subject to Irish corporate tax at the rate of 12.5%. The group recognises that the Irish tax authorities may challenge this tax treatment at some future point and hence an uncertain tax provision has been included within the 2016 current income tax expense above in respect of this uncertain position. This represents the difference between the taxation of the gain as a trading receipt versus a capital receipt. At 31 December 2017 the provision held was EUR 40,070 thousand (2016: EUR 34,492 thousand)

9 Cash Balances

The Group is required to comply with regulatory liquidity requirements under the Capital Requirements Directive and Regulation, as supported by EBA guidelines and technical standards.

The Group has remained in full compliance and as at 31 December 2017 maintained a buffer significantly higher than regulatory requirements. The Group has met its high quality liquid asset requirement by placing cash with the Central Bank of Ireland and the Bank of England.

In addition to Liquidity Coverage Ratio, the Group is also required to place cash with the Central Bank of Ireland, the National Bank of Poland, and the Bank of England to meet minimum reserve and cash deposit ratio requirements; as at 31 December 2017 balances were EUR 76,585 thousand (2016: EUR 76,437 thousand). All amounts held at central banks are not available to finance the Group's day-to-day operations and therefore are not part of cash and cash equivalents.

With exception for the Group's investments with affiliates and balances at central banks, all investing or financing transactions during 2017 and 2016 involved the use of cash or cash equivalents.

Cash Balances		
In thousands of Euro	**2017**	**2016**
Cash and cash equivalents		
Cash and balances with banks	194,657	137,159
Money market placements	-	99,234
Cash with affiliates	18,063	59,532
Total cash with banks and affiliates	212,720	295,925
Overdrafts	(11,865)	(784)
Total cash and cash equivalents	**200,855**	**295,141**
Balances at central banks	**8,833,491**	**6,225,513**

10 Investments with Affiliates

Investments with affiliates represent fixed term deposits with U.S. Bancorp, which amounted to EUR 288,896 thousand (2016: EUR 1,229,745 thousand). These deposits are interest bearing short-term deposits, normally mature within 7 days, and no longer than 30 days. None of the investments with affiliates were past due or deemed to be impaired.

11 Discontinued Operation

On 23 June 2017, the Group announced that it had entered into a conditional agreement for the divestment of its stake in Santander Elavon Merchant Services ('SEMS'), a joint venture, through the sale of the Group's entire shareholding to Banco Santander, the other shareholder in SEMS.

Total consideration received from the sale of the joint venture was EUR 72,500 thousand. A termination payment of EUR 500 thousand was paid to Banco Santander as part of the sale agreement and is included in costs associated with the sale. Therefore the net consideration received by the Group for the sale was EUR 72,000 thousand.

Investment in Joint Venture		
In thousands of Euro	**2017**	**2016**
As at 1 January	92,510	88,444
Share in profit of Joint Venture	1,407	4,066
As at date of disposal/end of year	**93,917**	**92,510**

The Group's share in profit of the Joint Venture was accounted for using the equity method and presented as a single line item in the Consolidated Statement of Income.

Loss on sale of Joint Venture	
In thousands of Euro	**2017**
Consideration received	72,500
Less investment in Joint Venture	(92,510)
Less costs associated with sale	(1,887)
Loss on the sale of the Joint Venture	**(21,897)**
Share of profits for the year	(1,407)
Result for financial year including loss on the sale	**(23,304)**

12 Merchant Receivables

As at 31 December 2017, the value of receivables from merchants was EUR 62,994 thousand (2016: EUR 64,415 thousand). Merchant receivables are presented net of allowance for bad and doubtful debts.

13 Receivables from Issuing Banks

As at 31 December 2017 the value of receivables from issuing banks was EUR 696,475 thousand (2016: EUR 478,794 thousand). The fair value of collateral held against receivables from issuing banks was nil as at 31 December 2017 (2016: nil). None of the issuing bank receivables are deemed to be past due or impaired.

14 Investment Services Receivables

Investment Services Receivables		
In thousands of Euro	**2017**	**2016**
Loans and advances - receivable from GCTS	-	423
GCTS fee receivables	13,548	10,602
Receivables from clearing houses - Clearstream	-	7
As at 31 December	**13,548**	**11,032**

Due to the nature of the GCTS business and the structure of the deals in place, it is ensured that the Group will always be paid before a loan fully redeems. Therefore, none are deemed to be past due or impaired.

15 Finance Lease Receivables

All point-of-sale terminal equipment leases terminated on or before the 18th April 2017. The Group will no longer lease these devices to customers under a non-cancellable agreement. All equipment that was with customers on the lease termination date was either returned to the Group or extended to a monthly rental. All terminal equipment leases are now classified as operating leases.

Minimum lease payments receivable under finance leases are:

Finance Lease Receivables				
In thousands of Euro	**2017 Carrying Value**	**2017 Fair Value**	**2016 Carrying Value**	**2016 Fair Value**
Within one year	-	-	70	70
In the second to fifth years inclusive	-	-	-	-
Less unearned finance income	-	-	-	-
As at 31 December	**-**	**-**	**70**	**70**

The present values of minimum lease payments are:

In thousands of Euro	**2017**	**2016**
Within one year	-	70
In the second to fifth years inclusive	-	-
As at 31 December	**-**	**70**

16 Goodwill

The carrying amount of goodwill allocated to each CGU is:

In thousands of Euro	**Merchant Services CGU**	**Corporate Trust CGU**	**Total Goodwill**
Cost			
As at 1 January 2017	131,212	10	131,222
Goodwill impairment	(314)	-	(314)
Exchange rate movements	(2,219)	(1)	(2,220)
As at 31 December 2017	**128,679**	**9**	**128,688**
Cost			
As at 1 January 2016	140,109	11	140,120
Exchange rate movements	(8,897)	(1)	(8,898)
As at 31 December 2016	**131,212**	**10**	**131,222**

Impairment testing of goodwill

During the year the Group recognised an impairment loss of EUR 314 thousand on the goodwill that was recognised on the acquisition of Flexicom Limited. This impairment arose as a result of Flexicom technology being retired. There was no other impairment of goodwill recognised (2016: nil).

The Group's impairment test in respect of goodwill allocated to a CGU is performed as at 31 October each year. In line with the accounting policy set out in Note 2, goodwill is also retested for impairment whenever there is an indication that goodwill may be impaired.

For the purpose of impairment testing, the Elavon Europe CGU represents the lowest level at which goodwill is monitored by key management personnel. EMS CGU comprises the total merchant processing business across Europe, and is the sole CGU for the purpose of impairment testing for this business line. An additional impairment test is performed for the GCTS CGU. The basis of the recoverable amount is the value in use for both business lines.

16 Goodwill (continued)

For a CGU, the value in use is calculated by discounting management's cash flow projections for 20 years of the CGU. The discount rate of 12% (2016: 12%) used in the calculation represents the cost of capital that the Group's ultimate parent undertaking allocates to investments in Europe.

A long-term growth rate of 5% (2016: 5%) was used to extrapolate the cash flows. The growth rate is achievable in the longer term based on customer initiatives implemented, low attrition levels, and past experience showing that growth rates of the portfolios have exceeded GDP growth rates. An expense reduction rate was used to reduce the direct expense by 1% over a five year period to 38% (2016: 40%).

The recoverable amount for goodwill in 2017 is calculated to be EUR 1,388,062 thousand (2016: EUR 1,395,462 thousand). As a result of these figures no impairment of goodwill was recognised in either 2017 or 2016, other than the impairment loss on Flexicom Limited. If any of the inputs were to be reasonably changed, the recoverable amount does not go below the carrying amount.

17 Intangible Assets – Other

Intangible Assets - Other				
In thousands of Euro	**Computer Software**	**Merchant Contracts**	**Corporate Trust Contracts**	**Total**
Cost				
Opening balance	46,353	98,368	3,102	147,823
Additions	2,840	-	-	2,840
Exchange movements	42	(2,763)	(109)	(2,830)
Closing Balance of cost account	**49,235**	**95,605**	**2,993**	**147,833**
Accumulated amortisation				
Opening balance	41,508	87,495	2,934	131,937
Amortisation charge for the year	2,944	1,779	176	4,899
Exchange movements	38	(2,423)	(164)	(2,549)
Closing Balance of the accumulated amortisation	**44,490**	**86,851**	**2,946**	**134,287**
Net book value as at 31 December 2017	**4,745**	**8,754**	**47**	**13,546**

In thousands of Euro	**Computer Software**	**Merchant Contracts**	**Corporate Trust Contracts**	**Total**
Cost				
Opening balance	44,929	107,491	3,619	156,039
Additions	1,535	-	-	1,535
Exchange movements	(111)	(9,123)	(517)	(9,751)
Closing Balance of cost account	**46,353**	**98,368**	**3,102**	**147,823**
Accumulated amortisation				
Opening balance	38,778	93,631	3,216	135,625
Amortisation charge for the year	2,799	2,189	227	5,215
Exchange movements	(69)	(8,325)	(509)	(8,903)
Closing Balance of the accumulated amortisation	**41,508**	**87,495**	**2,934**	**131,937**
Net book value as at 31 December 2016	**4,845**	**10,873**	**168**	**15,886**

17 Intangible Assets – Other (continued)

Merchant contracts and corporate trust customer contracts arose from past acquisitions. Management believes that any reasonable possible changes in key assumptions would not cause the CGU carrying amount to exceed its recoverable amount.

Impairment testing of other intangible assets

The recoverable amount of the contracts has been determined based on a value in use calculation (2017 discount rate 12%) using cash flow projections based on the 2017 actual results approved by senior management and cash flows are extrapolated beyond this. It was found that there were no indicators of impairment of intangibles during the year 2017; therefore a full impairment review was not carried out for 2017.

18 Property, Plant and Equipment

Property, Plant and Equipment

In thousands of Euro	Premises and leasehold improvements	Office and computer equipment	Total
Cost			
Opening balance	16,780	100,296	117,076
Additions	306	21,215	21,521
Disposals	-	(16,493)	(16,493)
Exchange movements	37	516	553
Closing Balance of cost account	**17,123**	**105,534**	**122,657**
Accumulated depreciations and write-offs			
Opening balance	10,469	68,329	78,798
Disposals	-	(15,198)	(15,198)
Depreciation charge for the year	893	13,411	14,304
Exchange movements	42	360	402
Closing Balance of the accumulated depreciation account	**11,404**	**66,902**	**78,306**
Net book value as at 31 December 2017	**5,719**	**38,632**	**44,351**

In thousands of Euro	Premises and leasehold improvements	Office and computer equipment	Total
Cost			
Opening balance	15,676	98,005	113,681
Additions	1,333	14,628	15,961
Disposals	(371)	(8,534)	(8,905)
Exchange movements	142	(3,803)	(3,661)
Closing Balance of cost account	**16,780**	**100,296**	**117,076**
Accumulated depreciations and write-offs			
Opening balance	9,464	67,382	76,846
Disposals	(53)	(7,658)	(7,711)
Depreciation charge for the year	877	11,012	11,889
Exchange movements	181	(2,407)	(2,226)
Closing Balance of the accumulated depreciation account	**10,469**	**68,329**	**78,798**
Net book value as at 31 December 2016	**6,311**	**31,967**	**38,278**

19 Other Assets

The following Other Assets are deemed to be current assets with the exception of the Visa Europe deferred consideration.

Other Assets			
In thousands of Euro	**Note**	**2017**	**2016**
Commercial loans - receivable		19,697	13,665
Accrued assessments		-	1,093
Prepayments, deferred expenses and other receivables		9,918	9,274
Visa Europe deferred consideration receivable		16,511	15,876
Tax debtors		165	1,412
Other assets - other		201	367
Receivables from affiliate companies		371	4,690
Forward exchange contracts	**28**	376	578
Interest receivable		574	150
As at 31 December		**47,813**	**47,105**

Forward contracts entered into by the Group are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions. The contracts are short-term deposits and the latest date of maturity for the above contracts is 18 January 2018.

Forward contracts frequently involve a high degree of leverage, and a relatively small movement in a currency exchange rate may give rise to significant loss. Over-the-counter derivatives may expose the Group to the risks associated with the absence of an exchange market on which to close out an open position. The use of standardised contractual terms and conditions by the Group mitigates this risk. The Group has credit exposure to the counterparties of forward contracts.

The Group settles its forward contracts on a net basis and therefore mitigates its liquidity risk. The Group's exposure under derivative contracts is closely monitored as part of the overall management of the Group's market risk.

The Visa Europe deferred consideration receivable accrues interest at 4% and the full settlement is expected to be received in June 2019.

Forward Exchange Contracts

In thousands of Euro	**Notional Amount**	**Fair Value Assets**	**Fair Value Liabilities**
PLN	135,469	-	(874)
SEK	18,051	-	-
USD	22,366	289	-
AUD	5,166	-	(43)
Other	25,820	87	(316)
As at end of 31 December 2017	**206,872**	**376**	**(1,233)**

In thousands of Euro	**Notional Amount**	**Fair Value Assets**	**Fair Value Liabilities**
PLN	113,179	-	(32)
NOK	28,732	-	(139)
USD	25,437	321	-
AUD	7,995	126	-
Other	18,809	131	(12)
As at end of 31 December 2016	**194,152**	**578**	**(183)**

20 Corporate Trust Deposits

Corporate Trust Deposits		
In thousands of Euro	**2017**	**2016**
Accrued Interest	200	42
Non-Interest bearing deposits	186,337	76,184
Interest bearing deposits	8,130,565	6,697,925
As at 31 December	**8,317,102**	**6,774,151**

Corporate trust deals are long-term in their nature. However, during interest payment date (IPD) periods, cash balances move significantly. Thus, it is deemed that corporate trust deposits could be repayable within 7 days.

21 Merchant Payables

As at 31 December 2017, the value of merchant payables was EUR 864,341 thousand (2016: EUR 717,173 thousand). *This balances reflects the amount owing to Merchants, from the Group, for transactions processed.*

22 Other Liabilities

The following Other Liabilities are deemed to be current liabilities with the exception of the Pension liability.

Other Liabilities			
In thousands of Euro	**Note**	**2017**	**2016**
Accruals and sundry creditors*		45,798	29,581
Pension liability	**24**	7,664	8,828
VAT and other tax creditors		9,251	8,825
Corporate payables		1,619	1,594
Deferred revenue		4,564	3,809
Forward exchange contracts	**19**	1,233	183
Payable to affiliate companies		1,612	2,963
Commercial loans – payable		1,563	451
Other liabilities – other**		627	42,182
As at 31 December		**73,931**	**98,416**

*As at 31 December 2017, the liability for sundry creditors was EUR 1,787 thousand (2016: EUR 804 thousand).
**As at 31 December 2016, Other Liabilities – Other contains a payable for a term deposit transaction of EUR 40,814 thousand.

23 Financial Liabilities

Changes in liabilities arising from financing activities		
In thousands of Euro	**Payments for Parent Company re-charges for share-based payments**	**Total**
Opening Balance as at 1 January 2017	-	-
Cash flows	434	434
Foreign Exchange movement	-	-
Changes in fair value	-	-
Other*	(434)	(434)
Closing Balance as at 31 December 2017	-	-

*The 'Other' row includes a contribution from U.S. Bank National Association which represents the cash settlement of awards to employees during the year arising from restricted stock units of U.S. Bancorp.

24 Pension Costs

Defined contribution plans

The Group has established defined contribution pension plans on behalf of employees. Under the terms of the main plan the Group will match contributions paid by employees up to 6% of the contributing employee's salary.

The pension charge for the year ended 31 December 2017 was EUR 4,705 thousand (2016: EUR 3,949 thousand) of which EUR 815 thousand was payable at 31 December 2017 (2016: EUR 104 thousand).

Defined benefit plans

The Group provides employees in the Germany branch with a defined benefit pensions plan. Defined benefit schemes are closed to new entrants.

The characteristics of the German defined benefit pension schemes are outlined below based on actuarial report prepared on 27 December 2017.

Germany

In Germany there are 2 defined benefit schemes, both of which are closed to new entrants. The schemes are Occupational Pension schemes categorised as "Direktzusagen" or Direct Pension Commitments. The schemes are registered in Germany and are subject to the Regulatory Framework in place in Germany including the Social Code (SGB III), the Occupational Pensions Act (BetrAVG) and the Insurance Supervision Act (VAG). Occupational Pension schemes fall outside the supervision of the German Federal Financial Supervisory Authority (BaFin).

Plan A, dated 4 May 1994, comprises a final salary plan that provides a lifelong annuity equal to 0.5% of the final salary for every year of pensionable service.

For portions of the salaries above the German Social Security Contribution Ceiling (SSCC), 1.5% of final salary for every year of pensionable service applies.

Plan B, dated 2 January 2003, is a Cash Balance Plan with notional employer contributions amounting to 3% of the total base salary plus 6% of the base salary above the SSCC. The fixed interest credit of 6% p.a. is granted immediately, taking into account the outstanding years until the age of 60. Most employees of Plan A were transferred to Plan B, replacing the accrued benefits in the former plan with an actuarially equivalent initial credit.

A Board of Trustees has been appointed to administer the plan in Germany. The Board of Trustees is required to act in the interest of the plan and all relevant stakeholders in the scheme (active and inactive employees, retirees and employers). The Board of Trustees are responsible for the investment strategy with regard to the plan assets.

Risk

The Defined Benefit plans as outlined above typically expose the Group to actuarial risks including; investment risk, interest rate risk, pension increase risk and salary increase risk.

Investment Risk is the risk that the value of plan assets may be impacted by market conditions. Investment Risk is mitigated by a prudent investment strategy which sees the majority of Plan Assets being invested in Money Market Instruments. Remaining investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The interest rate applied is determined in accordance with IAS 19R, Employee Benefits. The standard establishes that the rate used to discount post-employment benefit obligations shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

In countries where there is no deep market for such bonds, the market yields on government bonds shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

Pension increase risk, is the risk of an increase in pensions leading to an increase in obligations. A sensitivity analysis of the pension increase rate is provided further on in this note.

24 Pension Costs (continued)

Salary increase risk is the risk of an increase in salaries leading to an increase in obligations. The salary increase rate risk is mitigated by the remuneration policy of the Group. A sensitivity analysis of the salary increase rate is provided further on in this note. Further details of the policies and procedures employed by the Group to manage risks are *outlined in Note 27.*

Of the total movement in the pension plan surplus, EUR 448 thousand (2016: EUR 459 thousand) is included in staff *costs in the Consolidated Statement of Income and EUR (1,533) thousand (2016: EUR 1,897 thousand) is included in* re-measurement of defined benefit plans in the Consolidated Statement of Other Comprehensive Income. The components of the total movement are as follows:

Pension Benefit		
In thousands of Euro	**2017**	**2016**
Components of pension cost		
Current service cost	318	314
Net interest expense	130	145
Components of pension cost recorded in profit or loss	**448**	**459**
Return on plan assets, excluding interest	(637)	74
Actuarial (gain)/losses recognised in the year	(896)	1,823
Components of pension cost recorded in other comprehensive income	**(1,533)**	**1,897**
Total recognised in Comprehensive Income	**(1,085)**	**2,356**

In thousands of Euro	**2017**	**2016**
Changes in the fair value of plan assets		
Opening balance as at 1 January	6,696	6,741
Interest income	100	152
Return on plan assets, excluding interest	636	(74)
Benefits paid	(5)	-
Contributions by employer	(120)	(123)
As at 31 December	**7,307**	**6,696**

In thousands of Euro	**2017**	**2016**
Changes in the present value of plan liabilities		
Opening balance as at 1 January	15,524	13,292
Current service cost	317	314
Benefits paid	(204)	(203)
Interest costs	230	296
Actuarial (gain)/losses during the year	(896)	1,825
As at 31 December	**14,971**	**15,524**
Net liability arising from defined benefit obligation	**(7,664)**	**(8,828)**

Plan assets in Germany have a quoted market price in an active market. They are held in the form of units of money market, debt and equity funds managed by DWS Investments, (the U.S. retail brand of Deutsche Bank's global asset management division). Those diversified funds invest in a wide range of underlying instruments across different geographical zones and economic sectors.

24 Pension Costs (continued)

The major categories of plan assets as a percentage of the fair value of total plan assets are:

Plan Assets	2017	2016
Equity instruments (Geographic location Europe; 2017: 100%, 2016: 100%)	55%	50%
Debt instruments	45%	48%
Money market instruments	-	2%
As at 31 December	**100%**	**100%**

Principal Assumptions in Determining Pension Obligations	2017	2016
Discount rate	1.75%	1.5%
Rate of salary increase	3.0%	3.0%
Rate of pension increase	2.0%	2.0%
Retirement Age	63	63
Mortality / Disability / Probability to be married	Huebeck Richttafeln 2005G	Huebeck Richttafeln 2005G

Principal Assumptions in Determining Pension Obligations Turnover Rates	Women	Men
Age		
20 – 25	10.45%	6.40%
26 – 30	7.45%	5.10%
31 – 35	4.80%	4.00%
36 - 40	3.40%	2.95%
41 – 45	2.85%	2.35%
46 - 50	2.25%	1.75%
51 - 55	1.35%	0.90%
Over 55	0.00%	0.00%

Actuarial (Gains)/Losses on defined benefit obligations		
In thousands of Euro	**2017**	**2016**
From changes in financial assumptions	(710)	2,009
From experience adjustments	(186)	(186)
Return on plan assets, excluding interest	(637)	74
As at 31 December	**(1,533)**	**1,897**

The use of assumptions in calculating the Defined Benefit Obligation ('DBO') gives rise to uncertainty with regards to the amount and timing of future cash flows.

The below sensitivity analysis illustrates how the DBO would be affected by a reasonably possible change in each of the principal assumptions, if all other assumptions remained unchanged.

The degree of variation of the assumptions was determined by the Actuaries following analysis of historical data and represents a reasonably possible change to each of the assumptions within the duration of 1 year.

Sensitivity analysis	2017	2016
Sensitivity of the discount rate		
A 100 point increase of the discount rate would decrease the DBO by	(15.85%)	(16.59%)
A 100 point decrease of the discount rate would increase the DBO by	20.75%	21.90%
Sensitivity of the salary increase rate		
A 50 point increase of the salary increase rate would increase the DBO by	0.12%	0.16%
A 50 point decrease of the salary increase rate would decrease the DBO by	(0.11%)	(0.15%)
Sensitivity of the pension increase rate		
A 25 point increase of the pension increase rate would increase the DBO by	2.38%	2.47%
A 25 point decrease of the pension increase rate would decrease the DBO by	(2.12%)	(2.38%)

24 Pension Costs (continued)
The Group's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. Employees pay a fixed 6% of pensionable salary. The residual contribution (including back service payments) is paid by the entities of the Group. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases (back-service liabilities) are paid immediately to the Fund. Apart from paying the costs of the entitlements, the Group's subsidiaries are not liable to pay additional contributions in case the Fund does not hold sufficient assets. In that case, the Fund would take other measures to restore its solvency, such as a reduction of the entitlements of the plan members.

The average duration of the benefit obligation at 31 December 2017 is 19.3 years (2016: 18.7 years). This number can be analysed as follows:

- Active members 39.7 years (2016: 40.6 years)
- Deferred members 35.3 years (2016: 35.5 years); and
- Retired members 21.6 years (2016: 22.1 years)

The Group expects to make a contribution of EUR 269 thousand to the defined benefit plans during the next financial year.

25 Share Capital

Share Capital		
In thousands of Euro	**2017**	**2016**
Ordinary Share Capital - Authorised		
1,000,000,000 ordinary shares of €1 each (2016: 1,000,000,000)	1,000,000	1,000,000
Allotted, called up and fully paid		
6,400,001 ordinary shares of €1 each (2016: 6,400,001)	6,400	6,400

There were no movements in the authorised or issued share capital during the year or during the preceding year.

26 Capital Contribution
Capital contributions relate to amounts invested in Elavon Financial Services DAC by U.S. Bancorp (via its subsidiary U.S. Bank National Association) that are non-refundable and for which neither U.S. Bancorp nor U.S. Bank National Association receives shares. The total capital contributions as at 31 December 2017 were EUR 589,389 thousand (2016: EUR 589,389 thousand).

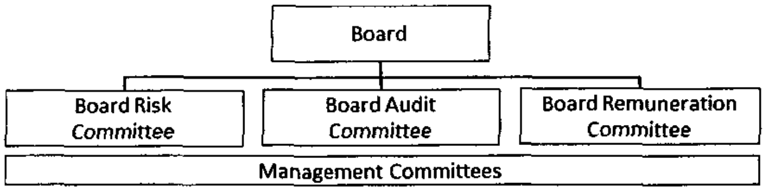
The Group recognised a credit in equity, as a contribution from U.S. Bank National Association of EUR 434 thousand (2016: EUR 1,274 thousand) which represented the cash settlement of awards to employees during the year arising from restricted stock units of U.S. Bancorp.

27 Risk Management
The Group has defined internal governance arrangements, which include an organisational structure with defined lines of responsibility; a Risk Management Framework designed to identify, measure, control, monitor and report the risks to which it is or might be exposed; an Internal Controls Framework designed to support adequate internal control mechanisms; and a Remuneration Policy and practices that are consistent with and promote sound and effective risk management.

The Board of Directors
The Board of Directors, ('the Board'), has overall responsibility for the Group. In particular, the Board is responsible for the ethical oversight of the Group, setting the business strategy for the Group, and ensuring that the risk and compliance are properly managed.

27 Risk Management (continued)

The Board delegates authority to sub-committees or management to act on behalf of the Board in respect of certain matters, the Board has established mechanisms for documenting the delegation and monitoring the exercise of delegated functions. The governance structure includes the following Committees:



Board Risk Committee

The Board Risk Committee has been delegated authority by the Board to provide oversight and advice to the Board on the current risk exposure of the Group and future risk strategy. Additionally, the Committee has been delegated responsibility by the Board to oversee the Group's Risk Management Framework. The Committee is responsible for monitoring all aspects of risk associated with the operations of the Group.

Board Audit Committee

The Board Audit Committee has been delegated authority to provide assistance to the Board in fulfilling its responsibility to the shareholders with respect to its oversight of the financial reporting process and the quality and integrity of the Group's financial statements; the Group's internal controls and compliance with legal and regulatory requirements; the statutory audit of the annual and consolidated accounts; the independence of the Group's auditor, and the provision of additional services to the Group; and the effectiveness of the Group's Internal Audit function.

Board Remuneration Committee

The Board Remuneration Committee has been delegated authority by the Board to oversee the Group's Remuneration Policy and practices, as well as considering senior management remuneration and, if required, making recommendations to the Board in respect of the remuneration arrangements of the Executive Directors of the Group.

Management Committees

The Board has established a small number of management committees, as follows:

- Managing Committee, which has primary responsibility for proposing the direction of the Group to the Board, and ensuring the effective implementation of the Board's strategy, risk appetite, policies and other guidance;
- Information Technology Governance Committee ('ITGC'), which has primary responsibility for the oversight and governance of Information Technology risk management within the Group;
- Executive Risk Committee ('ERC'), which has been delegated responsibility from the Board Risk Committee to provide executive oversight of the enterprise risk framework. The ERC helps the Group grow profitably in a safe and sound manner, while promoting an effective risk management culture throughout the organisation and is supported in this activity by the following committees:
    - Asset & Liability Management Committee ('ALMC'), which has primary responsibility for the implementation of the Board's asset and liability management strategies and policies;
    - Compliance & Operational Risk Committee acts as the primary management level committee dedicated to compliance and operational risk at Elavon Financial Services DAC, providing direction regarding the management of compliance and operational risk to business lines and to the risk management programs, discussing compliance and operational risk and loss events across the Group, exploring mitigation strategies, and sharing institutional knowledge. The Committee considers the condition of the risks, the Group's programs to manage risks, and significant individual items. It escalates matters as necessary to executive management and to the ERC of the Group, under whose oversight the Committee operates;
    - Credit Management Committee, which has primary responsibility for the implementation of the Board's credit risk policies;
    - Internal Capital Adequacy Assessment Process ('ICAAP') Committee, which has primary responsibility for ensuring the effective implementation of the Board's ICAAP;

27 Risk Management (continued)

- o Internal Liquidity Adequacy Assessment Process ('ILAAP') Committee, which has primary responsibility for providing specialist technical advice with regard to the Board's ILAAP and supporting activities;
- o Fraud Committee, which has primary responsibility for promoting a unified, coordinated and collaborative approach to Fraud Risk Management across the Group;
- o Data Governance Committee, which has primary responsibility for ensuring consistent, high-quality data is available across the Group; and
- o Macro Risk Committee, which has primary responsibility to perform duties and provide specialist technical advice in relation to the potential impacts on Elavon Financial Services DAC as a result of key macro variables affecting corporate performance in the EU and the wider Europe area. The remit of the committee duties will be informed by the Group's geographic footprints and key variables to which the Group is exposed through its activities in those countries. The Macro Risk Committee has authority to mandate other ERC subcommittees to deliver upon mitigating actions and/ or contingency action plans delegated to them should risks identified fall under the scope of such committees.

Approach to Managing Risk

Risk Cycle

The Group manages the risks to which it is exposed to through the risk cycle:

• Identify	Ensuring the risk inherent in all material products, activities, processes and systems is identified to make sure they are well understood.
• Assess	Understanding the Group's risk profile and allocating risk management resources and strategies most effectively.
• Control	Activities undertaken to ensure adherence to the risk appetite and strategy, as well as individual policies and limits established by the Group.
• Monitor & report	Regular monitoring of the Group's risk profile and material exposures to losses and the communication of this to relevant parties.

Risk Appetite

The Board has developed a documented risk appetite, which is expressed in both qualitative terms and quantitative metrics. The Group's risk culture is based on the risks the Group faces and how they are managed, taking into account its risk appetite. The Board ensures the Risk Management Framework and Internal Controls Framework reflect the risk appetite and that there are adequate arrangements in place to ensure that there is regular reporting to the Board on risk appetite.

Risk Management & Strategy

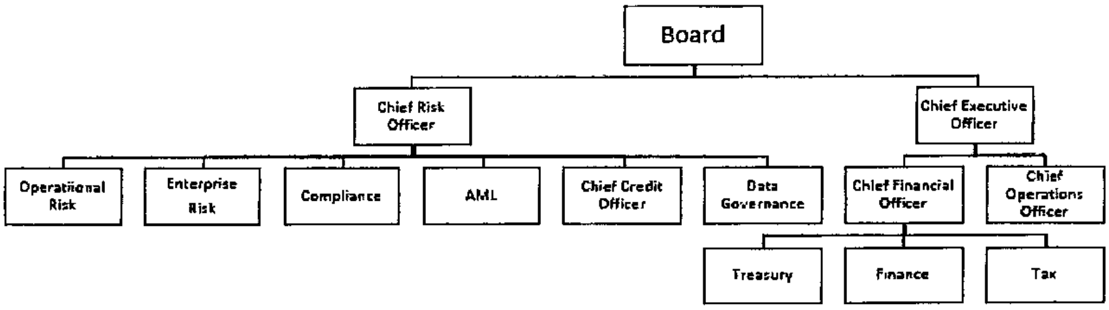
The Group's approach to risk management has been developed to provide an environment that supports the achievement of strategy in a sustainable way. This is achieved through aligning risk limits and controls to strategy, through direct alignment to the Board's risk appetite.

Risk & Compliance Function

The Risk & Compliance Function ('RCF') helps the Group accomplish its objectives by ensuring that each key risk the Group faces is identified and properly managed.

The RCF is divided into six key disciplines: Operational Risk, Enterprise Risk, Compliance, Credit, Anti-Money Laundering and Data Governance.

27 Risk Management (continued)



The RCF supports the Board (and sub-Committees thereof) in managing risk across the Group through providing a holistic view of all relevant risks. The RCF enables business units and support functions to effectively manage the risks their activities give rise to. The RCF is independent of the business and support units whose risks it controls.

Geographical Risk

The Group's activities are diversified throughout various countries in Europe, all of which are considered to be developed and none of which experiences hyper-inflationary conditions. As the Group is not excessively dependent on one market, geographical risk is not considered to be significant to the Group. The geographical market concentrations of GCTS, receivables from issuing banks and EMS receivables are noted below:

Geographical Risk

Corporate Trust	**2017**	**2016**
United Kingdom	100%	100%
Total	**100%**	**100%**

Receivables from Issuing Banks	**2017**	**2016**
Ireland	11%	11%
United Kingdom	59%	55%
Poland	17%	19%
Norway	9%	12%
Germany	4%	3%
Total	**100%**	**100%**

Merchant Receivables	**2017**	**2016**
Ireland	35%	37%
United Kingdom	52%	52%
Poland	7%	6%
Norway	3%	2%
Germany	3%	3%
Total	**100%**	**100%**

27 Risk Management (continued)

Credit Risk

Credit Risk is the risk of loss resulting from a counterparty or obligor being unable to meet contractual obligations agreed with the Group in respect of financial transactions. Credit risk arises both on an on-balance sheet and off-balance sheet exposure basis. On-balance sheet credit risk primarily relates to exposures to Card Issuing Banks and Banks that the Group has deposited cash with. Off-balance sheet credit risk primarily relates to the contingent risks attached to Merchant Processing.

The Board-approved Risk Appetite Statement and associated policies set out risk tolerance and parameters for exposures to a customer or a group of connected customers. The core values and principles governing the management of credit risk are contained in the Group's credit policies.

Exposure to credit risk is managed at origination and through-the-cycle by analysis and regular review of counterparty's ability to meet its obligations to the Group; the criterion for acceptable underwriting is set out in policy. Additionally, the Group obtain collateral and guarantees from customers where appropriate to reduce and manage credit risk. Delayed settlement is also utilised as a tool for mitigating chargeback risk for some customers.

The exposure to any one borrower including banks and brokers is restricted by sub-limits covering on and off balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. The carrying value of EUR 10,346 million, as disclosed in the Consolidated Statement of Financial Position, represents the Group's maximum credit exposure, hence, no separate disclosure is provided.

Monitoring of credit risk is enabled through the provision and availability of current information to support the credit risk management of individual customer relationships as well as the overall portfolio. Credit risk is reported to senior management through the Credit Management Committee.

Concentration Risk is managed and monitored under the EFS Risk Appetite Statement. For Credit Risk there are several credit risk exposure groupings identified and monitored against the Group Risk Appetite.

Credit Ratings			
Counterparty	***Moodys***	***S&P***	***Fitch***
U.S. Bank	P-1	A-1	F-1+
Deutsche Bank	P-2	A-2	F-2

Market Risk

Market risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in interest rates, foreign currency exchange, credit spreads, equity prices and risk related factors such as market volatilities. The Group's primary exposures to market risks are foreign exchange and interest rate risk. The Board sets limits on the value of risk that may be accepted.

Foreign Exchange Risk

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure which are monitored daily. The ALMC has responsibility for monitoring compliance with the asset and liability management policies, including foreign exchange exposures.

The table below is a sensitivity analysis which demonstrates the effects of potential 5% adverse movements in exchange rates of the given currencies versus the Euro. The mitigating effects of the forward contracts outstanding at year end are included in the analysis. Intergroup balances, although netted on a Group level, have an impact on the analysis and are therefore also included.

27 Risk Management (continued)

Foreign Exchange Risk

In thousands of Euro	**2017 Statement of Income**	**2017 Equity**	**2016 Statement of income**	**2016 Equity**
GBP	383	9,038	(703)	(8,551)
NOK	(86)	420	(62)	(1,535)
PLN	28	1,526	19	(317)
USD	56	-	116	65
Total	**381**	**10,984**	**(630)**	**(10,338)**

Interest Rate Risk

To minimise the volatility of net interest income and the market value of assets and liabilities, the Group monitors its exposure to changes in interest rates through asset and liability management activities within the guidelines established in the ALMC and approved by the Board.

The ALMC has responsibility for monitoring compliance with the asset and liability management policies, including interest risk exposure. The Group uses net interest income simulation and market value risk analysis for measuring and analysing interest rate risk.

The table below is a sensitivity analysis which demonstrates the effects of potential 10bps positive/adverse movements in interest rates, for the Group:

Interest Rate Risk

In thousands of Euro	**2017 Statement of income**		**2016 Statement of income**	
	+10bps	**-10bps**	**+10bps**	**-10bps**
Interest from central banks**	2,721	(3,553)	1,262	(25)
Interest from other banks	209	(209)	241	(241)
Interest income from affiliate companies on fixed term deposits**	1,077	(2,154)	2,098	(2,862)
Interest expense on overdraft	(44)	44	(50)	50
Interest expense - corporate trust deposits *	(3,297)	1,437	(3,007)	677
Total	**666**	**(4,435)**	**544**	**(2,401)**

* **Note:** Due to the current negative interest rate environment in the Eurozone, it is unlikely the full impact of a 10bps movement would arise for our Central Bank and Affiliate balances, and we have thus utilised a 5bps positive movement for these categories.

** **Note:** Due to certain contractual conditions within our Corporate Trust Deposits, it is unlikely that the full impact of a 10bps movement would arise and we have thus utilised a 5bps positive/adverse movement for this category.

Operational risk

The Group defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Group manages operational risk through its Risk Management Framework and Internal Control Framework, and supporting procedures, policies and processes. Management have direct and primary responsibility and accountability for identifying, assessing, controlling, and monitoring operational risks embedded in their business activities.

The Group maintains a system of controls with the objective of providing proper transaction authorisation and execution, safeguarding of assets from misuse or theft, and ensuring the reliability of financial and other data. Management are responsible for ensuring that the controls are appropriate and are implemented as designed.

27 Risk Management (continued)

Anti-Money Laundering (AML) Risk

AML risk is the risk arising from failure to have adequate arrangements in place to prevent, detect or report actual or attempted instances of money laundering or terrorist financing. AML risk also includes the risks arising from non-compliance with financial sanctions requirements. The Group manages AML risk through its AML Framework, including through its AML policies and supporting procedures and controls.

Liquidity risk

Liquidity risk is defined as the current or prospective risk to earnings and capital arising from the Group's inability to meet its liabilities when they come due. The Group's approach to liquidity risk management is designed to maintain sufficient liquidity in both normal operating environments as well as in periods of severe stress.

Liquidity risk is managed by the ALMC of the Group. Liquidity risk is managed on a daily basis, with quarterly stress testing performed on the Group's liquidity position. The Group has a Contingency Funding Plan and liquidity risk is mitigated by the significant net liquidity position of the Group.

Assets by their contractual undiscounted cash flows

In thousands of Euro	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Balances at central banks	8,833,491	-	-	-	8,833,491
Due from banks	212,720	-	-	-	212,720
Investments with affiliates	288,896	-	-	-	288,896
Receivables from issuing banks	695,259	1,213	3	-	696,475
Merchant receivables	35,321	27,551	68	-	62,940
Investment Services receivables	8,006	3,330	2,126	-	13,462
Finance lease receivables	-	-	-	-	-
Financial assets available for sale	-	-	-	-	-
Other assets	12,063	8,931	24	16,511	37,529
As at 31 December 2017	**10,085,756**	**41,025**	**2,221**	**16,511**	**10,145,513**

In thousands of Euro	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Balances at central banks	6,225,513	-	-	-	6,225,513
Due from banks	295,925	-	-	-	295,925
Investments with affiliates	1,229,745	-	-	-	1,229,745
Receivables from issuing banks	478,794	-	-	-	478,794
Merchant receivables	43,865	21,050	-	-	64,915
Investment Services receivables	7,698	-	2,911	423	11,032
Finance lease receivables	35	35	-	-	70
Financial assets available for sale	-	-	-	17,902	17,902
Other assets	13,267	14,873	-	17,553	45,693
As at 31 December 2016	**8,294,842**	**35,958**	**2,911**	**35,878**	**8,369,589**

27 Risk Management (continued)

Liabilities by their contractual undiscounted cash flows

In thousands of Euro	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Overdrafts	11,865	-	-	-	11,865
Merchant payables	846,883	17,458	-	-	864,341
Corporate Trust deposits	8,317,102	-	-	-	8,317,102
Other liabilities	2,611	1,798	-	-	4,409
As at 31 December 2017	***9,178,461***	***19,256***	**-**	**-**	***9,197,717***

In thousands of Euro	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Overdrafts	784	-	-	-	784
Due to banks	440	188	-	18	646
Merchant payables	717,173	-	-	-	717,173
Corporate Trust deposits	6,774,151	-	-	-	6,774,151
Other liabilities	50,888	24,011	-	10,883	85,782
As at 31 December 2016	**7,543,436**	**24,199**	**-**	**10,901**	**7,578,536**

28 Fair Value Hierarchy of Financial Assets and Liabilities

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Set out below is a comparison by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

The carrying amount of all the Group's financial instruments not measured at fair value, approximate to their fair value due to their short term nature.

Fair Value Hierarchy

In thousands of Euro	Level 1 Fair Value	Level 1 *Carrying* Amount	Level 2 Fair Value	Level 2 *Carrying* Amount	Level 3 Fair Value	Level 3 *Carrying* Amount
Financial Assets						
Available for Sale	-	-	-	-	-	-
Foreign exchange forward contracts	-	-	376	376	-	-
As at 31 December 2017	**-**	**-**	**376**	**376**	**-**	**-**
Financial Liabilities						
Foreign exchange forward contracts	-	-	(1,233)	(1,233)	-	-
As at 31 December 2017	-	-	**(1,233)**	**(1,233)**	-	-

28 Fair Value Hierarchy of Other Financial Assets and Liabilities (continued)

In thousands of Euro	Level 1 Fair Value	Level 1 Carrying Amount	Level 2 Fair Value	Level 2 Carrying Amount	Level 3 Fair Value	Level 3 Carrying Amount
Financial Assets						
Available for Sale	-	-	-	-	17,902	17,902
Foreign exchange forward contracts	-	-	578	578	-	-
As at 31 December 2016	**-**	**-**	**578**	**578**	**17,902**	**17,902**
Financial Liabilities						
Foreign exchange forward contracts	-	-	(183)	(183)	-	-
As at 31 December 2016	**-**	**-**	**(183)**	**(183)**	**-**	**-**

Financial Assets Available for Sale
The Group held a membership interest in VISA Europe. On 2 November 2015, VISA Inc. entered into an agreement to acquire VISA Europe from its members for consideration principally consisting of cash and VISA Inc. convertible preferred stock. The purchase of VISA Europe by VISA Inc. closed during 2016 and the gain on sale of EUR 192,279 thousand was recognised in other operating income (Note 5).

This gain consisted of a cash settlement of EUR 163,016 thousand (of which EUR 3,190 thousand was payable to Santander UK), deferred consideration of EUR 15,547 thousand and Visa Inc. Series B Preferred Shares of EUR 16,906 thousand. These preferred shares are convertible into Visa Inc. Class A common shares and are valued using the Class A quoted price on the stock exchange multiplied by an estimated conversion rate and other assumptions. For this reason they are classified as Level 3 in the fair value hierarchy.

In December 2017, the Visa Inc. Series B Preferred Shares were sold and a gain on sale of EUR 4,157 thousand was recognised in other operating income (Note 5).

Level 3 Fair Value reconciliation		
In thousands of Euro	**2017**	**2016**
Opening Balance	17,902	92,323
Unrealised gain	2,885	101,227
Realised Gain	(4,157)	(192,278)
Shares received from sale	-	16,906
Less Santander distribution	-	(276)
Disposal of shares	(16,630)	-
Closing Balance as at 31 December	**-**	**17,902**

Foreign Exchange Forward Contracts
The valuation technique used for forward contracts is based on active market rates, which are foreign exchange spot and forward rates. As the foreign exchange trades are undertaken with the Group's ultimate parent, U.S. Bancorp, the rate agreed is verified and matched against the daily prevailing rate available on the market. The daily gain or loss on the foreign exchange contracts is recognised through the profit or loss.

Other Assets and Liabilities Held at Fair Value
Other assets and liabilities held at fair value by the Group, outside the scope of IFRS 13, Fair Value Measurement, include: share based payments and pension plan assets.

29 Provisions

Legal proceedings

From time to time and in the normal course of business, claims are made against the Group. Legal provisions consist of both litigation and claim costs, arising from the ordinary course of business. As at 31 December 2017 there is no provision for legal proceedings (2016: nil).

Merchant processing – charge-backs

The Group provides merchant processing services. Under the rules of credit card associations, a merchant processor retains a contingent liability for credit card transactions processed. This contingent liability arises in the event of a claim arising between the parties to a transaction that is ultimately resolved in the cardholder's favour and for which no defence to liability under the card scheme rules applies.

In this situation, the transaction is "charged back" to the merchant's account and the disputed amount is credited or otherwise refunded to the cardholder by the issuing bank. If the Group is unable to collect this amount from the merchant, it bears the loss for the amount claimed by the issuing bank.

A cardholder, under the card scheme rules, generally has until the later of up to four months after the date the transaction is processed or the receipt of the product or service to present a charge-back claim. Pursuant to one of the various calculations used to assess such contingencies, the Group's absolute maximum potential liability is estimated to be the total volume of credit card transactions that meet the associations' requirements to be valid charge-back transactions at any given time. If this methodology were to be used management estimates that the maximum potential exposure for charge-backs would approximate the total amount of merchant transactions processed through the credit card associations for the last four months. This amount totalled approximately EUR 11.1 billion. (2016: EUR 10.6 billion)

In most cases, this contingent liability is unlikely to arise, as most products and services are delivered when purchased and amounts are refunded when items are returned to merchants. However, where the product or service has been purchased but is not provided until a future date ("future delivery"), the potential for this contingent liability increases.

To mitigate this risk, the Group may require the merchant to make an escrow deposit, place maximum volume limitations on future delivery transactions processed by the merchant at any point in time, or require various credit enhancements (including letters of credit and bank guarantees). Also, merchant processing contracts may include event triggers to provide the Group more financial and operational control in the event of financial deterioration of the merchant.

In the event a merchant was unable to fulfil product or services subject to future delivery, such as airline tickets, and other card scheme rule provisions are fulfilled, the Group could become financially liable under the charge-back provisions contained in the card scheme rules. Charge-back risk related to these merchants can be evaluated in a manner similar to credit risk assessments and, utilising a similar mode of assessment for the Group, merchant processing contracts contain various provisions to protect the Group in the event of default. As at 31 December 2017, the value of airline tickets purchased to be delivered at a future date was EUR 2.3 billion (2016: EUR 2.6 Billion). The Group has received a guarantee from U.S. Bank for this airline exposure. No liability is expected to arise.

In the normal course of business, the Group has unresolved charge-backs. The Group assesses the likelihood of its potential liability based on the extent and nature of unresolved charge-backs and its historical loss experience. As at 31 December 2017, the Group held EUR 49.5 million (2016: EUR 50.6 million) of merchant escrow deposits and a recorded provision for potential losses of EUR 774 thousand (2016: EUR 1.1 million).

Merchant processing – allowance for bad or doubtful debts

Provision for bad or doubtful debts are presented net within merchant receivables on the Consolidated Statement of Financial Position are presented net of an allowance for bad and doubtful debts.

29 *Provisions (continued)*

Asset Retirement Obligation (ARO)

As part of its various business operations throughout Europe the Group has entered into various leasehold agreements with landlords in respect of the office buildings used by its employees. These leasehold agreements will include the various standard clauses. One such clause includes a requirement for the tenant to make good any changes made to the property during the period of the lease (known either as "dilapidations' or 'leasehold restorations').

A dilapidations claim is the overall process associated with an allegation of a breach of the clause under the lease in relation to the condition of the premises. The claim usually occurs at the end of a lease term but in some cases can occur during the lease term. It has been determined that each building needs to be considered on its own merits, as to what works will be required. To this end, the Group's Real Estate & Facilities Manager (a member of the Royal Institution of Chartered Surveyors) has been in discussion with a reputable third party firm to ascertain guide costs for the leasehold portfolio taking into account the location of the buildings and similar dilapidations expenses in those locations.

Provisions

In thousands of Euro	Chargeback Provision	Asset Retirement Obligation	Finance Lease Provision	Corporate Card Provision	Total
Opening provision	1,109	2,274	59	-	3,442
Charges for the period	(2,319)	-	(59)	(7)	(2,385)
Increase in current year provision	1,588	176	-	31	1,795
As at 31 December 2017	**378**	**2,450**	**-**	**24**	**2,852**

In thousands of Euro	Chargeback Provision	Asset Retirement Obligation	Finance Lease Provision	Corporate Card Provision	Total
Opening provision	1,412	2,281	354	-	4,047
Charges for the period	(4,625)	-	(186)	-	(4,811)
Increase / (decrease) in current year provision	4,322	(7)	(109)	-	4,206
As at 31 December 2016	**1,109**	**2,274**	**59**	**-**	**3,442**

Operating lease commitments – Group as lessee

The Group has an operating lease in respect of Building 8, Cherrywood Business Park, Loughlinstown, D18 W319. The Group also has operating leases in respect of certain premises, office and computer equipment and motor vehicles in Belgium, Ireland, UK, Germany, Poland, Spain and Norway. Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

Non-cancellable operating leases

In thousands of Euro	2017	2016
Within one year	5,755	6,498
After one year but not more than five years	10,554	14,682
More than five years	6,344	6,482
Total	**22,653**	**27,662**

Operating lease commitments – Group as lessor

The Group has entered into point-of-sale terminal equipment leases. All terminal equipment leases are classified as operating leases.

Contracts for operating leases in Germany are non-cancellable and have remaining terms of between 1 and 75 months. Contracts in Poland are for 1 year and are automatically renewed if not cancelled at the end of the period – there is a notification period and cancellation charge specified in the agreement.

29 *Provisions (continued)*

In the UK and Ireland there is no specific period other than that signed into by the merchant on the processing agreement – therefore these contracts are not included in minimum rentals receivable under non-cancellable leases. Clauses exist to change rentals. Future minimum rentals receivable under non-cancellable contracts have been assessed as not material.

30 Immediate and Ultimate Parent Undertaking

The Group's immediate Parent undertaking is Elavon European Holdings B.V., a company incorporated in the Netherlands with a registered office at Rapenburgerstraat, 175/D, 1011 Amsterdam.

The Group's ultimate Parent undertaking is U.S. Bancorp, a company incorporated in Delaware, U.S.A.

The Group's immediate controlling party is Elavon European Holdings B.V. The Group's ultimate controlling party is U.S. Bancorp.

The Parent undertaking of the smallest and largest group of undertakings for which Group Financial Statements are drawn up, and of which the Group is a member, is U.S. Bancorp, a company incorporated in Delaware, U.S.A. Copies of its Group Financial Statements are available from that ultimate Parent's web site at usbank.com or by mail from the ultimate Parent's investor relations department. Contact U.S. Bancorp Investor Relations, 800 Nicollet Mall, Minneapolis, Minnesota 55402, USA or investorrelations@usbank.com.

31 Subsidiary Undertakings

The Bank had the following subsidiaries as at 31 December 2017:			
Subsidiary name	**U.S. Bank Trustees Limited**	**USB Nominees (U.K.) Limited**	**EuroConex Technologies Limited**
Registered office	125 Old Broad Street, London EC2N 2BQ	125 Old Broad Street, London EC2N 2BQ	Building 8, Cherrywood Business Park, Loughlinstown, D18 W319
Principal activity	Corporate Trust Services	Corporate Trust Services	Currently no activity
Share Capital	250,000	100	481,467
Nominal value	GBP 1	GBP 1	EUR 1
Type of shares	Ordinary Shares	Ordinary Shares	Ordinary Shares
Shareholder number	250,000	100	48,146,734
Par Value	GBP 1.00	GBP 0.01	EUR 0.01
Shareholders' Capital in EUR	EUR 293,060	EUR 0.01	EUR 481,467
Shareholder's Premium	Nil	Nil	EUR 4,058,860
Total Shareholder's Equity	EUR 293,060	EUR 0.01	EUR 4,540,327
2017 Net Assets in EUR	EUR 1,151,182	Nil	EUR 4,540,327
2017 P&L in EUR	EUR 183,812	Nil	Nil

32 Related Party Transactions

The Group had total borrowings from U.S. Bancorp as at 31 December 2017 of nil (2016: nil). The Group had no short term borrowings from U.S. Bancorp during 2017 (2016: nil).

The Group had total deposits with U.S. Bancorp as at 31 December 2017 of EUR 306,959 thousand (2016: EUR 1,289,277 thousand), EUR 288,896 thousand (2016: EUR 1,229,745 thousand) were Fixed Term Deposits and EUR 18,063 thousand (2016: EUR 59,532 thousand) were Cash Deposits. The interest income earned on all non EUR deposits totalled EUR 3,197 thousand during 2017 (2016: EUR 2,862 thousand). The bank processing fees from affiliated companies on EUR deposits totalled EUR 6,845 thousand during 2017 (2016: EUR 7,594 thousand).

The Group also entered into day-to-day transactions with U.S. Bancorp and its subsidiaries, mainly comprising the recharging of various costs incurred and transfer pricing. The net costs associated with services provided by or to affiliated companies totalled EUR 3,288 thousand during 2017 (2016: EUR 7,114 thousand).

The Group has a net payable to affiliate companies of EUR 1,240 thousand as at 31 December 2017 (2016: EUR 1,727 thousand receivable). The entities which owed amounts to the Group as at 31 December 2017 are U.S. Bancorp, U.S. Bank National Association, Elavon Inc., U.S. Bancorp Fund Services LLC, U.S. Bancorp Fund Services Limited, Quintillion Limited and Quintillion Holdings Company Limited.

The Group sold its 51% shareholding in Santander Elavon Merchant Services, a Joint Venture with Banco Santander which began in April 2013. During the year, the Group continued to provide merchant processing and administrative services to the Joint Venture. As at 31 December 2017, the Group has a receivable of EUR 1,043 thousand relating to these services (2016: EUR 959 thousand). Further information is available in Note 11.

In December 2017 the Group sold the Visa Inc. Series B Preferred Shares to U.S. Bank. The gain on the sale was EUR 4,157 thousand (2016: nil).

As at 31 December 2017 the Group has received a guarantee from U.S. Bank for airline exposures. No liability is expected to arise.

The Group grants stock-based awards, including restricted stock, restricted stock units and options to purchase common stock of U.S. Bancorp. Stock option grants are for a fixed number of shares to employees and Directors with an exercise price equal to the fair value of the shares at the date of grant. Restricted stock and restricted stock unit grants are awarded at no cost to the recipient. Stock-based compensation for awards is recognized in the Group's results on a straight-line basis over the vesting period. The cost of these awards for 2017 totalled EUR 434 thousand (2016: EUR 1,274 thousand).

Related Party Transactions - Key Management Compensation		
In thousands of Euro	**2017**	**2016**
Short-term benefits:		
Salaries	3,365	1,663
Short-term bonuses	1,259	865
Directors' fees	140	193
Car allowances	123	76
Club subscriptions	5	5
Dividends	22	49
Other	32	92
Long-term benefits		
Long-term bonuses	196	162
Share-based payment benefits		
Restricted stock units	546	516
Post-employment benefits:		
Contributions to defined contribution plans	315	74
Total	**6,003**	**3,695**

32 Related Party Transactions (continued)

The staff included in Key Management are Identified Staff in accordance with EBA guidance.

33 Capital Management

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee in Banking Supervision and implemented into law by the European Commission and by the Central Bank of Ireland, in supervising the Group. During the past year, the Group has complied in full with all its externally imposed capital requirements.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains healthy capital ratios in order to support its business. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities.

34 Dividend Policy

No dividend was issued for the year (2016: nil).

35 Subsequent Events

There are no subsequent events after the reporting date that require disclosure in the financial statements.

36 Approval of Financial Statements

The Group's Consolidated Financial Statements were authorised for issue by the Board of Directors on the 22nd March 2018.

Notes to the Company Financial Statements

Where applicable, the Basis of Preparation, Accounting Policies and subsequent Notes to the Company Financial Statements are the same as the Notes to the Consolidated Financial Statements as set out on pages 25 to 64. Any Notes to the Company Financial Statements that differ to the Notes to the Consolidated Financial Statements are set out below. The Company's investments in its subsidiaries are stated at cost less any impairment.

A Fee and Commission Income and Expense

Fee and Commission Income and Expense		
In thousands of Euro	**2017**	**2016**
Fee and commission income		
Merchant processing services - discount income	700,152	652,764
Merchant processing services - merchant fees	117,519	117,118
Merchant processing services - services to joint venture	5,774	7,213
Fee and commission income - terminal rental income	19,689	20,276
Fee and commission income - corporate payment products revenue	5,757	4,197
Fee and commission income - finance lease income	1	42
Fee and commission income - corporate trust revenue	36,041	25,200
Total fee and commission income	**884,933**	**826,810**
Fee and commission expense		
Merchant processing services - interchange and assessment expense	488,164	435,052
Merchant processing services - referral fees	41,480	38,036
Merchant processing services - other expense	55,036	51,994
Fee and commission expense - other	4,002	6,398
Fee and commission expense - other terminal expense	7,396	7,605
Fee and commission expense - corporate payment products expense	1,206	749
Total fee and commission expense	**597,284**	**539,834**
Net fee and commission income	**287,649**	**286,976**

Elavon Merchant Services

EMS fee and commission income is earned from discount fees charged to a merchant. For processing credit and debit card transactions for merchants, interchange and assessment fees are due to card issuers, and are included in fee and commission expense. These fees are recognised on each transaction processed, and as a consequence, at the same period as the related revenue. EMS revenue is recognised on an accruals basis in the financial year in which the services are provided. Terminal rental fees are due from terminal lessees and revenue is recognised on a straight-line basis over the terms of the lease agreements.

Global Corporate Trust Services

The Company earns trust fee income from a diverse range of services. GCTS fees are all fees earned by the Company in respect of Special Purpose Vehicles ('SPVs'), under the relevant Governing Instruments and include: Trustee, Principal Paying Agent, Transfer Agent, Calculation Agent, Agent Bank, Custodian, Cash Manager, Reporting Agent and other roles. GCTS revenue is recognised on an accruals basis in the financial year in which the services are provided. These fees are determined in accordance with contracts between the Company or the Company's subsidiaries and their clients.

Corporate Payment Systems

CPS generates its income from two lines of business: Corporate Card Issuance and Freight Payment Solutions. The Freight payment solutions provide a streamlined global payment network which automates the invoicing and payment process. Fee income is generated by charging the buyer a fee for this service. Discount fees are also earned on counterparty finance, whereby a percentage is deducted off the amount paid to the seller. Corporate Card Issuance acts as the issuing bank that offers bank cards to customers. Fee income is generated by charging interchange fees on transactions.

B Other Operating Income

Other Operating Income			
In thousands of Euro	**Note**	**2017**	**2016**
Dividend income on available for sale financial assets		906	406
Realised gain on sale of financial assets*	**28**	4,157	200,129
Services provided to affiliate companies		14,670	10,356
Other operating income - Other		35	151
Recovery of finance lease losses		10	54
Other operating income		**19,778**	**211,096**

*The realised gain on sale of financial assets relates to the sale of Visa Shares.

C Other Operating Expense

In 2013, the Group amended its long term incentive plan. This amendment enabled U.S. Bancorp to grant certain employees shares in U.S. Bancorp as a retention incentive. As at 31 December, the charge for these awards in 2017 was EUR 434 thousand (2016: EUR 1,274 thousand). As at 31 December 2017, EUR 36 thousand was payable (2016: EUR 119 thousand). The charge for all other long term incentive awards in 2017 was EUR 2,408 thousand (2016: EUR 1,884 thousand).

An element of salaries and wages has been capitalised during the year in relation to the development of software. The Group has not capitalised social insurance and other retirement benefits during the year.

Other Operating Expenses			
In thousands of Euro	**Note**	**2017**	**2016**
Staff Costs			
Wages and salaries		106,181	92,003
Social security costs		12,140	10,235
Pension costs - defined contribution plans	**24**	4,705	3,949
Pension costs - defined benefit plans	**24**	448	459
Staff costs - other		10,250	7,971
Auditor's Remuneration			
Statutory audit		665	911
Other operating expenses			
Depreciation of property, plant and equipment	**18**	14,304	11,889
Amortisation of intangible assets	**17**	4,899	5,215
Goodwill impairment	**16**	314	-
Losses from disposals of fixed assets		253	245
Marketing and business development		9,095	9,887
Occupancy and equipment		12,109	10,477
Other operating expenses - Other		9,286	6,918
Bank processing fees*		28,685	15,361
Postage, printing and supplies		2,237	2,465
Professional services		12,766	10,297
Technology and communications		9,149	7,031
Services provided by affiliate companies		8,289	-
Total operating expenses		**245,775**	**195,313**
Foreign exchange loss		3,745	2,706
Total other operating expense		**249,520**	**198,019**

*Bank Processing fees includes negative interest expense

C Other Operating Expense (continued)

Director's emoluments are analysed as follows:

In thousands of Euro	**2017**	**2016**
Remuneration in respect of services as Director	140	193
Remuneration in connection with management	1,203	1,191
Pension costs – defined contribution plans (other than in respect of services as Director)	179	41
Total Directors' emoluments	**1,522**	**1,425**

No payments have been paid to past Directors during the current or prior year.

D *Income Taxes*

Income Taxes			
In thousands of Euro	**Rate**	**2017**	**2016**
Income Tax			
Current tax		11,559	76,049
Prior year tax expense		281	596
Deferred tax income		216	5,876
Income tax expense for the year		**12,056**	**82,521**
Reconciliation of tax charge			
Profit before tax		42,523	308,896
Theoretical tax charge at statutory rate	**12.5%**	5,316	38,612
Tax effect of items which are not deductible or assessable for taxation purposes:			
Addition of prior year tax		281	597
Non-deductible expenses		2,903	(273)
Total temporary differences not accounted for in deferred tax		(283)	(455)
Overseas profits taxed at a higher rate		2,927	2,291
Losses recognised		83	384
Current year profits taxed at a higher rate		852	1,362
Uncertain tax provision		-	34,492
Deferred tax on Visa Preferred shares		-	5,578
Other adjustments		(23)	(67)
Income tax expense for the year		**12,056**	**82,521**

Deferred Taxes		
In thousands of Euro	**2017**	**2016**
Deferred Tax Liability		
Tax effect of taxable temporary differences		
Other intangibles: amortisation	(1,701)	(2,114)
Financial assets available for sale: unrealised gain on Visa Europe shares	-	(5,907)
Asset timing differences	(1,644)	(1,484)
Foreign exchange differences	13	76
Recognised deferred tax liability	**(3,332)**	**(9,429)**

D Income Taxes (continued)

In thousands of Euro	**2017**	**2016**
Deferred Tax Asset		
Tax effect of deductible temporary differences		
Asset timing differences	3,036	3,403
Losses in foreign markets	-	76
Re-measurement of Defined Benefit Plan	730	922
Exchange movements	(352)	(310)
Recognised deferred tax asset	**3,414**	**4,091**

Underlying profit before tax for the year ended 31 December 2016 includes a gain on sale of shares in Visa Europe, as discussed in Note 5 and 26 to the Consolidated Financial Statements. For the purposes of taxation this gain has been considered trading income in nature subject to Irish corporate tax at the rate of 12.5%. The group recognises that the Irish tax authorities may challenge this tax treatment at some future point and hence an uncertain tax provision has been included within the 2016 current income tax expense above in respect of this uncertain position. This represents the difference between the taxation of the gain as a trading receipt versus a capital receipt. At 31 December 2017 this provision continues to be carried in the accounts.

E Subsidiary Undertakings

The Bank had the following subsidiaries as at 31 December 2017:			
Subsidiary name	**U.S. Bank Trustees *Limited***	**USB Nominees (U.K.) *Limited***	**EuroConex Technologies *Limited***
Registered office	125 Old Broad Street, London EC2N 2BQ	125 Old Broad Street, London EC2N 2BQ	Building 8, Cherrywood Business Park, Loughlinstown, D18 W319
Principal activity	Corporate Trust Services	Corporate Trust Services	Currently no activity
Share Capital	250,000	100	481,467
Nominal value	GBP 1	GBP 1	EUR 1
Type of shares	Ordinary Shares	Ordinary Shares	Ordinary Shares
Shareholder number	250,000	100	48,146,734
Par Value	*GBP 1.00*	*GBP 0.01*	*EUR 0.01*
Shareholders' Capital in EUR	EUR 293,060	EUR 0.01	EUR 481,467
Shareholder's Premium	Nil	Nil	EUR 4,058,860
Total Shareholder's Equity	EUR 293,060	EUR 0.01	EUR 4,540,327
2017 Net Assets in EUR	EUR 1,151,182	Nil	EUR 4,540,327
2017 P&L in EUR	EUR 183,812	Nil	Nil

F Investment Services Receivables

Investment Services Receivables		
In thousands of Euro	**2017**	**2016**
Loans and Advances - receivable from GCTS	-	423
GCTS fee receivables	10,832	8,540
Receivables from clearing houses - Clearstream	-	7
As at 31 December	**10,832**	**8,970**

Due to the nature of the GCTS business and the structure of the deals in place, it is ensured that the Company will always be paid before a loan fully redeems. Therefore, none are deemed to be past due or impaired.

G Other Assets

The following Other Assets are deemed to be current assets with the exception of the Visa Europe deferred consideration.

Other Assets		
In thousands of Euro	**2017**	**2016**
Commercial loans - receivable	19,697	13,665
Accrued assessments	-	1,093
Prepayments, deferred expenses and other receivables	9,918	9,274
Visa Europe deferred consideration receivable	16,511	15,876
Tax debtors	164	799
Other assets - other	200	367
Receivables from affiliate companies	371	5,937
Forward exchange contracts	376	578
Interest receivable	574	150
As at 31 December	**47,811**	**47,739**

Derivatives entered into by the Company are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions. The contracts are short-term deposits and the latest date of maturity for the above contracts is 18 January 2018.

Forward contracts frequently involve a high degree of leverage, and a relatively small movement in a currency exchange rate may give rise to a significant loss. Over-the-counter derivatives may expose the Company to the risks associated with the absence of an exchange market on which to close out on an open position. The use of standardised contractual terms and conditions by the Company mitigates the risk. The Company has credit exposure to the counterparties of forward contracts.

The Company settles its forward contracts on a net basis and therefore mitigates its liquidity risk. The Company's exposure under derivative contracts is closely monitored as part of the overall management of the Company's market risk.

The Visa Europe deferred consideration receivable accrues interest at 4% and the full settlement is expected to be received in June 2019.

G Other Assets (continued)

Forward Exchange Contracts

In thousands of Euro	Notional Amount	Fair Value Assets	Fair Value Liabilities
PLN	135,469	-	(874)
NOK	-	-	-
SEK	18,051	-	-
USD	22,366	289	-
AUD	5,166	-	(43)
Other	25,820	87	(316)
As at end of 31 December 2017	**206,872**	**376**	**(1,233)**

In thousands of Euro	Notional Amount	Fair Value Assets	Fair Value Liabilities
PLN	113,179	-	(32)
NOK	28,732	-	(139)
USD	25,437	321	-
AUD	7,995	126	-
Other	18,809	131	(12)
As at end of 31 December 2016	**194,152**	**578**	**(183)**

H Other Liabilities

The following Other Liabilities are deemed to be current liabilities with the exception of the Pension liability.

Other Liabilities

In thousands of Euro	Note	2017	2016
Accruals and sundry creditors*		45,785	29,567
Pension liability	24	7,664	8,828
VAT and other tax creditors		9,251	8,823
Corporate payables		1,619	1,594
Deferred revenue		3,355	2,770
Forward exchange contracts	19	1,233	183
Payable to affiliate companies		5,903	8,413
Commercial loans - payable		1,563	451
Other liabilities – other**		541	41,945
As at 31 December		**76,914**	**102,574**

*As at 31 December 2017, the liability for sundry creditors was EUR 1,787 thousand (2016: EUR 804 thousand).
**As at 31 December 2016, Other Liabilities – Other contains a payable for a term deposit transaction of EUR 40,814 thousand.

I Approval of Financial Statements

The Company Financial Statements were authorised for issue by the Board of Directors on 22nd March 2018.

Appendix 1

Regulatory Capital (Unaudited)
The following disclosures in relation to regulatory capital are prepared by management. The disclosures do not form part of the statutory Consolidated Financial Statements prepared under the applicable accounting framework (IFRS as adopted by the EU).

Regulatory capital consists of Tier 1 and Tier 2 capital. Tier 1 capital for the Group mainly consists of share capital, plus capital contributions, plus retained earnings/ (losses), plus foreign currency translation, less goodwill/other intangibles.

Capital Management - Regulatory Capital				
In thousands of Euro	**Actual 2017**	**Required 2017**	**Actual 2016**	**Required 2016**
Common equity tier (CET) 1 capital	858,490	567,491	608,151	117,569
Tier 2 capital	-	-	-	-
Total Capital	**858,490**	**709,587**	**608,151**	**164,663**
Risk Weighted Assets	**4,002,052**		**1,332,227**	
CET 1 Capital Ratio	**21.5%**	**14.2%**	**45.7%**	**8.8%**
Total Capital Ratio	**21.5%**	***17.7%***	**45.7%**	**12.4%**

Total exposures include on-balance sheet items, off-balance sheet items and derivatives.

Leverage Ratio				
	Transitional 2017	**Fully Loaded 2017**	**Transitional 2016**	**Fully Loaded 2016**
Leverage Ratio	5.9%	5.9%	7%	7%
Total Leverage Ratio	**5.9%**	**5.9%**	**7%**	**7%**

CRD IV introduces a leverage ratio to prevent an excessive build-up of leverage on an institutions balance sheet. The ratio is defined as tier 1 capital divided by total exposures. Total exposures include on-balance sheet items, off-balance sheet items and derivatives.

The implications of the leverage ratio have been closely monitored prior to its move to a binding requirement on 1 January 2019. The Group expects to remain above the Basel Committee indicated minimum level leverage ratio of 3%.