

02

BUSINESS REVIEW

An analysis of Access Bank's 4 Business Divisions,
Risk-management Framework, Our People, Culture &
Diversity And Sustainability





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CORPORATE PHILOSOPHY

Our vision

To be the World's Most Respected African Bank

Our mission

Setting standards for sustainable business practices that unleash the talents of our employees, deliver superior value to our customers and provide innovative solutions for the markets and communities we serve.

Our core values

Excellence

- Surpassing ordinary standards to be the best in all that we do;
- Setting the standards for what it means to be exceptional;
- Never losing sight of our commitment to excellence, even when the going gets tough;
- Remembering that excellence requires dedication and commitment; and
- Our approach is not 'excellence at all costs' but 'excellence on all fronts' so that we deliver outcomes that are economically, environmentally and socially responsible.
- Developing our people to become world-class professionals;
- Encouraging a sense of ownership at individual level whilst fostering team spirit and loyalty to a shared vision;
- Promoting a sense of belonging and community;
- Facilitating continuous learning by providing the training, tools and coaching to help our people grow;
- Helping them take care of their health;
- Pursuing a positive work/life balance for increased productivity and improved employee satisfaction; and

Leadership

- Leading by example, leading with guts;
- Being first, being the best, sometimes being the only;
- We must embody the change we want to see;
- Setting the standard;
- Challenging the status quo;
- Market making; and
- Self-awareness in being able to maintain a balanced assessment of externalities and costs incurred in the pursuit of leadership.
- Encouraging a diverse workforce; respect for and appreciation of differences in ethnicity, gender, age, national origin, disability, and religion.

Professionalism

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

Passion for customers

- We live to serve our customers;
- In addition to delivering excellent customer service, we focus on:
 - **Economic empowerment:** enabling people to achieve more through provision of finance, lifting people up throughout the value chain;
 - **Financial education:** helping people clearly understand how our products and services work;
 - **Financial inclusion:** providing finance to those individuals and communities that traditionally have limited or no access to finance; and
 - **Treating customers fairly:** building long-term relationships based on trust, fairness and transparency.

Innovation

- Identifying new market needs and opportunities;
- Creativity, invention, inspiration, exploration;
- Pioneering new ways of doing things, new products and services, new approaches to clients/customers;
- Being first, testing the waters, pushing boundaries;
- Going from concept to market/reality; and
- Anticipating and responding quickly to market needs with the right technology, products and services to achieve customer objectives.

Empowered employees

- Recruiting and retaining the right people and teams based on shared values and vision;



REPORTS OF THE EXTERNAL CONSULTANT

Summary Report on Corporate Governance

We have reviewed the corporate governance arrangements at Access Bank Plc with regards to the Securities and Exchange Commission Code of Corporate Governance for Public Companies in Nigeria and find the Bank materially compliant with the requirements of the Code.

Basis of Review

The Bank's Memorandum and Articles of Association, Board Terms of Reference, Board papers, minutes of Board meetings, Risk Management Framework and Succession Planning Policy were reviewed for compliance. In addition, key principal officers of the Bank were interviewed in respect of the board practices.

The Bank's audit structures and credit processes were examined as well as the Director's understanding of their fiduciary duties and roles in providing oversight and enhancing shareholder value.

The review was conducted in January 2015.

Summary of Findings

Our conclusion from our review of available documentation and discussions with principal officers is that the Bank is compliant with the requirements of the SEC Code of Corporate Governance.

Feedback from Executive Directors as well as Non-Executive Directors, indicate that all Directors fully understand their fiduciary duties and role in providing financial oversight and enhancing shareholder value.

During the 2014 financial year, Dr. Tunde Folawiyo retired from the Board. He served on the Access Bank Board for 12 years which ended in January 2014. Furthermore, Mr. Paul Usoro received CBN approval to join the Board as a Non-Executive Director and is a member of three Board Committees.

Also noteworthy is the creation of the Remuneration Committee and Governance and Nominations Committee both of which were formally merged as a single committee.

The details of our findings and recommendation are contained in the report herewith attached.

Yours Sincerely,
Accenture

Toluleke Adenmosun
Managing Director, Financial Services



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Summary Report on Corporate Governance

We have reviewed the corporate governance arrangements at Access Bank Plc with regards to the Central Bank of Nigeria Code of Corporate Governance for Banks and Discount Houses in Nigeria and find the Bank materially compliant with the requirements of the Code.

Basis of Review

The Bank's Memorandum and Articles of Association, Board Terms of Reference, Board papers, minutes of Board meetings, Risk Management Framework and Succession Planning Policy were reviewed for compliance. In addition, key principal officers of the Bank were interviewed in respect of the board practices.

The Bank's audit structures and credit processes were examined as well as the Director's understanding of their fiduciary duties and roles in providing oversight and enhancing shareholder value.

The review was conducted in January 2015.

Summary of Findings

Our conclusion from our review of available documentation and discussions with principal officers is that the Bank is compliant with the requirements of the CBN Code of Corporate Governance.

Feedback from Executive Directors as well as Non-Executive Directors, indicate that all Directors fully understand their fiduciary duties and role in providing financial oversight and enhancing shareholder value.

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Business Review

COMMERCIAL BANKING

The Commercial Banking Division (CBD) is the largest market facing business of the Bank, offering specialized business solutions and bespoke financial services that identifies and supports the unique needs of our target market.

Our clientele include:

1. Private Sector businesses - consisting of Local and Foreign owned Institutions operating within our identified market segments with a minimum annual business turnover of N1billion.
2. Public Sector - Federal, State and Local Governments which include ministries, departments and agencies (MDAs) and other Government affiliated businesses.

Our business focus is segmented across five major markets with the aim of delivering a unique experience at each service touch point. The focus areas cover:

1. **General Commerce**
2. **Manufacturing**
3. **Contracting**
4. **Hospitality & Lifestyle (for example, Hotels, Restaurants, Hospitals Schools, E-Commerce)**
5. **Public Sector**

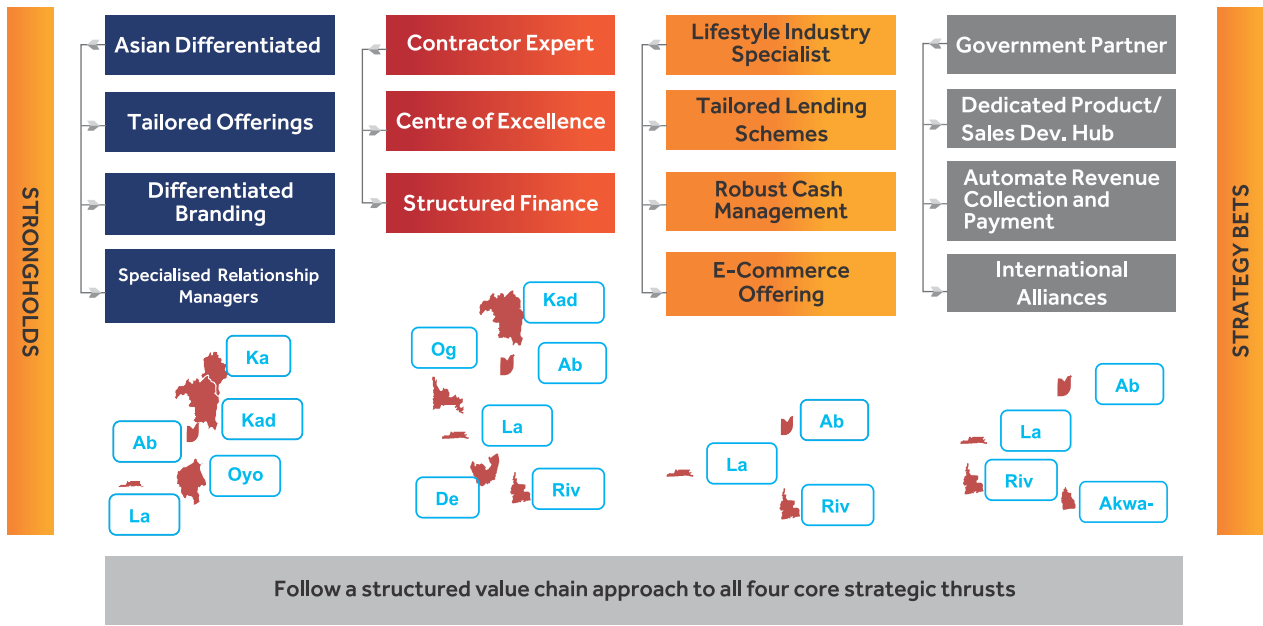
This focus is driven through the development of sector hubs in various geographical zones within the country which provides a bird's eye view of the unique business environment in each locality.

We have gained invaluable experience and developed the requisite expertise that enables the Division provide tailored value added propositions that foster Local and Foreign Trade within our focus areas. Also, this serves the Oriental sub-segments of the market which include industry players with business origins from Asia, South East Asia, Middle East and Europe.

Our partnerships cover the Trade, Manufacturing, Power, Oil & Gas and Agriculture sectors amongst others.



CORE STRATEGIC THRUSTS



Follow a structured value chain approach to all four core strategic thrusts

In order to fully serve our market segment, the Division is sub-divided into Six (6) groups that are spread across strategic locations across the 6 key geo-political zones of Nigeria. These groups include:

- CBD, Lagos
- CBD, Abuja
- CBD, North
- CBD, West
- CBD, East
- CBD, South

Furthermore, each business segment is supported by Sector champions who have developed specialized skills to cater to needs of these markets. This ensures we continuously provide bespoke products and innovative solutions that guarantee our dominance as the preferred business partner to our clients.

Our key asset is our people consisting of vibrant, empowered and customer centric professional business managers.

To ensure we achieve our business strategy, our operational structures are designed to consistently train and enhance the skills of our staff. The Bank runs a Key Talent program aimed at challenging, retaining and nurturing our brightest minds, whilst equipping them with the requisite market intelligence and exposure that makes them outstanding amongst their contemporaries. Our Staff embody the Bank's core values of Leadership, Excellence, Empowered Employees, Passion for Customers, Professionalism and Innovation. In addition, the Division strives to create equal opportunities irrespective of gender or race.

Our workforce has grown the commercial segment which is the largest business within the Bank with a strong, robust

and stable balance sheet. We maintain a pivotal position that is at the forefront of the Bank's strategic growth plans. We have consistently achieved sustainable growth by adopting a two prong approach of widening our customer base whilst deepening our market share within each sector. As a business, we pride ourselves of being the flagship Division of the Bank, constantly re-engineering our processes in an efficient manner to deliver Speed, Service and Security.

The Division remains committed to giving back to the various communities, in which we serve through our various Corporate Social Responsibility initiatives. We have built enduring partnerships with renowned Non-Governmental Organizations such as the Down Syndrome Foundation of Nigeria whilst working with our customers to champion capacity building initiatives and gender empowerment programs. We charge ourselves with the responsibility to build a better society with strategic focus on health, safety, education, gender empowerment, sustainable environment and social welfare.

As the driving force behind much of the Nigerian economy, the large-scale commercial sector provides the framework that can positively shape our futures. We are proud of our role in helping to develop this sector, in Nigeria, across Africa and beyond, even in the face of challenging circumstances.



Business Review

BUSINESS BANKING

Access Bank's Business Banking Strategic Business Unit (SBU) focuses on providing banking products and services to Small and Medium Enterprises (SMEs) with annual financial turnover of not more than NGN1 Billion.

This SBU places specific emphases on SME and Micro, Small and Medium Scale Enterprises (MSMEs) within the value chain of the bank's Corporate and Commercial Banking customers as well as other Corporate organisations in the following business segments:

- **Manufacturing**
- **Travel Agency**
- **Imports and Exports**
- **Educational Institutions and Healthcare Providers**
- **Religious Organisations**
- **Hospitality and Lifestyle**
- **Commerce/ Distributive Trade**
- **Contractors in selected sectors (Oil & Gas, Construction, Real Estate and Government)**
- **Professional Firms**
- **Asian and Lebanese companies in key sectors/industries**

Aligned to the overall strategic intent and aspiration of Access Bank, the Business Banking business unit aspires:

"To be among the Top 3 SME banks as well as to be the bank of choice for women, by 2017".

Towards the actualization of its strategic and

business objectives, specific targets across key performance indicators have been defined and are being pursued vigorously.

The Business Banking SBU's vision and strategy is to achieve differentiation and excellent customer experience based on:

- **Capacity Building:** Innovative capacity development programmes (through partnerships/ alliances with world class training institutions)
- **Offerings:** Distinctive value proposition for its target business segments
- **Remote Channels:** An effective e-banking channel support to maximize reach with consistent customer experience
- **Enablers:** The use of technology as a solid informational platform for Customer Relationship Management (CRM) purposes as well as streamlined processes that ensure quick and error free services.

To ensure that the Business Banking Division maximises its customer value potential, the SBU continues to enhance its linkage and relationship model with other Divisions, specifically by:



- Partnering with the Corporate & Investment Banking (CIBD) and Commercial Banking (CBD) Divisions to develop lending schemes for Distributors and Vendors of their Corporate customers.
- Establishing deliberate partnership framework to ensure that it acts as key referral point for the bank's Personal Banking Division (PBD).
- Seeking to formalize the framework and process to grow SMEs to large companies and transitioning them into CBD relationships.

With its global perspective, Access Bank Plc was one of the first Financial Institutions to identify the unique role that female entrepreneurs continue to play especially in emerging economies. We have over the years recognised that women-owned SMEs are growing at a faster rate than the economy as a whole in several countries, including Nigeria. Access Bank continuously seeks to empower, inspire, connect and support women who are desirous of building a sustainable and profitable future for their businesses and families. The increased flexibility inherent in owning one's own business allows women to contribute to the income of their families while balancing work and family responsibilities. This has led to the customised banking concept for this business segment, the "W" Initiative which the bank unveiled in July 2014 to offer women exclusive access to a wide range of lifestyle-oriented value-adding benefits and privileges.

The Business Banking Division adopts a consultative approach in delivering cutting edge financial solutions to every customer. The Power Breakfast meetings provide a veritable platform for SME owners, select government or regulatory authorities, experts in various fields of endeavour as well as top officials of the Bank to exchange experiences and ideas that have greatly benefited all parties.

With our extensive branch network, multi- and alternative-distribution channels, competitive pricing, wide array of products and committed professionals, the Business Banking Division is well-poised to meet the aspirations and banking needs of SMEs.

Prior to now, the bank's primary focus has been on wholesale banking where it craved a niche for itself and gained significant market share. This saw us banking top corporates like Dangote Group, Nestle, Guinness, Oando, MTN to mention a few.

Our desire is to replicate this success at the SME and retail banking segments following our value chain business model. With our customers' satisfaction at the heart of our operations, we are set to Take Tomorrow together.

Representation of Business Banking Locations in Nigeria





Business Review

PERSONAL BANKING

We are all for the most part masters of our own destiny, and at Access Bank we never forget that every customer has their unique needs and dreams. In the Personal Banking Division, that implies many million visions of the future, which we can help to foster. We don't just safeguard our customers' money, we grow it – helping each individual to take tomorrow – however they may picture it.

The Personal Banking Division is one part of the retail arm of Access Bank. It serves over six million customers, and consists of four different specialized Groups. They are the Personal Banking Group and the Private Banking Group, supported by the Inclusive Banking Group as well as the Franchise Group.

Specifically, the Personal Banking segment focuses on individuals and salary earners, while the Private Banking Group serves the High Net Worth and Ultra High Net Worth Individuals. The Division's services are complemented by the Inclusive Banking Group, which focuses on segment-based product offerings, in addition to the Franchise Group and the Performance Analytics team.

The Personal Banking Division provides transaction banking services that enable customers manage their day-to-day finances by helping them plan and deliver a better tomorrow. Our customers benefit from efficient products and services delivered through a network of over 310 branches, a world class Contact Centre, and an integrated network of Automated Teller Machines (ATMs), Point of Sales (POS), Internet and Mobile banking platforms.

The four Personal Banking Groups are the basis for evaluating operating activities, budgeting and performance review. In spite of the current challenging macro-economic environment, we continue to support our customers by helping them to attain their individual financial and lifestyle goals and ambitions, while using these evaluations to deliver a better future for everyone. The simple goal is to be a market leader in the Nigeria Retail Banking Space by 2017.

Private Banking

We provide private banking services for the nation's wealthiest individuals and families. From basic banking products and services to sophisticated financing structures and programs, we continue to respond to the evolving needs of our clients with innovative solutions and unmatched personal service.

In doing this, we work to apply our ideas and capabilities in the context of each client's **personal wealth management** goals and strategy. As a result, we can offer solutions that most completely respond to your unique circumstances while realizing your specific objectives.



Products

Our need-based products and services provide solutions for personal wealth management as well as maximising corporate assets and business interests. We offer a range of sophisticated banking products and services which include asset management, brokerage services, loans, credit cards, insurance and mortgages for exclusive properties.

Investment Solutions

The Private Bank's extensive roster of diverse investments allow individuals and their wealth managers to construct a portfolio that reflects desired goals, risk tolerance, liquidity requirements and time factors. Every investment portfolio is completely customised to suit individual needs.

Cards

Our Premium Cards offer a wide range of benefits, which include concierge services, worldwide annual travel insurance and access to over 600 executive airport lounges.

- **The Black Card**

The Access Black Card is the ultimate in prestige, meeting the highest expectations of all elite clients. The Card is available by invitation only to those who expect and need the very best. It offers individuals all the privileges of a Visa Infinite Card.

Lending Solutions

We understand the need for lending options to complement each client's investment solutions. Hence the Private Bank offers a wide array of cost effective lending solutions which provides our clients the opportunity to gain liquidity and manage their cash flow with ease.

Financial Advisory Services

The integrated approach to financial advisory is tailored to client's requirements and this service helps them act decisively. Our advisory services help our clients achieve their investment objectives and risk profile. In addition we provide advice on changing market conditions and portfolio performance to enable clients act quickly. We combine our know how and leverage expert experience in delivering value at all times.

Personal Banking Group

The Personal Banking Group constitutes the Sales force for the delivery of our innovative products and value-adding services to individual customers in markets and communities we have chosen to serve. They collaborate with other Strategic Business Units in the Bank to ensure our individual customers continue to have enjoyable service experience across the Bank's touch points

Franchise Group

The Franchise Group manages relationships where the Bank either serves as agent or utilises institutions as agents in delivering quality services to its customers. The Group is made up of International Money Transfer which focuses on remittance services, Utilities and Government Revenue Collection, and Development Banking focusing on Non-Governmental Organizations (NGOs). The goal is to create alliances with these reputable institutions and provide unique options enabling them meet their corporate objectives.

Inclusive Banking Group

Sustainability is racing up the business agenda and gradually becoming the leading business trend central to economic growth. The financial sector has a key role to play in delivering environmental and socially sustainable broad range of products and services that give access to financial services designed according to the needs of the users at affordable prices.

In line with the Central Bank of Nigeria, National Financial Inclusion strategy (NFIS). Our Inclusive Banking team is set up to drive a reduction in the number of Nigerians that have no access to financial services from 46.3% to 20% by the year 2020. With over 50 million Nigerians currently outside the formal financial system, our segment based approach to serving the market is to ensure the availability of a variety of banking products and services and lower transaction cost by leveraging technology to attract and retain customers.

At Access Bank, financial Inclusion is a business model and not just an obligation.

The segments we serve:

Children Banking

The children banking segment is poised to serve our children population in a bespoke manner that give early exposure to financial management skills. The revamped product for the segment "Early Savers" offers exciting and innovative features, which include a new, fun and interactive Early Savers micro-site. While on the site, children can learn about the importance of saving and develop their money management skills through lessons, games and stories. The site also boasts of a first-of-its-kind Virtual Banking app where children are encouraged to learn to earn money/points through chores and simulate banking transactions and activities.

In addition to this, various initiatives have been put in place to further drive the bank's financial literacy and financial inclusion campaign and encourage children to cultivate a savings culture. These initiatives include the Early Savers Club (a Financial Literacy Club), Holiday Banking for Children, Bank-to-School and Bank-to-Faith Based Organisation amongst others.

Personal Banking Contined

Youth Banking – Accelerate

Accelerate is the Bank's new, exciting and interactive platform designed to help youths make the most out of today, while giving them the impetus to take hold of tomorrow. Studies have shown that the youth market is highly viable but largely untapped. We want to close the gap by attracting, engaging and converting Nigerian Youths into financially and socially savvy individuals with our array of financial and lifestyle solutions.

Our promise is to deliver in a fun and engaging manner, banking services through many channels, including campus sports, leadership seminars, networking events, life and career coaching and many more.

Women Banking

'On July 11, 2014, the W Initiative was launched - the home of everything Access Bank has to offer women.

The initiative is focused on meeting the financial and lifestyle needs of women especially along the following distinct sub segments; the W Young Professional, W and Family and W in Business.

Its offerings include tailored product bundles and value-added services such as exclusive networking and capacity building events, Mentor-Mentee program etc. In the quest to deliver discounted financing for medical procedures peculiar to women, we offer the first of its kind 'Maternal Health Service Support'. There is also an interactive online community for women; the W Community (www.thewcommunity.com) dedicated to inspiring, connecting and empowering women.

To support and manage these offerings, we have the first women dedicated team in the Nigerian Financial Industry with well-trained Gender Specialists who manage the women value chain ecosystems.

With our approach to banking women at Access Bank, we have got all the needs and aspirations of women covered across all life stages

Seniors

As part of Access Bank's commitment to financial inclusion, we recently created a segment for 60+. We understand as people approach retirement age they are looking to make some changes in the way they manage their finances. Banking for senior citizens often has to accommodate planning for future medical expenses as well as daily expenses.

The Evergreen Account is the account for 60+, which offers simple, convenient and cost-saving services to the elderly. Banking with Access Bank at 60 is Free Banking for Life with the Evergreen account.

Employees in the Value Chain

In January 2014, our employee banking product known as the Everyday Banking account was reviewed and the Naira Credit Card was introduced to offer more financing options to working individuals.

In addition, a dedicated relationship officer is always on hand to provide world-class services to meet each employee's financial needs.

Savings Made Easier

Taking control of tomorrow requires not just ambition but practical financial measures to achieve one's dreams. In particular, saving can play an important role in this.

To foster a culture of savings, we introduced the Access Bank Savings challenge to commemorate the World Savings Day which is celebrated annually on the 31st of October.

The 'Savings Challenge' seeks to institutionalise a savings culture among our existing and potential customers, with a special focus on our female customers. The Savings Challenge encourages customers to commit to saving an amount monthly for a minimum of 12 months, in order to realise their goals. Key benefits include the discipline to save and the planning habit customers learn through the process.



W is all about women who desire to be inspired, connected and empowered. It is our commitment to banking women. It connects the dots from where you are to where we want you to be.

Inspiring. Connecting. Empowering

FOR MORE INFORMATION

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SPEED SERVICE SECURITY



Business Review

CORPORATE AND INVESTMENT BANKING

At Corporate and Investment Banking Division (CIBD), we understand that successful partnership with our customers is all about service, and service is about people, dedication and trust. We therefore place our customers at the heart of everything that we do; consistently delivering customized offerings that are sustainable, transparent, flexible and competitive.

Accordingly, the continued market volatility, macroeconomic uncertainty, and the evolving global and national regulatory reforms have distinguished us as a stable and reliable partner.

This endears us to corporations across industries and geographies that are at "high alert" and closely monitoring the capacity of their banking relationships to consistently deliver stable and competitive services despite disruptive influences on corporate and banking interconnections.

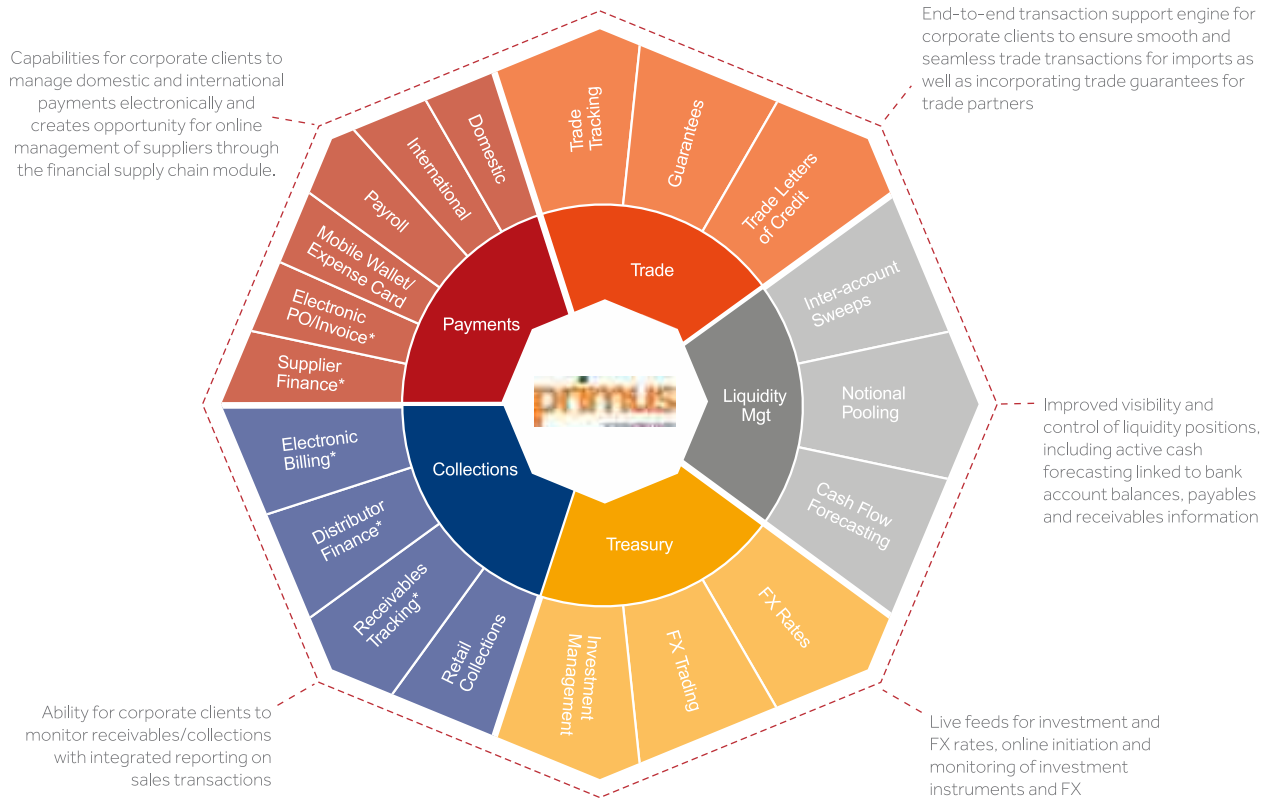
To ensure that we consistently deliver stable, flexible and competitive services across industries, our business is structured along key industry lines – Oil & Gas, Telecoms, Power & Infrastructure, Cement, Food & Beverages, Transport and Household Utilities; and manned by highly skilled and professional staff with in-depth

knowledge of the business. These industry champions are further supported by a Value Chain team, to enable our clients realize overall efficiencies by integrating their global supply and distribution chains.

The Division is reputed for innovative corporate banking solutions that consistently raise the service bar in the market and addresses the short, immediate, and long-term financial needs of target customers. One of such innovative solutions is Primus. Primus is an electronic banking solution that has become the Corporate Treasurers' delight and revolutionized the digital banking landscape in Nigeria. Primus is known and attested to by treasurers of large corporates for its superiority and seamless handling of treasury, liquidity management, payments, collections, and trade issues.



Balance Reporting and Account Management



*Financial supply chain management

Treasury Group

Our treasury team provides innovative solutions aimed at helping our customers manage their foreign exchange risks, whilst providing them with liquidity even at times of market illiquidity. Such solutions cut across funding, foreign exchange, liquidity, investment, hedging and other risk management needs. Our hedging solutions include foreign exchange spots, forwards, swaps, and other innovative products that offer our clients the stability and comfort needed to ensure a striving business. We are also active in fixed income instruments via prime brokerage services, Sale and Repurchase Agreement (REPO) and other yield enhancement products.

We play a pivotal role in the development of the derivatives market in Nigeria having executed over 25% of all currency forwards traded by the Central Bank of Nigeria (CBN).

We have also initiated the online, realtime, executable quotes currency trading platform to ensure a far reaching and more sustainable impact on the trading landscape.

Financial Institution Group

The Financial Institution Group (FI) is a specialized group established and equipped with the appropriate skills and capacity to handle the sophisticated needs of our customers in the financial services segment of the industry. The group offers financing, advisory, settlement, and transaction services to select clients in the financial services industry.

Our customer base includes local and international banks, insurance companies, Pension Fund Administrators, Registrars, Capital Market Operators and other finance related companies.

Our goal is to be the foremost financial institution group in Africa providing a diversified customer base with the most efficient banking solutions whilst operating in line with global best practices.

Project & Structured Finance Group

The Project & Structured Finance Group (PSF) provides fully customized financial solutions to complex funding challenges of large corporates in all key sectors of the

Corporate and Investment Banking Continued

Nigerian economy. The group is known for sound advisory services, arranging, and syndicating medium to long-term funds for deserving customers. The group in collaboration with other strategic business units has delivered large ticket deals such as:

- USD 150 Million project finance facility for a major Cement Producing plant in the eastern part of Nigeria
- USD 100 Million contract finance facility for a major EPCI contractor on OML 42
- USD 100 Million participation in acquisition funding of OML 24.
- USD 175 Million Vessel financing for a foremost marine and vessel supply company in West Africa
- USD 132 Million funding support for a major port and logistics company in Lagos.

The group has performed excellently in attracting funds from Development Finance Institutions (DFIs) and multilateral agencies to support developmental needs of the real sectors of our economy. The team successfully partnered with FMO in Netherlands to create a USD 60m product specifically aimed at women empowerment which is in consonance with the bank's sustainability strategy.

Cement, Food & Beverages

This strategic business unit is manned by very experienced staff in the manufacturing and Fast Moving Consumer Goods (FMCG) businesses, delivering specialized services to virtually all the key names in this market segment. We pride ourselves as industry leaders in the Value Chain business, consistently providing our clients with customized services that have enabled them unlock the growth potentials of their businesses, whilst maximizing their operating efficiency. We are therefore the valued partner to all key players in the FMCG segment, and willing partner to prospective clients who seek to optimize their growth potentials by integrating their global supply and distribution chains.

Oil & Gas Group

The Oil and Gas group covers corporate customers in the Downstream, Midstream, Upstream segments of the Oil and Gas industry. The Bank has been very instrumental to the development of Nigerian content in the Oil and Gas industry. We offer funding and advisory support to key indigenous and multinational Oil and Gas companies in Nigeria. Access Bank is amongst the pioneer banks in Shell \$5 Billion contract financing scheme and Mobil \$1 Billion contract financing schemes aimed at enhancing Nigerian content.

The Group offers treasury and liquidity management services to upstream oil companies and have partnered and supported indigenous exploration companies in the acquisition and development of strategic oil and gas assets.

In the downstream sector, most of the major downstream operators are customers of the bank and have benefited immensely from the bank's value chain strategy.

Telecoms

The Telecommunications group of the Division is currently the number one player in the Nigeria Telecommunication industry, financing key Global System for Mobile Communication (GSM) operators Original Equipment Manufacturers (OEMs) as well as their value chain. Tower handling companies and airtime vendors have benefited immensely from the bank's value chain strategy.

Access Bank has remained the leading collecting bank for the GSM operators consistently for the past few years. The effectiveness of our value chain strategy has endeared the vendors, especially airtime distributors and OEMs to the bank.

In 2015, we intend to leverage our digital strategy to elevate the quality of our services to this important and growing sector of the Nigerian economy.



Transport & Household Utilities

The Transport and Household Utilities group (THU) consists of personal care, metal fabrication, aviation and road transport segments. The customer base of the group are mainly investment grade names.

THU with the support of the PSF team leverages the different CBN support schemes for the benefit of our customers and the industries they represent.

GLOBAL

BUSINESS

ADVANTAGE

INTERNATIONAL TRADE

Successful businesses think global, so whether you're a large corporate, medium or small enterprise, let's help you compete more effectively in the global market place.

With our pioneer online trade platform, we provide you with an edge over competitors and help you achieve business goals.

- Enhancing the efficiency of trade cycles.
- Online real-time tracking of shipping and other trade documents
- Ability to customise your report to suit corporate requirements
- Secure, reliable and error-free access to data

#TakeTomorrow



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Business Review

TRANSACTION SERVICES AND SETTLEMENT BANKING

The dynamism inherent in the promise of being able to Take Tomorrow is not just in a grand vision and ambitious plan for the future. It is in what we do every day; what makes a difference on a regular basis to our millions of customers. Nowhere is this more apparent than in day-to-day banking services such as transactions and settlements.

Transactions Services and Settlement Banking is responsible for Domestic Settlement and Centralised Processing of a wide scope of back office operations functions. It maintains operational processes and structures that foster innovation and operational efficiency to accentuate the bank's constant brand drivers of Speed, Service and Security, with our new emphasis on taking tomorrow today. Back office it may be, but it is decidedly forward-thinking.

The focus of the business in 2014 was the adoption of continuous improvement strategies, leveraging the Banks' technological platform to consistently deliver and fulfil service promises by the Bank. Payment and Settlement solutions were provided in the most convenient, speedy and secured service forms and in variants to suit the different needs of our chosen target markets and segments. Resilient systems and processes driven with expertise and professionalism were deployed to achieve new industry standards in product offerings and results. The Bank also sustained its position as one of the leading banks in Clearing and Settlement Services in Nigeria

while ensuring prompt execution of regulatory processes and system changes with zero tolerance for regulatory sanction.

In 2015, we will strive to consistently be the reference point for innovative and excellent service delivery that exceeds customers' expectations and therefore seek to create sustainability through enjoyable service experience. We will ensure that domestic settlement and centralised processing performance is consistently in the top three cadres of the Nigerian Banking Industry. Specific key business drivers of Process Automation, Communication and Collaboration will form the bedrock of the business strategies deployed to realise these goals.



There will be a defined focus on the optimisation of gains from investments in Information Technology (IT) infrastructure. This will be geared towards consolidating our position as market leaders in the provision of world class technology, channels, payment and settlement services to our customers.

In line with international best practices and the Bank's risk appetite, customer-centric control measures shall be applied in the deployment of value-adding investment, payments and settlement solutions.

We commit to deliver and fulfil the Bank's promise of Speed, Service and Security on the path to taking tomorrow, and ensure Transaction Services and Settlement banking offerings are consistently ranked in the Top Three in every market where we operate.





Business Review

OPERATIONS AND IT DIVISION

No other area embodies the promise of the future like Information Technology (IT). The very notion of being able to Take Tomorrow would be an empty dream without powerful, robust, state-of-the-art IT.

The Operations & IT Division of Access Bank consists of several groups responsible for the provision of exceptional support and services to millions of customers. The Division is dynamically structured to support the activities of other divisions in the Bank. It is comprised of the following groups:

- **Corporate Operations**
- **Centralised Operations**
- **Retail Operations**
- **Channel Services**
- **General Resource Management**
- **IT Services**
- **Customer Experience**

In 2014, the Division's activities were built on the objectives of delivering Operational Excellence, Innovation and Positive Customer Experience through automation, collaboration and teamwork.

Information Technology

The adoption of continuous improvement strategies, leveraging the Bank's technological platform to consistently deliver and fulfill service promises by the Bank enabled the creation of value for customers at every interaction with us. Across the Division, various initiatives were undertaken in ensuring that the Bank's unchanging promises of Speed, Service and Security were delivered seamlessly.

The efficiency of the Bank's division has improved significantly with the implementation of the Business Process Management System, an integrated workflow solution that automates and simplifies work processes as well as the archiving of transaction records and documents.

This assists us to deliver greater efficiency with a resultant value-addition of faster turnaround time, enhanced control and improved customer experience.

In line with our five-year transformation plan, additional investments were made in IT. We upgraded our data centre hardware from the HP Superdome 1 to the Superdome 2, a multi node and fault tolerant system. In addition, we deployed dark fiber and high frequency radio links between the bank's primary, DR and development Data Centers and also the connectivity to the financial payment gateways and switching companies. This was in addition to the upgrade of our database from Oracle 10G to 11g RAC that facilitated scale and data replication for backup and recovery to the DR sites for various applications. This resulted in improved efficiency and reliability of our systems.

There was an upgrade of our key funds transfer applications with the redesign and redevelopment of these applications in response to customer needs. This was supported with hardware upgrades and establishment of a 24x7 monitoring system and alerts mechanism. This has led to our bank becoming the leader in the NIBSS Webstats performance ranking.

Our IT security system was equally enhanced with the implementation of several security applications including the Network Access Control, Active Directory Rights Management Systems and the Microsoft Threat Management Gateway.

The Bank's Technology Risk mitigation capability was enhanced with the completion of a Disaster Recovery Centre at Ikeja and the implementation of a robust



business continuity management system that has passed the BS 22301 certification to improve the Bank's resilience against technology failure. Our systems, processes and structures have also passed the ISO27001 and PCIDSS re-certification to further protect customer data, endorse the stability of our payment systems and provide an assurance of the safety of funds in the Bank.

The Bank delivered on a number of other significant technology transformations during the year and also redesigned and redeveloped key applications. This resulted in a very significant improvement and stability of our applications and increased the level of excellence experienced by millions of customers.

These included:

- Strengthening of our ATM service with the deployment of 1,000 new ATM machines to replace the ageing ones. This truly enhanced customer satisfaction and ensured more complete security and efficiency of operations.
- Enhanced capability, coverage and stability of our Corporate Online Banking Platform (PRIMUS) to meet corporate customer needs for Payment, Collections and Liquidity Management with a 2015 roadmap for deployment of Financial Supply Chain and Investment Services.
- Enhanced alternative Retail Channels (Online Banking and Mobile Banking) to handle increased sign-ons, and with new features such as Bill Payments, Cheque services and integration with leading E-commerce websites in Nigeria.
- Capacity upgrade for the Bank's E-channel Infrastructure through application re-engineering, hardware upgrade and operational redundancy to support the increasing business volumes and to provide for resiliency.
- Monitoring was stepped up with an integrated support structure that included service desk, monitoring tools, online dashboards and portals and backed up by a system of communication and alerts. The monitoring provides a perspective on infrastructure and systems and allows a proactive focus on problem areas and their resolution. The biggest beneficiary has been channel operations and this has acted as a boost to greater resilience and availability

We commenced the upgrade of our Core Banking Application in 2014 and invested in the Oracle Supercluster engineered system for high performance computing for online and batch operations and also for improved availability of the system between primary and DR sites. The implementation will be concluded by the 3rd quarter of 2015.

Channels

In 2014 our focus was to renew and reposition our electronic banking channels as part of an overall effort towards a more sustainable retail banking practice. In this regard, we replaced about 1,000 ageing ATMs with more secure and feature-rich machines. We continued our quest to deploy digital future-ready banking centres as we commissioned additional 5 Express Banking centres – "ACCESS EXPRESS".

We devoted efforts in consolidating our Mobile Financial Services offerings. These culminated in the commissioning of a new mobile banking application, which is now delivering more convenient payment and lifestyle options to our retail banking customers.

In line with the Bank's sustainability initiatives and to deepen the national efforts towards financial inclusion, Access Bank in collaboration with Airtel, launched our mobile money initiative – AccessMoney. The product is aimed at providing low-cost financial services to the un-banked and under-banked. This has led to the enrolment of over 1 million customers and over 1,500 agents across the country in just four months.

We continued to deepen our card products as we commenced the issuance of MasterCard cards in addition to our Visa and Verve portfolios. The Bank also launched Persona – an initiative that empowers our customers to customise the look and feel of their cards.

The successes of the previous year in our merchant and acquiring business was further strengthened as we consolidated on our position as a top three electronic transactions acquiring bank in Nigeria.

In 2015, our focus is to provide more intimate, proactive and personalized experience for our customers across multiple channels, products and services. Further to this, the Bank has embarked on a Project to enhance its processes, develop business models that will favourably compete in the emerging digital world where the line between banks and technology companies is becoming blurred. At the end of this project, we would have delivered cutting-edge solutions that improve customer experience and further empower our customers in the management of their funds.

Innovation

In keeping with one of the Bank's core value of innovation, we launched a Voice of the Customer (VoC) programme to aid faster collation and analysis of customer insights and perception of the Bank's services and people. With this, the turnaround time for issue resolution and response to customer requests as well as insights into developing new products and services were greatly enhanced.

We commenced the automation of our administrative processes through the implementation of the Fintrak ERMS application and developed a framework for measuring our environmental and social footprint in line with global best practices and Sustainable Banking Principles.

On our payments processing platforms, we deployed a new e-PAY platform for Lagos State Government (LASG) Inland Revenue Services (IRS) Collections with real time sweeping of tax payment for enhanced efficiency. Additionally, we upgraded our internal application with Citi Direct, which paved the way for same-day processing of customer foreign currency Inflows.

Customer Experience

In keeping with our commitment to providing an enjoyable customer experience across all our touch points, we renovated and rebranded 80 branches providing our customers with the same look and feel at all our locations. We also built and opened a Welcome Lounge to give visitors to the Head Office a waiting experience that is truly world-class.

Renewed efforts were placed on training the Bank staff in delivering exceptional service to our customers. The investments in our people and systems resulted in an overall improvement in customer satisfaction; staff attitude, complaint management and channels service delivery.

In response to customer needs, we decentralized some of our services to the branches to provide a turnaround time for their transactions.

Access Bank's dedication to service resulted in the Bank being declared the winner of the "2014 Best Customer Service Company Award" in the Banking category by the Nigeria Customer Service Awards (NCSA).

In 2015, we will strive to consistently be the reference point for innovative and excellent service delivery that exceeds customers' expectations. Specific key business drivers of Process Automation, Operational Excellence, Communication and Collaboration will form the bedrock of the strategies deployed to realise these goals.

OUR PEOPLE, OUR CULTURE



“Our people are our most valuable asset” is a truism, even a cliché. Many organisations claim it, although most simply pay it lip service. But to become the World's Most Respected African Bank, which is our ambition, that respect has to start close to home. Only if we show respect for our employees, our stakeholders and the communities in which we operate – and back up our beliefs with action – will we be able to deliver tomorrow what we talk about today.

This is why we aim to take our people further, faster, and, along the journey to take tomorrow, to empower our communities, our nation, and yes, even our continent.

At Access Bank, our values are at the core of all that the Bank does. They help to distinguish us from other organisations. These values are an integral component of our corporate philosophy, influencing the way we work, and translating to how we, as an organisation, deal with our expectations of people.

Our values are:

- Leadership
- Excellence
- Empowered Employees
- Passion for Customers
- Professionalism; and
- Innovation

To attain our vision of being the “World's Most Respected African Bank” we have broken down our goal into a series of objectives. Today, we have achieved one of our objectives of being a Corporate Bank Leader in Nigeria.

Our 2014 Scorecard

Leadership

“You don't lead by pointing and telling people some place to go. You lead by going to that place and making a case.” – Ken Kesey.

This quote best describes the approach of the Management of the Bank towards leadership and sustainable development. We firmly believe in the top-bottom concept in leadership, where the leader leads from the front. This is a proven and effective way of inspiring the rest of the team towards achieving the group's success.

We believe in putting our best foot forward and attaining milestone achievements. We empower our employees to take the lead and assume higher responsibilities, not only within the bank, but in professional spheres. An appreciable number of our employees are actively involved in professional bodies and associations, as enumerated below:

- Greg Jobome (Chief Risk Officer) is the President of the Risk Managers Association of Nigeria (RIMAN)
- Pattison Boleigha (Head, Group Conduct &

Compliance) is current Chairman of the Committee of Chief Compliance Officers of Banks in Nigeria (CCOBIN)

- Jo Osojie (Head of Risk, Corporate & Investment Banking Division) is the current Chairman of the Card Payment Board, constituted by the Central Bank of Nigeria (CBN)
- Kola Ajimoko (Head of Risk, Subsidiaries) is the current Treasurer of the Risk Managers Association of Nigeria (RIMAN)

Excellence

Excellence is at the centre of our people, our work, our culture and our philosophy. It is validated by our ability to surpass ordinary standards and has brought us to our current ranking as an industry top tier bank.

The Bank is also committed to excellence and this is manifested in several awards received by the Bank in 2014. These awards include:

- The CSR-in-Action rating of Access Bank as the Best Corporate Citizen in the first ever indigenous competitive social responsibility index
- Best Sustainability Report Award in the SERA Awards
- The World Finance UK Award of Most Sustainable Bank in Nigeria
- Most Socially Responsible Bank of the Year at the 2014 Business Day Banking Awards
- The International Short Film Festival Award for Corporate Social Responsibility
- Sustainability Award on Social Responsibility by the UNN/Shell Centre for Environment Management and Control (CEMAC)

More details of these awards are in the Sustainability section of this document.

The Banking School of Excellence

To ensure that our employees maintain high standards, we introduced the Access Bank School of Banking Excellence in 2003 and over 2,824 trainees (future industry leaders) from Nigeria and the other African countries where the Bank operates have graduated after successful completion of the School's programme. Some of the graduates of the school are currently holding management positions in the Bank, other banks and other sectors of the economy in Nigeria, as well as outside the country. In our pursuit of excellence, the Bank applied for the accreditation of the School from the Chartered Institute of Bankers of Nigeria (CIBN).

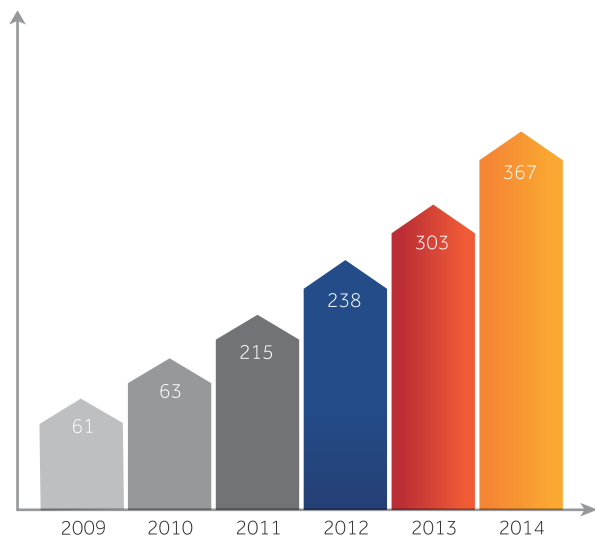
In December 2014, CIBN accredited the Access School of Banking Excellence's Entry Level Training Programme (ELTP). This also implies that all graduates of the school will be exempted from all the subjects at the Diploma Level of



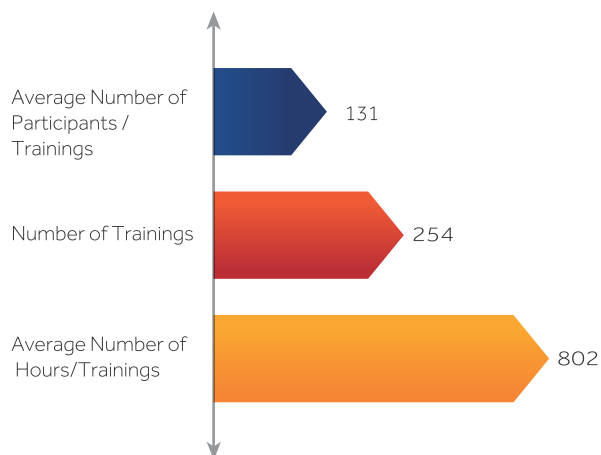
the Institute's Professional Examinations, as well as from one subject at the Intermediate Level.

- A 25-bed Crèche
- A Sports Bar
- A Modern Staff Canteen

Number of Trainees 2009 to 2014



Training Sessions 2014



Employee Wellness

The Bank is aware that employee engagement without a focus on employee well-being is not a sustainable model and will not produce the desired motivated employees that are needed to spur leadership.

We are therefore committed to providing a workplace where every employee is empowered to contribute and make an impact, and has the opportunity to develop exceptional talents and skills.

In 2014, the Bank opened its fitness and Recreation Centre (ARC) for employees. This comprises:

- A state-of-the-art Gym
- An Aerobic Centre



Empowered Employees

Our employees not only contribute to the success of our bank but they also impact on their community. See Table A (page 38) for employee volunteering projects in 2014.

Recognition

In line with the Bank's practice, employees that distinguished themselves as 1st among equals were celebrated at the organised Annual CEO's Award which held in May, 2014. Winners include

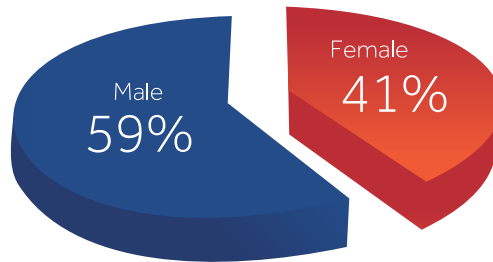
- a. Neka Adogu (Nigeria) - CEO Special Award
- b. Julie Soyinka-Sonuga (UK) - Brand Ambassador of the year
- c. Idumota Retail Operations (Nigeria) - Cost Centre of the year



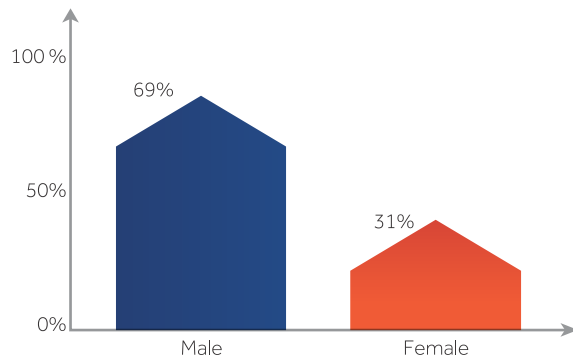
Gender Equality

Given our broad-minded perspective on equal employment opportunities, we continue to encourage the representation of women at all levels of the workforce. Women are well represented in our Board positions and in top management, as well as in the entire workforce.

Overall Work Force Gender Composition for 2014

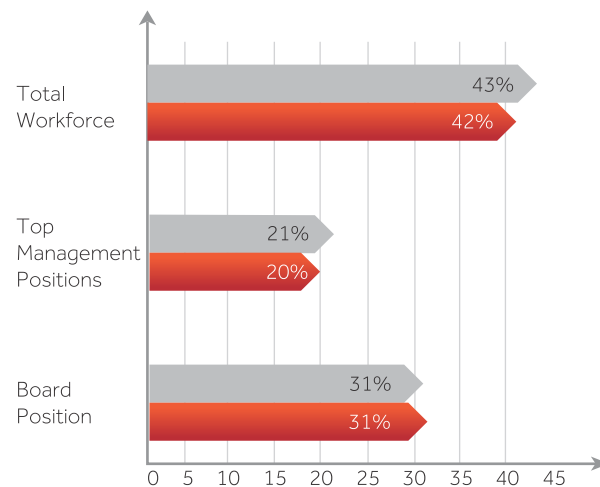


Board Gender Composition



2013/2014 Female Comparism

2014 (Grey arrow)
2013 (Red arrow)





Employees with Disabilities (EwD)

As an equal opportunities employer, we ensure that applications for employment by disabled persons are given utmost consideration. In the event that current staff members become disabled, we make every effort to ensure that their employment with the Bank continues. We now have about nine staff with disabilities.

HIV/AIDS

We also continue to lend our support to people living with HIV/AIDS through supporting awareness campaigns. In 2014, the bank sponsored participation in the World AIDS Day, which was held in Australia.

Health & Safety

The health and safety of our employees and other stakeholders are important to us. During the outbreak of Ebola in West Africa, the Bank took significant action in helping to curb the spread of the virus.

At the onset of the Ebola Virus Disease (EVD) in Nigeria in July 2014, the Bank reviewed its Business Continuity plan and took proactive steps to ensure adequate protection of staff and customers. Some of the steps taken included the creation of a committee to coordinate the Bank's response to the threat, intensive awareness creation for all stakeholders, restriction on staff travel (meetings were conducted via teleconferencing or videoconferencing), body temperature checks using infra-red thermometers, provision of hand-washing facility and sanitizers at the entrance to the Bank's premises, and other measures.

No case of EVD was identified amongst staff and customers, and the disease was successfully contained in Nigeria.

Table A: Employee Volunteering Project for 2014

Project Theme	Team	Project Objective
Education	Compliance and Internal Control	Delivery of Ultra modern Home Economics Laboratory to Oduduwa Senior Secondary School, Lagos
Infrastructure Development	Personal Banking Division	Renovation of Bonny Camp Primary School, Victoria Island, Lagos (Library with full stock of books, desktop computers, renovation of all classrooms and provision of chairs and desk for over 15 classrooms, provision of borehole water and tanks and renovation of toilets)
Education	Corporate and Institutional Banking Division	Girl Child Programme
Education	Channel Services Unit	Empowerment session and donation of key facilities to Lagos State Correctional Boys Centre
Education	Customer Experience Unit	"A-Word-A Day" Teaching and mentoring Initiative at Olomu Primary School, Ajah, Lagos.





Business Review

SUSTAINABILITY REPORT

What good would it be to 'Take Tomorrow' if, the day after tomorrow, you were to lose it and be back to square one – or worse?

Sustainability is by definition thinking of the future, for all the tomorrows and generations to come. Therefore it is and always will be an integral part of everything we do at Access Bank.

From the means by which we govern ourselves and the finances in our care, to the many different ways we empower all those who work with us, and seek to help the communities in which we serve as well as the wider environment, we aim to create a better future for all.

Our ambition is to be the World's Most Respected African Bank. And we never forget that the way in which we get there is as important as the destination itself.

To start with where we are today, the uncertain global economic situation has been compounded by pressing social and environmental issues, a lack of trust in businesses, youth unemployment coupled with skills shortages, and the depletion of natural resources on which business depends. We recognise that innovation is essential for addressing these challenges, and for creating a greater future.

By leveraging opportunities for sustainability, Access Bank has increased its competitiveness and delivered sustainable growth whilst simultaneously addressing customer needs, improving environmental performance, creating

jobs and supporting social progress. Our business practices have transcended Corporate Social Responsibility (CSR), sustainability reporting and philanthropy to delivering ground-breaking sustainability performance which is at the heart of our corporate strategy.

We know that a successful company strategy is one that is informed by the world around it and which considers the social and natural resources on which business depends. We therefore see significant growth opportunities for our organisation and we are able to better meet market demand for innovative products and services that are good for society and the planet.

Access Bank's Journey on Sustainability

Sustainability is a critical issue for Access Bank. We have identified sustainability (economic, social and environmental) as a critical focus area for the Bank and a key lever to build respect. Our corporate strategy on sustainability has enabled us to increase revenues and build the brand while reducing costs and risks – ultimately building respect and delivering shared value for the Bank and our stakeholders.



Since the establishment of the Sustainability function in 2008, the Bank has made good progress and is now seen as Nigeria's leading bank regarding sustainability. We are now poised to position the Bank as an African leader on sustainability by aligning our core purpose, vision and strategy.

Our purpose at Access Bank is to help people and businesses prosper. To do this we have set ourselves an ambitious target to be the World's Most Respected African Bank by 2017. We are committed to serving all our stakeholder groups: customers, employees, investors, regulators, and the community in a balanced way because that is how we will build a sustainable business. We are also committed to creating an inclusive culture in which all our people feel valued and able to fulfil their potential. We carried out the biggest listening exercise in the Bank's history in 2014, with a series of HR road-shows around the country through which the executive team learnt from employees the best ways to build the best bank.

Corporate Governance

Access Bank is committed to implementing the best practice standards of corporate governance. The Bank and its subsidiaries (the Group) are governed under a framework that enables the Board to discharge its oversight functions while providing strategic direction to the Bank in balance with its responsibility to ensure regulatory compliance. The subsidiaries comply with the statutory and regulatory requirements of their host countries and also align their governance framework to the Bank's governance framework.

The Board is responsible for embedding high standards of corporate governance across the Group which is essential for the sustainability of the enterprise. Our governance framework is designed to ensure ongoing compliance with relevant corporate governance codes such as the Central Bank of Nigeria's Code of Corporate Governance for Banks in Nigeria Post Consolidation (the CBN Code), the Securities and Exchange Commission's Code of Corporate Governance (the SEC Code) and the Post-Listing Requirements of the Nigeria Stock Exchange. These, in addition to the Board charter and the Bank's Memorandum and Articles of Association, collectively provide the foundation for sound corporate governance. Our core values of excellence, innovation, leadership, passion for customers, professionalism and empowered employees continue to shape our corporate behaviour.

Access Bank has a multi-faceted approach to governance that combines adherence to relevant local codes while adopting international best practice, especially on issues where local codes are either absent or not sufficiently detailed. This approach is underpinned by the necessity for ensuring compliance with both regulatory and ethical standards across our operations in Africa, as well as in the United Kingdom and China.

For further details, please see the Corporate Governance section of this document.

Stakeholder Engagement

We commit adequate resources to ensuring that we understand the views and needs of all our stakeholders through regular proactive engagements. The feedback from these engagements informs our products, services and procedures. In addition to our daily interactions with customers, we use a series of regular surveys to measure how our customers feel about our people and services and we regularly listen to customer needs through call centres, relationship managers and complaint lines.

We engage with our investors via platforms such as Investor Day, Deal/Non-deal road-shows, shareholder association meetings and newsletters. This helps us to leverage and build our strategic business partnerships for the maximum benefit of all our stakeholders.

Financial Sustainability

The Bank has long considered financial sustainability as a core function of its business. We have taken proactive steps to leverage business models that embrace sustainable development. We also ensure that our products and services meet the social and environmental needs of our stakeholders. We demonstrate our continued dedication to financial sustainability through our strategic partnerships with the United Nations Environment Programme Finance Initiative (UNEPFI), International Finance Corporation (IFC) and the Entrepreneurial Development Bank FMO. In maintaining these multilateral partnerships, we encourage the wider Nigerian financial services industry to focus on incorporating environmental and social risk analysis generally. Overall, we believe this approach should apply to risk management, agricultural finance, environmental finance, emerging business opportunities in global carbon trading and carbon credit offset investments in Africa.

Credit Rating

During the year, Agosto & Co, one of the leading Nigerian credit rating agencies, upgraded Access Bank's credit rating from "A" to "A+", with a stable outlook. The rating reflects the full synergy of the merger with Intercontinental Bank Plc (ICB), which has propelled the Bank to be one of the Systematically Important Banking (SIB) institutions in Nigeria. The rating also recognises the Bank's good liquidity position and satisfactory capitalisation, as well as improved risk management framework and the positive impact on asset quality.

Our improved rating is attributable to the Bank's strong liquidity and funding position which is a clear affirmation of our position as one of Nigeria's Tier 1 banks. The rating upgrade further corroborates the Bank's enhanced capacity to execute larger transactions as well as access long-term funding from local and foreign multilateral agencies and institutions. The rating upgrade of the Bank is yet another testament to our continued focus on sustainable banking and commitment to becoming the World's Most Respected African Bank.

Environmental and Social Performance

As a sign of our continued commitment to environmental issues in the country, we adhered to all stipulated environmental requirements in the conduct of our operations. The Bank, in compliance with the CBN directive on financial inclusion, implemented the Three Tiered KYC regulation, which saw us deploy products targeted at low-income persons and the unbanked population in Nigerian society.

Materials

At Access Bank, we ensure that all paper stationery used in printing internal memos is re-used where possible. This has significantly reduced our paper purchasing and has resulted in cost savings over the period.

The Bank ensures that the items purchased (especially paper stationery) are made from recyclable materials, as depicted by the recyclable logo on all our stationery products. We use papers which carry the recyclable stamp that certify that the paper products are made from recyclable inputs. We also ensure we print on the ecoprint mode and all internal documents are printed using the front-and-back print setting to optimise the use of paper and reduce waste.

Energy

Direct energy consumption by primary sources is from the Power Holding Company of Nigeria. Our Bank has been able to save energy significantly through our policy of shutting down generators at 6pm for branches and 9pm for the Head Office. Indirect energy consumption by primary sources refers to power generated from our diesel powered generating plants bank-wide.

Water

Concerted efforts made in the optimal use of water in the Head Office can be observed from the type of cisterns used in the restrooms that ensure the optimal use of water and minimal waste.

Ethics and Whistle-Blowing

A whistle-blower system is one which allows a person tell the public or someone in authority about alleged dishonest or illegal activities/misconduct occurring in an organisation. To enable staff to report unethical activities affecting Access Bank so that the Bank can take all measures to address them, the Bank deployed a more robust whistle-blower system, which was outsourced to KPMG Ethics line. This has created awareness and increased the confidence of staff and other stakeholders in reporting any suspicious activities/misconduct that can expose the Bank. This has over time served as a deterrent to workplace misdemeanours and entrenched staff integrity and discipline.

To instil the highest ethical and legal standards as well as comply with applicable international laws, Access Bank has

appointed anti-bribery compliance officers. As an ethical organisation, the Bank has demonstrated zero tolerance for bribery and corruption. This is clearly expressed in the various policies such as our anti-bribery policy, code of ethics and compliance manual. Where incidents of corruption are identified, the Bank will undertake a strict adherence to the guidelines of the policy, which may include dismissal of staff and blacklisting of vendors.

Human Rights

In line with our core value of empowered employees and professionalism, we ensure the Bank adheres to all stipulated human rights laws. Access Bank has an updated Human Rights Policy which clearly highlights our non-tolerance for discrimination or harassment of any kind. The Bank strives to provide a safe and healthy working environment for every member of staff, while also acting in a non-discriminatory manner. We abide by all the provisions of the United Nations Human Rights Charter (UNHRC) and international labour laws and ensure that all our staff are treated fairly and in accordance with the highest applicable standards. The Bank received no report of any grievance related to human rights during the year under review.

Women on Board

At Access Bank, we focus on empowering female multipliers; those women whose integration into the banking sector will create ripple effects throughout the economy. This is why we focus on developing growth-oriented, women-run businesses throughout Africa; because these are the businesses which can create jobs and pull more women into the benefits and security of having a bank account.

We know the critical importance of developing policies within our own institution to help break down barriers to women entering careers that in the past have been dominated by men, such as in banking. Women make up 30% of our Board, which is impressive by international standards. Across the European Union, the average is only half that, with women making up less than 15.8% of directors, and in the UK, the average for a FTSE 100 company is just under 22%. We also lead from the front by operating a zero tolerance approach to gender discrimination and promoting men and women equally.

Within our company we've launched two new initiatives that are pushing this vision even further. The first, the Access Women's Network, includes capacity building, mentoring and networking opportunities; furthering the development of the confidence and skills to better succeed in business. The second, Supporting the Access Woman, is about us practising what we preach; revolutionising the experiences of our female employees and actively pursuing greater gender diversity at all levels. As part of this initiative we have built a Staff Crèche, so mothers don't have to choose between their careers and their children. We are also supporting health and wellness for women through the Access Recreational Centre.



The 'W' Initiative

In Nigeria and many other developing economies, women are 20% less likely than men to have an account at a formal financial institution and 17% less likely to have borrowed formally in the past year. Even if they can gain access to a loan, women often lack access to other financial services, such as savings, digital payment methods, and insurance. Restrictions on opening a bank account, such as requirements for a male family member's permission, also restrict women's access to accounts.

As part of efforts to offer women exclusive access to banking services as well as a wide range of lifestyle-oriented value added benefits and privileges, Access Bank unveiled The 'W' Initiative in 2014. Part of the privileges for women and their families under the initiative includes access to a comprehensive range of loan product and credit facilities. There is additionally the ability to join The 'W' Community, with its helpful advice on family and finance matters, home and family articles and details of special offers. There is also access to a wide range of great discounts, special offers and free gifts covering health, beauty and fitness.

The initiative also houses the Bank's Early Savers Club for children, access to maternal health support and family protection as well as seminars on family planning and parenting, while serving as a vehicle for employment generation and providing opportunities for entrepreneurial sourcing, training, development and empowerment.

'W' is the first banking solution that allows an entire family to bank and benefit together, while also operating their individual accounts. There are programs designed for young family members to promote and develop their financial management skills. 'W' is all about women that desire to be inspired, connected and empowered. It is our Bank's commitment to banking women.

Through our Maternal Health Support Scheme, we additionally back local and international treatments for fertility, natal treatment, other specialist procedures such as hysterectomy (uterus removal), myomectomy (fibroid removal), plus dental, bariatric and orthopaedic treatments.

Nigerian Sustainable Banking Principles

Clearly, sustainability is not a static issue; the issues that impact customers, employees and the broader community, and an organisation's response to such issues, all evolve over time. While stakeholders are raising expectations for companies to take effective and concrete actions, government is implementing new regulations. As a result, a sustainability assessment has become an urgent matter.

The above premise has culminated in the Nigerian Sustainable Banking Principles, a set of guidelines for financial institutions which among other things, seeks to forge growth strategies as well as guide signatories on how to conduct business in alignment with international sustainable banking practices.

In the midst of increasing global challenges, the Nigerian Sustainable Banking Principles (NSBP) seek to, among other things, forge growth strategies as well as guide signatories on

how to conduct their business in alignment with international sustainable banking practices. With the objective of providing direction and control within member organisations, Access Bank chairs the NSBP Steering Committee providing guidance to the banking industry as part of the process of driving the implementation of the principles.

In 2014, Access Bank led the Steering Committee on a strategic initiative to engage key stakeholders in the sustainable banking community in dialogue regarding the implementation of the Nigerian Sustainable Banking Principles, as well as to seek top level buy-in of the business case for sustainability. It also created a platform to update signatories and achieve a uniform level of understanding, commitment and delivery towards the attainment of the overall vision of the NSBP.

As a way of assisting Nigerian financial institutions in embedding the principles in their business activities and operations, the Bank also hosted signatories of the NSBP at a forum on Friday, August 29, 2014. This was to seek each organisation's input into the NSBP Terms of Reference as well as feedback on the implementation of the principles.

Access Bank organised a pre-reporting workshop for the Nigerian financial services industry with a view to providing a good understanding of sustainability reporting as well as to help drive the financial services industry forward. The strategic focus of the NSBP Steering Committee is to conduct a pre-reporting workshop prior to every reporting period with a view to preparing signatories of the reporting requirements (i.e. all banks in Nigeria) as well as what was expected of signatories by the Central Bank of Nigeria (CBN). A CBN representative was a key speaker/presenter at the session, which held at Access Bank Head Office on September 24, 2014.

Employee Volunteering

At Access Bank, employees are empowered to achieve their goals through the creation of an inclusive environment where they have the freedom to contribute to a corporate culture that they desire. We pride ourselves as the organisation that constantly builds core capabilities while engendering a sense of shared values for staff. This helps us behave as one team across our different markets and business segments.

The Bank's corporate philosophy is highly influenced by the principle of sustainability. This is why Access Bank has determined that it must be a force for good in the communities in which it operates and within the financial system generally. We recognise that in all our jurisdictions, the goal of adding value can only be achieved in partnership with other stakeholders in both the public and private sectors, and from within society as a whole.

We are extremely proud of our employee volunteers who have identified, selected and championed innovative initiatives to better the lives of people in our host communities. The collaborative efforts of thousands of our employee volunteers have brought evident social dividends to our host communities.

Employee Volunteers' Impact Stories

In 2014, the following activities were undertaken by our employee volunteers:

The Heart for Eye Project

The Centralised Operations Group identified the Nigerian Society for the Blind (NSB) as the beneficiary of their volunteering initiative. By partnering the Society, the unit was able to alleviate the plight of some of the blind and visually impaired persons in Lagos.

Achievements included:

- Four hostels for 40 people
- Fresh paint and roof
- New beds and mattresses for 40 students

Pacelli School for the Blind and Partially Sighted Children

Following the Bank's drive to give back to the community through the contribution of its employee volunteering scheme, the Corporate Counsel Group/ Company Secretariat engaged the Pacelli School for the Blind and Partially Sighted Children in a bid to understand the present needs of the school and determine how best to be of assistance.

Our staff provided the following items:

- Two (2) laptop computers
- One Internet modem
- Six month Internet subscription

Closing the Digital Divide for Gbara Community School

Corporate Social Responsibility is a matter of good corporate citizenship; it directly affects brand image of products and services. By giving their time, effort and money to better the lives of young Nigerian citizens, our Information Technology Unit employee volunteers have demonstrated leadership and innovation in giving children in Gbara Community School, Lagos State access to technical knowledge and computing capabilities.

The team provided the school with the following:

- Twenty (20) complete personal computer systems
- Uninterruptible power supply (UPS)
- One year Internet connection between PCs – Swift 4G
- Acer Projector
- Power Holding Company of Nigeria (PHCN) Connection
- Hewlett-Packard (HP) printer
- Furniture

Helping vulnerable children

The theme of the 2014 employee volunteering scheme of the Financial Control Group is premised on impacting and raising awareness on vulnerable children living in the community whilst reinforcing their role in the sustenance of the future.

The Group partnered three organisations to realise its volunteering objectives:

- Children's Developmental Centre
- Atanda Olu School
- Down's Syndrome Foundation of Nigeria

Sustainability Recognition and Awards

Access Bank has emerged a leader in the sustainability landscape in Nigeria and is poised to extend its leadership frontiers to the rest of Africa – a crucial step on the path as we aim to become the World's Most Respected African Bank. In view of this, the Bank has become a force to reckon with in leading sustainability initiatives, forging strategic partnerships and improving the quality of life for people in our host communities.



Awards and recognition for our sustainability performance.

AWARD/RECOGNITION	DESCRIPTION	GIVEN BY
Best Company in Sustainability Reporting	Pioneer Corporate Social Responsibility award in Nigeria. The SERAs has continued to grow and attract several local and international endorsements and partners	Social Enterprise Report Awards (SERAs)
Sustainability Award on Social Responsibility	The University of Nigeria, Nsukka, the Sustainability Award Selection and Planning Committee and the Management and staff of the Shell Centre for Environmental Management and Control conferred Access Bank with the Sustainability Award on Social Responsibility	UNN/Shell Centre for Environment Management and Control (CEMAC)
In Short Corporate Social Responsibility Award	The International Short Film and Video Festival (INSHORT) is designed in the tradition of leading film festivals around the globe. The festival has the Goethe Institute Lagos and International Film and Broadcast Academy as major partners. In recognition of the Bank's partnerships and development of the Arts in Nigeria, the organisers of the International Short Film Festival have honoured Access Bank with a Corporate Social Responsibility Award.	International Film and Broadcast Academy (IFBA)
The CSR-in-Action rating of Access Bank as the Best Corporate Citizen in the first ever indigenous competitive social responsibility index.	Access Bank has been adjudged the best Nigerian company in Corporate Citizenship in the first ever competitive index on corporate social responsibility in Nigeria by CSR-in-Action, a registered social enterprise devoted to the advancement of social ethics, social responsibility and corporate governance in Nigeria. In the Corporate Citizenship Index (3C-index), a total of 117 private sector companies were assessed using six ranking pillars: Human Rights, Anti-Corruption, Community Investment, Economic, Labour and Reporting reflect how companies are functioning in these areas of development.	CSR-in-Action
Most Socially Responsible Bank, Nigeria	Access Bank emerged the most socially responsible Bank in Nigeria at the Women in Management and Business, Nigeria Awards.	Women in Management and Business, Nigeria (WIMBIZ)
Business Day Socially Responsible Lender of the Year	Access Bank was adjudged the most socially responsible bank of the year at the Business Day Annual Banking Awards.	Business Day Newspapers
Most Sustainable Bank, Nigeria	Access Bank has been officially announced as the Most Sustainable Bank in Nigeria by World Finance, UK. The award is a testament to the Bank's leadership in the sustainability space in Nigeria and more broadly in Africa. The announcement came after an assessment by the World Finance judging panel of submissions for the award of the Best Sustainable Bank 2014, Nigeria.	World Finance

Commitment to Responsible Business

As a bank of best practice, we have a responsibility to society in addition to our duty to help grow local communities and the real economy through the provision of capital which drives infrastructure development, creates jobs, and enables companies and individuals to purchase goods and do business every day.

We are determined to drive profitable, ethical economic growth that is environmentally responsible and socially relevant. We aim to be a force for good in all that we do. We take personal responsibility for delivering outcomes to our respective stakeholders and are determined to show full commitment to our day-to-day actions and business decisions, balance economic, environmental and social considerations.

In 2014, Access Bank became one of the pioneer 25 Nigerian organisations that established the Nigerian Business Council on Sustainable Development (NBCSD). The NBCSD is an alliance of CEO-led business organisations united by a shared commitment to provide leadership for sustainable development in Nigeria. The alliance brings the collective force and voice of the private sector to improve the sustainable development practices in Nigeria.

Access Bank has been involved in the activities of this coalition, providing insights and has outperformed industry peers to be elected to the Board of the NBCSD. The Bank is represented on the Board of the Council by the Group Managing Director/CEO, Herbert Wigwe. Other members of the Board are Shell Companies in Nigeria (SCiN), Coca-Cola, Oando, and Aigboje Aig-Imoukhuede.

The Bank has also signed up to the Corporate Alliance on Malaria in Africa (CAMA). This is a coalition of companies from various industries, all with business interests in Africa. It brings the collective force and voice of the private sector to improve the impact of malaria control efforts in sub-Saharan Africa. The Bank signed on to CAMA at the leadership level. This is in line with our commitment to touching lives in the health space and the inherent benefits that society stands to gain from this partnership.

For more information on Access Bank's Sustainability performance, please visit www.accessbankplc.com/sustainable-banking/sustainability-report



Business Review

RISK MANAGEMENT

TAKING CHARGE OF TOMORROW THROUGH EFFECTIVE RISK MANAGEMENT

Responsible risk management remains one of Access Bank's critical success factors in achieving our strategic vision of taking tomorrow and, in the process, becoming the African bank the world looks to.

The risk function is manned by a skilled risk team, which equips the Board and management with the required information to take timely and informed decisions that maximise opportunities and mitigate potential threats. The Bank is committed to its frontline position of conforming to international best practices and remains the reference point for effective and efficient risk management in the Nigerian banking space – and, increasingly, throughout Africa and even beyond.

Access Bank's Bespoke Approach To Risk Management

As we connect customers to opportunities we use our well-structured risk management framework and governance structure in identifying, assessing, monitoring, controlling, and reporting the inherent risks in these business activities, both for Access Bank Plc and its subsidiary companies (the 'Bank' or the 'Group').

The Bank's overall risk tolerance is established in the context of our earnings power, capital and diversified business model. The Bank's organisational structure and business strategy is well-aligned with our risk management philosophy. In a bid to push the frontiers of our overall risk

profile whilst remaining responsive to the ever-changing risk environment, Access Bank, during the period under review, upgraded the Group's Enterprise Risk Management Framework with the appointment of a Head of Risk Management for each of the Strategic Business Units (SBUs) – Personal Banking, Corporate Banking, Business Banking and Commercial Banking Divisions, as well as the Subsidiaries. The Heads of Risk report to the Group Chief Risk Officer. This arrangement provides a comprehensive view of all risks affecting facilities approved in each SBU, thus providing better and more integrated management of the risks. It also helps to maintain the culture of risk awareness and responsibility throughout the Bank.

Access Bank views and treats risks as an intrinsic part of business and maintains a disciplined approach to the management of risk. Our Group Risk functions remain dynamic and responsive to the needs of stakeholders as we improve our focus on the inter-relationships between risk types. We use periodic reviews of risk exposure limits and risk control to position ourselves against adverse scenarios. These reviews are an invaluable tool with which the Bank predicts and successfully manages headwinds – local and global. These tools were used to manage the headwinds that disrupted the macro-economy in 2014. Market volatility and economic uncertainty, such as were witnessed in 2008, are typically contained because the Group regularly subjects its exposures to a range of stress tests across a wide variety of products, currencies, portfolios and customer



Access Bank's risk management architecture is carefully crafted to balance corporate oversight with well-defined risk management functions which fall into one of three categories where risk must be managed: lines of business, governance and control, and corporate audit. The Board of Directors and management of the Bank are committed to constantly establishing, implementing and sustaining tested practices in risk management to match those of leading international banks. We are convinced that the long-term sustainability of our Group depends critically on the proper governance and effective management of our business. As such, risk management occupies a significant position of relevance and importance in the Bank.

Risk strategies and policies are set by the Board of Directors of Access Bank. These policies, which define acceptable levels of risk for day-to-day operations as well as the willingness of the Bank to assume risk, weighed against the expected rewards, are detailed in the Enterprise Risk Management (ERM) Framework. This Framework is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and actively managing these risks in a cost-effective manner. Specific policies are also in place for managing risks in the different core risk areas of credit, market and operational risks, as well as for other key risks such as liquidity, strategic and reputational risks.

Risk, by definition, is dynamic in nature. The management of risk, consequently, must be evolving, necessitating regular review of the effectiveness of each enterprise risk management component. It is in the light of this that Access Bank's ERM Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in either or both of the following ways: via continuous self-evaluation and monitoring by the risk management and compliance functions in conjunction with internal audit; and through independent evaluation by external auditors, examiners and consultants.

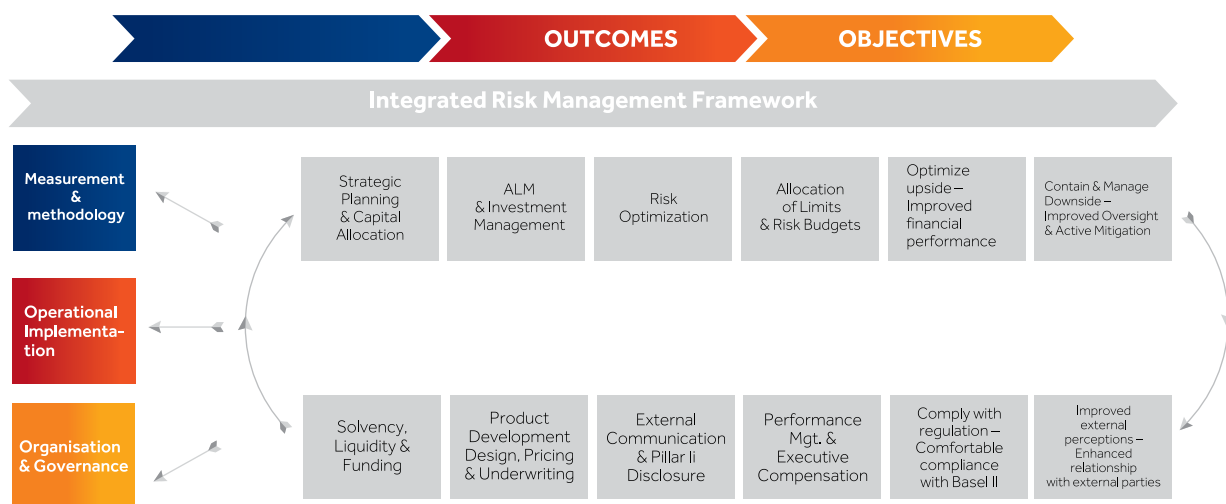
The role of the Group Chief Risk Officer in Access Bank is pivotal, as he has the primary responsibility for the overall risk management and effective ERM Framework of both the Bank and its subsidiaries. He provides robust challenge to the management teams, based on quantitative and qualitative metrics. Though amendments to the Bank's ERM Framework require Board approval, the risk management division is responsible for the enforcement of the Bank's risk policy by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

To some institutions, risk is viewed as a threat or uncertainty, but to us, it goes beyond that. To us, risk presents potential opportunities to grow and develop our business within the context of our clearly articulated and Board-driven risk appetite. Hence our approach to risk management is not limited to considering downside impacts or risk avoidance; it also encompasses taking risk knowingly for competitive advantage. Access Bank approaches risk, capital and value management robustly, and we believe that our initiatives to date have positioned the Group at the leading edge of risk management.

Risk Management Framework

All activities and processes of Access Bank involve the identification, measurement, evaluation, acceptance and management of risk or combinations of risks. The Board, advised by the various Board and Management Risk Committees, requires and encourages a strong risk governance culture which shapes the Group's attitude to risk. We believe that risk management encompasses the insights delivered by information which facilitate appropriate actions. The Bank benefits from having enhanced our Group risk management framework, which gives full Group-wide cover across a variety of risks. Our annual risk cycle is designed to give management relevant, up-to-date information from which trends can be observed and assessed. The governance structure supporting our risk cycle is designed to deliver the right information, at the right time, to the right people.

RISK PRACTICE FOCUSED ON THE FUTURE



Ultimately, the success of our risk management framework is determined by the extent to which it is embeds in the corporate culture and leads to demonstrably better outcomes.

We are committed to the continued development of our risk management framework.

Balancing Risk and Return

Balancing risk and return and taking cognisance of the capital required demands rigorous analysis. The ultimate aim is to optimise the upside and minimise the downside with a view to adding value to our shareholders, and providing security to our other capital providers and clients, as well as ensuring overall sustainability in our business activities.

Every business activity in our Group requires us to put capital at risk in exchange for the prospect of earning a return. In some activities, the level of return is quite predictable, whereas in others, the level of return can vary over a very wide spectrum, ranging from a loss to a profit. Accordingly, over the past year we have expended substantial energy on improving our risk and capital management framework, to focus on taking risks where we:

- Understand the nature of the risks we are taking, and what the range of outcomes could be under various scenarios for taking these risks;
- Understand the capital required in order to assume these risks;
- Understand the range of returns that we can earn on the capital required to back these risks; and
- Attempt to optimise the risk-adjusted rate of return we can earn, by reducing the range of outcomes and capital required arising from these risks, and increasing the certainty of earning an acceptable return.

Our objective of balancing risk, return and capital has led us to enhance substantially our risk management methodologies, in order to be able to identify threats, uncertainties and opportunities and in turn develop mitigation and management strategies to achieve an optimal outcome.

Value is added for shareholders if our process allows us to demonstrate sustainable risk-adjusted returns in excess of our cost of capital. The process provides security to our capital providers and clients by assuring them that we are not taking on incremental risks which adversely affect the outcomes we have contracted to deliver to them.

Enterprise-Wide Scenario and Stress Testing

We use robust and appropriate scenario stress testing to assess the potential impact on the Group's capital adequacy and strategic plans. Our stress testing and scenario analysis programme is central to the monitoring of strategic and potential risks. It highlights the vulnerabilities of our business and capital plans to the adverse effects of extreme but plausible events. As a part of our core risk management practices, the Bank conducts enterprise-wide stress tests on a periodic basis to better understand earnings, capital and liquidity sensitivities to certain economic scenarios, including economic conditions that are more severe than anticipated. The outcome of the testing and analysis is also used to assess the potential impact of the relevant scenarios on the demand for regulatory capital compared with its supply. These enterprise-wide stress tests provide an understanding of the potential impacts on our risk profile, capital and liquidity. It generates and considers pertinent and plausible scenarios that have the potential to adversely affect our business.

Stress testing and scenario analysis are also used to assess the financial and management capability of Access Bank to continue operating effectively under extreme but plausible trading conditions. Such conditions may arise from economic, legal, political, environmental and social factors. Scenarios are carefully selected by a group drawn from senior line of business, risk and finance executives. Impacts on each line of business from each scenario are then analysed and determined, primarily leveraging the models and processes utilised in everyday management routines.

Impacts are assessed, along with potential mitigating actions that may be taken in each scenario. Analysis from such stress scenarios is compiled for and reviewed through



our Group Asset Liability Committee (ALCO), and the Enterprise Risk Management Committee, and serves to inform and be incorporated, along with other core business processes, into decision-making by management and the Board. The Bank would continue to invest in and improve stress-testing capabilities as a core business process.

Risk Analytics and Reporting

During the period under review, the Bank established the Risk Analytics and Reporting Group to champion the development and entrenchment of integrated data architecture to enhance risk analytics and reporting within enterprise-wide risk management (ERM) in Access Bank.

The Group deploys the leading practice of risk infrastructure, processes and metrics to ensure consistency between the Bank's risk appetite, its business decision processes, and growth outcomes for all stakeholders. The Group has aligned its governance and functions to that of leading global financial institutions and also considered all contents as seen in most jurisdictions where risk management is best practised.

The Group gives risk management space a critical depth and dimension in its activities as they relate to data management and integration. The Group is responsible for enhancing all core risk analytical and reporting functions that previously resided in the respective risk areas within our Enterprise-wide Risk Management (ERM), while the Bank's pre-defined governance structures in respect of the above-mentioned functions is retained by the respective risk groups.

The Group remains the key driver in ensuring that Access Bank fully implements Basel II/III to the most advanced levels, in alignment with the Central Bank of Nigeria (CBN) guidelines. The team is also responsible for the Internal Capital Adequacy Assessment Process (ICAAP), stress testing, Liquidity Risk measurement and other risk measurement activities. The group aligns its reporting with the Bank's predefined government structures, such as BRMC, BCC and ERMC.

The functional set up of the Risk Analytics and Reporting Group is as follows:

- Data management and integration
- Integrated Risk Analytics
- Integrated Risk Reporting

Data Management and Integration

This unit is responsible for the development and maintenance of the enterprise risk data architecture with a roadmap geared to promoting data integrity, data quality and ensuring integration with risk analytics and reporting.

The group has a data governance structure which enforces risk data governance and discipline across the Bank, as well as data quality measurement metrics to reduce the Bank's risk exposure due to data quality issues.

An efficient structure has been put in place to ensure auto-reconciliation of data across risk and finance silos to improve timeliness and consistency of risk reporting. The group is in the process of developing a data structure model which will support the risk analytics and reporting activities, thus driving improvements.

Integrated Risk Analytics

The Group guides the analytical input into the ongoing implementation of various risk software in Credit risk, Market risk, Operational risk and other risk areas. The unit also drives the development as well as the implementation of the internal and regulatory risk measurement methodology and models for the core risk elements; examples of the model are Rating models, Scoring models, Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD), and so on.

The unit designs stress test models and implements the same on the Bank's portfolios and risk profile as well as producing comprehensive risk analyses to provide insight into all current Strategic Business Unit (SBU) risk profiles. The Group also drives the full implementation of Basel II/III and manages the Internal Adequacy Assessment Process (ICAAP).

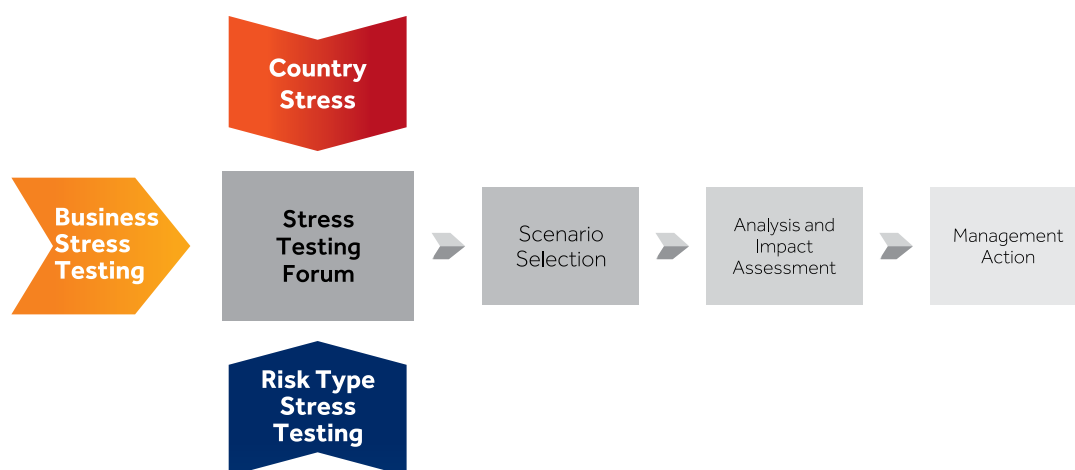
In 2014, the Group developed the Risk Embedded Performance Management Framework as part of the process of maintaining and aligning behaviours with the Bank's moderate risk appetite. Business performance will subsequently be monitored with a focus on financial performance and risk exposures being aligned with this risk appetite. The Budget of 2015 was built with risk appetite as an integral part of the financial target determination. Varieties of triggers were employed and an automated process was created to efficiently track compliance and apply a risk charge to the various SBUs where there are deviations.

Integrated Risk Reporting

The Group strives to improve all in-house analytical reporting of risk management in the Bank and stimulate a culture of data-driven analytical insights for every decision impacting all risk touch points in the risk management process.

The quality of risk reporting was also enhanced in 2014 by the implementation of an automated risk reporting system known as the Risk Management Report Portal and the subsequent inclusion of the Subsidiary Risk Management Portal. This has led to easy and timely access to risk reports, provided early warning signals, better limit monitoring and better decision making for all units across risk management

Stress testing framework



Our stress testing framework is designed to:

- Contribute to the setting and monitoring of risk appetite;
- Identify key risks to our strategy, financial position, and reputation;
- Examine the nature and dynamics of the risk profile and assess the impact of stresses on our profitability and business plans;
- Ensure effective governance, processes and systems are in place to co-ordinate and integrate stress testing;
- Inform senior management; and
- Ensure adherence to regulatory requirements.

Economic Intelligence: Forward Thinking

Information and intelligence are a must-have feed in any productive business thought-process. In today's business space, information and intelligence are no longer seen as a side item in the boardroom. They are now viewed as a resource in the same vein as energy, human resources, raw materials and so on by forward-looking businesses. The Economic Intelligence Unit of Access Bank is a dependable ally in achieving the Bank's goals and strategic objectives.

Economic Intelligence is all the sets of concepts, methods and tools which unify all the coordinated actions of research, acquisition, treatment, storage and diffusion of information relevant to the organisation. The Economic Intelligence Team is completely focused on our body-corporate, Access Bank Plc, and every other stakeholder in the framework of the Bank's overall strategy. It is in the business of positioning information and intelligence as tools for risk reduction, brand promotion, strategy formulation/development and competitiveness.

Risk Management Philosophy, Culture, Appetite and Objectives

Access Bank's risk management philosophy and culture remain fundamental to the delivery of our strategic objectives. Risk management is at the core of the operating structure of the Group. We seek to limit adverse variations in earnings and capital by managing risk exposures within our

moderate risk appetite. Our risk management approach includes minimising undue concentrations of exposure, limiting potential losses from stress events and the prudent management of liquidity.

The Bank's acclaimed risk management process has continued to achieve the desired results, as evidenced by improved risk ratios and independent risk ratings. In line with the Group's core value of excellence, the Group's risk management is continuously evolving and improving, given that there can be no assurance that all market developments, in particular those of extreme nature, can be fully anticipated at all times. Hence, executive management has remained closely involved with important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, as well as managing the risk portfolios.

Risk management is integral to the Group's decision-making and management process. It is embedded in the role of all employees via the organisational culture, thus enhancing the quality of strategic, capital allocation and day-to-day business decisions.

Access Bank considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices that characterise how the Bank considers risk in everything it does, from strategy development and implementation to its day-to-day activities. In this regard, the Bank's risk management philosophy is that a moderate and guarded risk attitude ensures sustainable growth in shareholder value and reputation.

The Bank believes that enterprise risk management provides the superior capabilities to identify and assess the full spectrum of risks and to enable staff at all levels to better understand and manage risks.

This will ensure that:

- Risk acceptance is done in a responsible manner;
- The executive and the Board of the Bank have adequate risk management support;
- Uncertain outcomes are better anticipated;
- Accountability is strengthened; and



- Stewardship is enhanced.

The Bank identifies the following attributes as guiding principles for its risk culture.

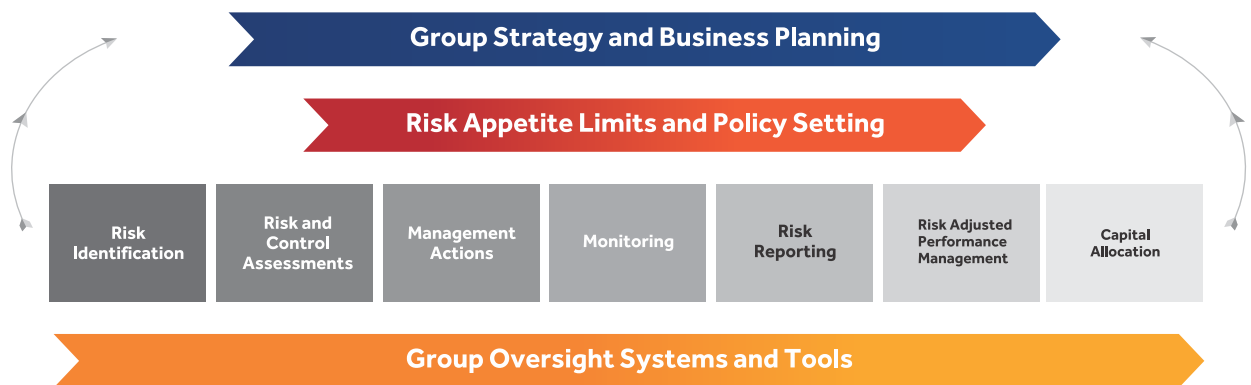
a) Management and staff:

- Consider all forms of risk in decision-making;
- Create and evaluate business-unit and Bank-wide risk profiles to consider what is best for their individual business units/department and what is best for the Bank as a whole;
- Adopt a portfolio view of risk in addition to understanding individual risk elements;
- Retain ownership and accountability for risk and risk management at the business unit or other point of influence level;
- Accept that enterprise risk management is mandatory, not optional;
- Strive to achieve best practices in enterprise risk management;
- Document and report all significant risks and enterprise-risk management deficiencies;
- Adopt a holistic and integrated approach to risk management and bring all risks together under one or a limited number of oversight functions;
- Empower risk officers to perform their duties professionally and independently without undue interference;
- Ensure a clearly defined risk management governance structure;
- Ensure clear segregation of duties between market-facing business units and risk management/control functions;
- Strive to maintain a conservative balance between risk and profit considerations; and
- Continue to demonstrate appropriate standards of

behaviour in development of strategy and pursuit of objectives.

- b) Risk officers work as allies and thought partners to other stakeholders within and outside the Bank, and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.
- c) Risk management is a shared responsibility. Therefore, the Bank aims to build a shared perspective on risks that is based on consensus.
- d) Risk management is governed by well-defined policies, which are clearly communicated across the Bank.
- e) Equal attention is paid to both quantifiable and non-quantifiable risks.
- f) The Bank avoids products and businesses it does not understand.

Risk Management Process



Group Risk Oversight Approach

Our risk governance framework, of which our risk appetite framework is a significant element, ensures the appropriate oversight of and accountability for the effective management of risk. Our oversight starts with the strategy setting and business planning process. These plans help us articulate our appetite for risk, which is then set as risk appetite limits for each business unit to work within.

The Bank's risk management function provides a central oversight of risk management across the Bank to ensure that the full spectrum of risks facing the Bank are properly identified, measured, monitored and controlled, in order to minimise adverse outcomes.

The function is complemented by the financial control and strategy group in the management of strategic and reputational risks.

The Chief Risk Officer coordinates the process of monitoring and reporting risks across the Bank. Internal audit has the responsibility of auditing the risk management and control function to ensure that all units charged with risk management perform their roles effectively on a continuous basis. Audit also tests the adequacy of internal control and makes appropriate recommendations where there are weaknesses.

Strategy and Business Planning

Risk management is embedded in our business strategy and planning cycle. Testament to this is the inclusion of risk management as one of our strategic priorities. By setting the business and risk strategy, we are able to determine appropriate capital allocation and target setting for the Group and each of our businesses.

All business units are required to consider the risk implications of their annual plans. These plans include analysis of the impact of objectives on risk exposure. Throughout the year we monitored business performance, regularly focusing both on financial performance and risk exposure. The aim is to continue the process of integrating risk management into the planning and management process and to facilitate informed decisions.

Through ongoing review, the links between risk appetite, risk management and strategic planning are embedded in the business so that key decisions are made in the context of the risk appetite for each business unit.

Risk Appetite

Risk appetite is an articulation and allocation of the risk capacity or quantum of risk Access Bank Group is willing to accept in pursuit of its strategy, duly set and monitored by the executive committee and the Board, and integrated into our strategy, business, risk and capital plans. Risk appetite reflects the Group's capacity to sustain potential losses arising from a range of potential outcomes under different stress scenarios.

The Bank defines risk appetite in terms of both volatility of earnings and the maintenance of minimum regulatory capital requirements under stress scenarios. Our risk appetite can be expressed in terms of how much variability of return the Bank is prepared to accept in order to achieve a desired level of result. It is determined by considering the relationship between risk and return. We measure and express risk appetite qualitatively and in terms of quantitative risk metrics. The quantitative metrics include earnings at risk (or earnings volatility), liquidity and economic capital adequacy. In addition, a large variety of risk limits, triggers, ratios, mandates, targets and guidelines are in place for all the financial risks (e.g. credit, market, and asset and liability management risks).

The Bank's risk profile is assessed through a 'bottom-up' analytical approach covering all of the Group's major businesses and products. The risk appetite is approved by the Board and forms the basis for establishing the risk parameters within which the businesses must operate, including policies, concentration limits and the business mix.

In 2014, the risk appetite metrics were tracked against approved triggers and exceptions were reported to management for prompt corrective actions. Key issues were also escalated to the Enterprise Risk Management Committee and the Board Risk Management Committee.

Risk Management Objectives

The broad risk management objectives of the Bank are:

- To identify and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost;
- To protect against unforeseen losses and ensure stability of earnings;
- To maximise earnings potential and opportunities;
- To maximise share price and stakeholder protection;
- To enhance credit ratings and depositor, analyst, investor and regulator perception; and
- To develop a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost-effective actions.

Scope of Risks

The scope of risks that are directly managed by the Bank is as follows:

- Credit risk
- Operational risk
- Market and liquidity risk
- Legal and compliance risk
- Strategic risk
- Reputational risk
- Capital risk

These risks and the framework for their management are detailed in the enterprise risk management framework.



Responsibilities and Functions

The responsibilities of the Risk Management Division, the Financial Control and Strategy Group, and other key stakeholders with respect to risk management are highlighted below:

Risk Management Division

- (a) Champion the implementation of the ERM Framework across the Bank and subsidiaries. Periodically receive risk reports from management highlighting key risk areas, control failures and remedial action steps taken by management.
- (b) Develop risk policies, principles, process and reporting standards that define the Bank's risk strategy and appetite in line with the Bank's overall business objectives.
- (c) Ensure that controls, skills and systems are in place to enable compliance with the Bank's policies and standards.
- (d) Facilitate the identification, measurement, assessment, monitoring and control of the level of risks in the Bank.
- (e) Collect, process, verify, monitor and distribute risk information across the Bank, and other material risk issues to senior management, the Board and regulators.
- (f) Monitor compliance with bank-wide risk policies and limits.
- (g) Provide senior management with practical, cost effective recommendations for improvement of risk management.
- (h) Act as a key contact for senior management who may wish to request ad hoc reviews/investigations.
- (i) Ensure that laws, regulations and supervisory requirements are complied with, including consequence management.
- (j) Champion the implementation of Basel II.
- (k) Promote risk awareness and provide education on risk.
- (l) Provide assurance on compliance with internal and external policies with respect to risk management.

Financial Control and Strategy

- a) Prepare and monitor the implementation of the Bank's strategic plan.
- b) Conduct strategic and operational review of the Bank's activities.
- c) Conduct regular scanning of the Bank's operating environment.
- d) Coordinate and monitor the Bank's rating exercises by external rating agencies.
- e) Prepare business intelligence reports for the Bank's management.
- f) Prepare periodic management reports on subsidiaries and associates.
- g) Perform competitive analysis in comparison with industry peers.
- h) Conduct strategic/operational review of branches.

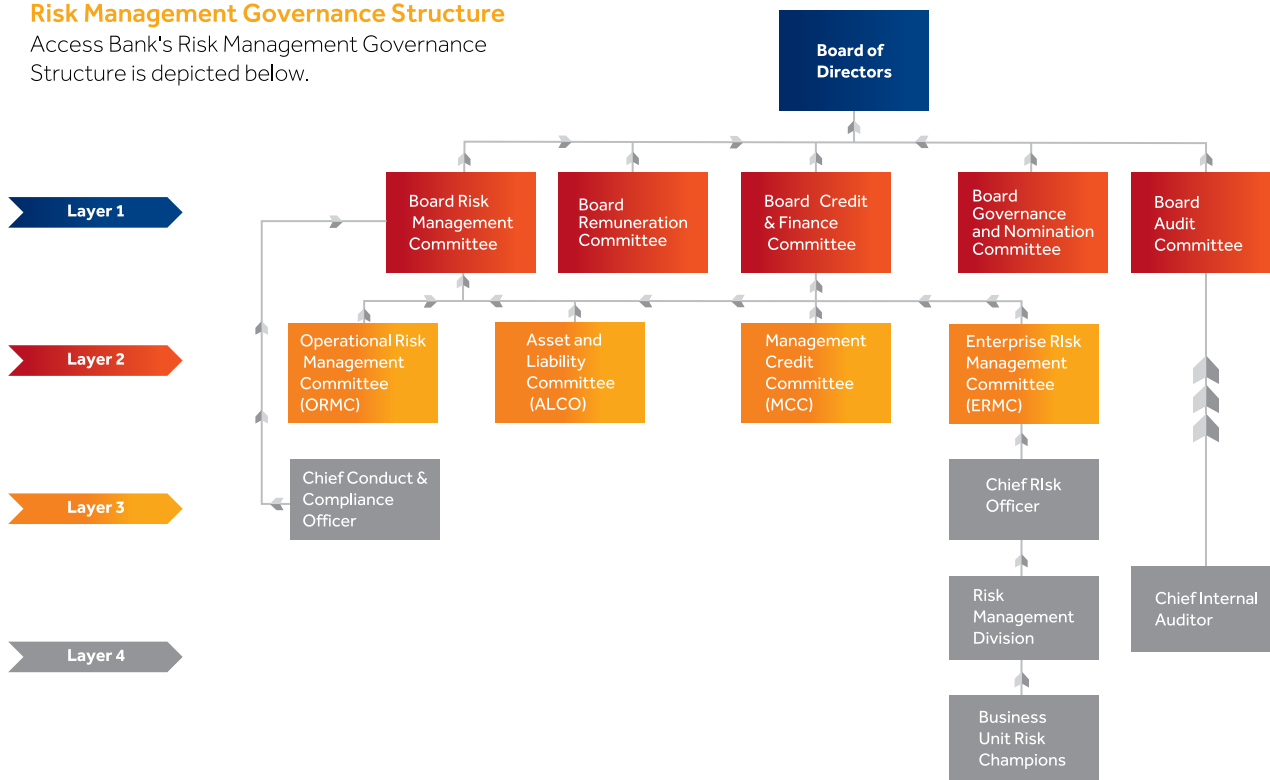
Risk Management Governance Framework

The framework details Access Bank's risk universe and governance structure, and is comprised of three distinct layers:

1. The enterprise-wide risk management and corporate governance committee forums;
2. The executive management committees; and
3. Risk management responsibilities per risk area.

Risk Management Governance Structure

Access Bank's Risk Management Governance Structure is depicted below.



Roles of the Board of Directors

The Board of Directors' role as it relates to risk management is divided into seven areas; general, credit, market, compliance, operational, reputational and strategic risk.

Specific roles in these areas are further defined below:

General

- a) Develop a formal enterprise-risk management framework;
- b) Review and approve the establishment of a risk management function that would independently identify, measure, monitor and control risks inherent in all risk-taking units of the Bank;
- c) Ratify the appointment of qualified officers to manage the risk management function;
- d) Approve and periodically review the Bank's risk strategy and policies;
- e) Approve the Bank's risk appetite and monitor the Bank's risk profile against this appetite;
- f) Ensure that the management of the Bank has an effective ongoing process to identify risk, measure its potential impact and proactively manage these risks;
- g) Ensure that the Bank maintains a sound system of risk management and internal control with respect to:
 - Efficiency and effectiveness of operations
 - Safeguarding of the Bank's assets (including information)
 - Compliance with applicable laws, regulations and supervisory requirements
 - Reliability of reporting
 - Behaving responsibly towards all stakeholders
- h) Ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually;
- i) Ensure that management maintains an appropriate system of internal control and review its effectiveness;
- j) Ensure risk strategy reflects the Bank's tolerance for risk;
- k) Review and approve changes/amendments to the risk management framework;
- l) Review and approve risk management procedures and control for new products and activities; and
- m) Periodically receive risk reports from management highlighting key risk areas, control failures and remedial action steps taken by management.

Credit Risk

- a) Approve the Bank's overall risk tolerance in relation to credit risk, based on the recommendation of the Chief Risk Officer;



- b) Ensure that the Bank's overall credit risk exposure is maintained at prudent levels and is consistent with the available capital through quarterly review of various types of credit exposure;
- c) Ensure that top management as well as individuals responsible for credit risk management possess the requisite expertise and knowledge to accomplish the risk management function;
- d) Ensure that the Bank implements a sound methodology that facilitates the identification, measurement, monitoring and control of credit risk;
- e) Ensure that detailed policies and procedures for credit risk exposure creation, management and recovery are in place; and
- f) Appoint credit officers and delegate approval authorities to individuals and committees.

Market Risk

- a) Define the Bank's overall risk appetite in relation to market risk;
- b) Ensure that the Bank's overall market risk exposure is maintained at levels consistent with the available capital;
- c) Ensure that top management as well as individuals responsible for market risk management possess sound expertise and knowledge to accomplish the risk management function;
- d) Approve the Bank's strategic direction and tolerance level for liquidity risk;
- e) Ensure that the Bank's senior management has the ability and required authority to manage liquidity risk;
- f) Approve the Bank's liquidity risk management framework; and
- g) Ensure that liquidity risk is identified, measured, monitored and controlled.

Compliance Risk

- a) Approve the Bank's Conduct and Compliance Framework based on the recommendation of the Chief Conduct and Compliance Officer
- b) Monitor the Bank's compliance with laws and regulations, its code of conduct and ethics, and corporate governance practices;
- c) Ensure new and changed legal and regulatory requirements are identified, monitored and reflected in Bank processes;
- d) Approve the compliance structure, mechanisms and processes established by management to ensure

compliance with current laws, regulations and supervisory requirements; and

- e) Ensure the Bank has a compliance culture that contributes to the overall objective of risk management.

Operational Risk

- a) Oversee the overall governance of the Bank's operational risk management process;
- b) Set the Bank's operational risk strategy and direction in line with the Bank's corporate strategy;
- c) Approve the Bank's operational risk management framework;
- d) Periodically review the framework to ensure its relevance and effectiveness;
- e) Ensure that senior management are performing their risk management responsibilities; and
- f) Ensure that the Bank's operational risk management framework is subject to effective and comprehensive internal audit by operationally independent, appropriately trained and competent staff.

Reputational Risk

- a) Set an appropriate tone and guidelines regarding the development and implementation of effective reputation risk management practices, including an explicit statement of a zero tolerance policy for all unethical behaviour;
- b) Approve the Bank's framework for the identification, measurement, control and management of reputational risk;
- c) Monitor the Bank's compliance with its reputational risk management policies and recommend sanctions for material breaches of internal policies;
- d) Review all exception reports by external parties such as regulators and auditors; ensure that appropriate sanctions are applied to erring officers; demand from management appropriate explanations for all exceptional items; ensure that management puts in place effective and remedial actions and reports on progress to the Board on an ongoing basis;
- e) Ensure that Board members do not compromise their fit and proper status with regulators. They shall ensure that only Board members who do not tarnish the Bank's image and reputation remain as members; and
- f) Ensure that only fit and proper persons are appointed to senior management positions in the Bank.

Strategic Risk

- a) Oversee the strategic risk management process.
- b) Ensure that the bank has in place an appropriate strategic risk management framework which suits its own circumstances and needs;
- c) Ensure that the strategic goals and objectives are set in line with its corporate mission and values, culture, business direction and risk tolerance;
- d) Approve the strategic plan (including strategies contained therein) and any subsequent changes, and review the plan at least annually to ensure its appropriateness;
- e) Ensure the organisation's structure, culture, infrastructure, financial means, managerial resources and capabilities, as well as systems and controls, are appropriate and adequate to support the implementation of its strategies.
- f) Review high-level reports periodically submitted to the Board on the overall strategic risk profile, and ensure that any material risks and strategic implications identified from those reports are properly addressed; and
- g) Ensure that senior management is competent in implementing strategic decisions approved by the Board, and supervising such performance on a continuing basis.

The Board and Management Committees

The Board carries out its oversight function through its standing committees, each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board.

In line with best practice, the Chairman of the Board does not sit on any of the committees. The Board's four standing committees are: the Board Risk Management Committee, the Board Audit Committee, the Board Human Resources Committee and the Board Credit & Finance Committee.

The management committees are: the Executive Committee (EXCO), the Enterprise Risk Management Committee (ERMC), the Management Credit Committee (MCC), the Group Asset & Liability Committee (Group ALCO), and the Operational Risk Management Committee (ORMC).

The roles and membership of the committees

Committee	Key Objective	Membership
Board Risk Management Committee	The primary role of the committee is to report to the Board and provide appropriate advice and recommendations on matters relevant to risk management.	The Committee is made up of 8 members comprising 5 Non-Executive Directors and three Executive Directors. The Committee is chaired by Dr. Madmoud Isa-Dutse a Non-Executive Director
Board Audit Committee	The committee assists the Board in ensuring the independence of the Bank's Internal Audit function.	The Committee has 6 Non-Executive Directors as members inclusive of two Independent Directors. The Committee is chaired by Dr. Ernest Ndukwe - an Independent Director.
Board Credit & Finance Committee	The Committee considers and approves loan applications above certain limits (as defined by the Board from time to time) which have been approved by the Management Credit Committee. It also acts as a catalyst for credit policy changes.	The Committee consists of 14 members comprising 8, Non-Executive Directors and 6 Executive Directors. Mrs. Mosun Belo-Olusoga chairs the Committee.
Board Governance and Nomination Committee	The Committee advises the Board on its oversight responsibilities in relation to all matters on corporate governance, sustainability and nominations affecting the Bank, the directors and employees. It is responsible for determining and executing the processes for board appointments, nominations and removal of non-performing directors	The Committee is made up of 7 members comprising 6 Non-Executive Directors and 1 Executive Director. It is chaired by Mr. Emmanuel Chiejina - a Non-executive Director.
Board Remuneration Committee	The Committee advises the Board on its oversight responsibilities in relation to remuneration of the Bank's directors and employees. It is responsible for determining and executing the processes for recommending appropriate remuneration for directors and employees.	The Committee consists of 6 Non-Executive Directors inclusive of 2 Independent Directors. It is chaired by Mr Oritsedere Otubu.



The roles and membership of the committees

Committee	Key Objective	Membership
The Executive Committee	The committee is primarily responsible for the implementation of strategies approved by the Board and ensuring the efficient deployment of the Bank's resources.	The Committee consists of the Group Managing Director, as Chairman, Group Deputy Managing Director, all Executive Directors and such Heads of Strategic Business Units as appointed by the Group Managing Director.
Enterprise Risk Management Committee (ERMC)	The Committee is responsible for managing all risks with the exception of credit, market and liquidity risks. The risks within the committee's purview include (but are not limited to) strategic, reputational, compliance and operational risks.	Executive Management Committee members Group Heads of the Risks Management groups Group Heads of Transactions Services Division Group Heads of the Enterprise Resource Group Group Head Treasury; and Other group heads or persons to be designated by the committee from time to time
Management Credit Committee	This Committee is responsible for managing Bank's credit risks.	The membership of the committee is as follows: Group Managing Director/Chief Executive Officer – Chairman Group Deputy Managing Director – Vice Chairman All Executive Directors Chief Risk Officer Heads of Risk, Credit Risk Management Team Leads, Credit Risk Management Group Heads, Commercial Banking Group Heads, Corporate and Investment Banking Group Heads, Business Banking Group Heads, Personal Banking Group Heads, Operations & IT Group Head, Compliance and Internal Controls Group Head, Internal Audit Group Head Corporate Counsel (or his/her nominee)
Group Asset & Liability Committee	The Committee is responsible for the optimum management of the Bank's balance sheet and taking relevant decisions as well as recommending to the Board of Directors' prudent asset/liability management policies and procedures that enable the Bank to achieve its goals while operating in full compliance with all relevant laws and regulations.	The Group Managing Director/Chief Executive Officer – Chairman The Group Deputy Managing Director The Group Executive Directors Chief Risk Officer Country Managing Directors Country Treasury Heads The Group Treasurer: Head, Financial Control – Domestic Head, Financial Control – International Head, Group Asset & Liability Management Head, Group Market Risk Heads of Risk, Credit Risk Management
Operational Risk Management Committee	The committee is responsible for the effectiveness of the operational risk management function within the Bank. All decisions and deliberations of the committee are reported to the Board Risk Management Committee.	Group Managing Director/Chief Executive (GMD) – Chairman Group Deputy Managing Director; Executive Directors Chief Risk Officer Head, Group Operational Risk Management Chief Information Officer Chief Conduct and Compliance Officer Chief Internal Auditor Head, Group Human Resources Other Group Heads or persons to be designated by the committee from time to time

Without prejudice to the roles of these committees, the full Board shall retain ultimate responsibility for risk management.

Specific Roles of the Board and Management Committees

The Board's risk management oversight roles and responsibilities are delegated to the following committees:

Board Risk Management Committee

Specifically, the committee performs the following functions:

- a) Oversee the establishment of a formal written policy on the Bank's overall risk management framework. The policy defines risks and risk limits that are acceptable and unacceptable to the Bank. It provides guidelines and standards to administer the acceptance and ongoing management of all risks;
- b) Ensure that adequate policies are in place to manage and mitigate the adverse effects of both business and control risks in its operations;
- c) Ensure compliance with established policy through periodic review of reports provided by management, internal and statutory auditors, and the supervisory authorities;
- d) Approve the appointment of qualified officers to manage the risk function;
- e) Oversee the management of all risks except credit risk in the Bank;
- f) Re-evaluate the risk management policy of the Bank on a periodic basis to accommodate major changes in internal or external factors;
- g) Evaluate internal processes for identifying, assessing, monitoring and managing key risk areas, particularly:
 - important judgments and accounting estimates
 - business and operational risks in the areas of credit, market and operations
 - specific risks relating to outsourcing and financial crimes
 - consideration of environmental, community and social risks
- h) Evaluate the adequacy of the Bank's risk management systems and control environment with management and auditors (internal and external);
- i) Evaluate the Bank's risk profile, the action plans in place to manage risks, and monitor progress against plan to achieve these actions;
- j) Review the processes the Bank has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk; and
- k) Approve the provision of risk management services by external providers.

Board Audit Committee

The committee performs the following functions:

- a) Oversee the development of a procedure for the receipt, retention and treatment of complaints received by the Bank, regarding accounting, internal accounting controls, unethical activity/breach of the corporate governance code or audit matters, including a means for the Bank's stakeholders (employees, customers, suppliers, applicants and others) to submit such complaints in a confidential and anonymous manner;
- b) Investigate any matter brought to its attention within the scope of its duties with the authority to retain counsel or other advisors, if in its judgment that is appropriate, at the expense of the Bank;
- c) Submit meeting minutes and, as appropriate, discuss the matters deliberated upon at each Committee meeting with the Board of Directors;
- d) Annually review and reassess its responsibilities, functions, pre-approval policy for audit and non-audit services, and charter, making changes as necessary, and conduct an annual performance evaluation of its activities;
- e) Ensure that the Bank provides adequate funding, as determined by the committee, to the committee for payment and compensation for advisers engaged by the committee, and payment of ordinary administrative expenses incurred by the committee in carrying out its duties;
- f) Review the proposed audit plan(s) and review the results of internal audits completed since the previous committee meeting as well as the focus of upcoming internal audit projects;
- g) Approve the appointment and termination of the Chief Internal Auditor based on the recommendations of the Bank's executive management;
- h) Evaluate the process the Bank has in place for monitoring and assessing the effectiveness of the internal audit function;
- i) Monitor the progress of the internal audit programme and consider the implications of internal audit findings on the control environment;
- j) Monitor the implementation of agreed action plans by management;
- k) Review reports from the internal auditors detailing their key findings and agreed management actions;
- l) Review the appropriateness of the qualification of the internal audit personnel and work resources; and
- m) Review the internal audit reporting lines and independence.



Board Credit & Finance Committee

This committee under delegated authority is responsible for the following:

- a) Facilitate the effective management of credit risk by the Bank;
- b) Approve credit risk management policies, underwriting guidelines and standard proposals on the recommendation of the Management Credit Committee;
- c) Approve definition of risk and return preferences and target risk portfolio;
- d) Approve the Bank's credit rating methodology and ensure its proper implementation;
- e) Approve credit risk appetite and portfolio strategy;
- f) Approve lending decisions and limit setting;
- g) Approve new credit products and processes;
- h) Approve assignment of credit approval authority on the recommendation of the Management Credit Committee;
- i) Approve changes to credit policy guidelines on the recommendation of the Management Credit Committee;
- j) Approve credit facility requests and proposals within limits defined by Access Bank Plc's credit policy and within the statutory requirements set by the regulatory/supervisory authorities;
- k) Recommend credit facility requests above the stipulated limit to the Board;
- l) Review credit risk reports on a periodic basis;
- m) Approve credit exceptions in line with Board approval; and
- n) Make recommendations to the Board on credit policy and strategy where appropriate.

Board Committee on Governance & Nomination

This committee has responsibility for the following:

- a) Ensure the right calibre of executive management is attracted, retained, motivated and rewarded;
- b) Make recommendations on the remuneration of the Chairman, non-executive directors and executive directors to the Board for ratification;
- c) Approve remuneration levels for senior management and other Bank personnel;
- d) Review and approve remuneration policies and strategy; and
- e) Monitor the Bank's people-risk universe.

Board Remuneration Committee

The responsibilities of the Committee include:

- Review and recommend to the Board changes regarding the Bank's policies covering directors and employees' remuneration benchmarking the salary and benefit structure to similar sized Banks;
- Review and approve all employee benefit plans such as pension, share ownership and other retirement plans;
- Ensure that the Bank's total compensation package serves to:

- a) attract, retain and motivate outstanding management staff who add value to the Bank based on individual and team contributions;
- b) provide a highly competitive base salary structure in all markets where the Bank operates; and
- c) link annual variable pay opportunities to attainment of pre-defined performance measures.

Specific Roles of Management Committees

The following management committees are directly responsible for risk management oversight:

Enterprise Risk Management Committee (ERMC)

The committee has the following responsibilities for all risks within its purview:

- a) Formulating policies;
- b) Monitoring implementation of risk policies;
- c) Reviewing risk reports for presentation to the Board/Board Committees; and
- d) Implementing Board decisions across the Bank.

Management Credit Committee (MCC)

The committee has the following responsibilities:

- a) Review credit policy recommendations for Board approval;
- b) Approve individual credit exposure in line with its approval limits;
- c) Agree on portfolio plan/strategy for the Bank;
- d) Review monthly credit risk reports and remedial action plan; and
- e) Coordinate the Bank's response to material events that may have an impact on the credit portfolio.

The committee is assisted by the credit risk management function, whose responsibilities are to:

- Establish and maintain effective credit risk management environment in the Bank;
- Review proposals in respect of credit policies and standards and endorse to the Board of Directors for approval;
- Define the Bank's risk and return preferences and target risk portfolio;
- Monitor on an ongoing basis the Bank's risk quality and performance, review periodic credit portfolio reports and assess portfolio performance;
- Define credit approval framework and assign credit approval limits in line with the Bank's policy;
- Review defined credit product programmes on recommendation of the Head of Credit Risk Management and endorse to the Board of Directors for approval;

- Review credit policy changes initiated by management and endorse to the Board of Directors for approval;
- Ensure compliance with the Bank's credit policies and statutory requirements prescribed by the regulatory/supervisory authorities;
- Approve credit facility requests within limits defined by Access Bank's credit policy guideline (CPG), and within the statutory requirements set by the regulatory/supervisory authorities;
- Review and endorse credits approved by Strategic Business Unit (SBU) Heads;
- Review and recommend to the Board Credit Committee, credits beyond their approval limits;
- Review periodic credit portfolio reports and assess portfolio performance; and
- Approve exceptions/write-offs, waivers and discounts on non-performing credit facilities within specified limits.

Group Asset & Liability Committee (Group ALCO)

The purpose of the Group ALCO is to:

- monitor and control all market, liquidity risk and interest rate risk across the Bank and its subsidiaries (hereinafter called the Group) in accordance with the risk appetite set by the Board of Directors;
- review limits, guideline or trigger breaches and agree remedial actions in order to align exposures with the agreed appetite;
- approve Market Risk, Liquidity Risk and Banking Book Interest Rate Risk Policies for each of the banking subsidiaries;
- review and note the impact of internal and external factors on the net interest margin; and
- recommend to the Board, policies and guidelines under which the Bank will manage the matters listed below, and in so doing protect the Bank's capital base and reputation:
 - *balance sheet growth;*
 - *deposits, advances and investments;*
 - *non-earning assets;*
 - *foreign exchange activities and positions;*
 - *market and liquidity management; and*
 - *capital management.*

Responsibilities and Authorities

- The ultimate responsibility for the proper management of the Bank's assets and liabilities lies with the Board of Directors;
- The Board of Directors will delegate that responsibility to Group ALCO and Group ALCO, through this mandate, shall be responsible for the establishment of appropriate policies and limits across the Group;
- Group ALCO will be responsible for the implementation and monitoring of these policies and for the development of appropriate procedures and guidelines for adoption at Country ALCOs and specific ratification by the subsidiaries' Boards of Directors;
- Country ALCO will be responsible for providing the information input to Group ALCO to enable it to perform its function;
- Country ALCO will be responsible for proposing

amendments to policies for approval and ratification by Group ALCO, such amendments having been first approved at the Country ALCO;

- Group ALCO will report to the Board of Directors through the Board Risk Management Committee, detailing strategies and risk positions since the last report received. Any excesses during the period under review must be supported by details quoting the relevant authority for the excess, i.e. Central Bank, ALCO and so on;
- Group ALCO will delegate limits/authorities to line management to enable the smooth functioning of the Bank's day to day operations; and
- In the event of a vote, the majority will prevail with the Group ALCO chairman casting the deciding vote in the event of a tie.

Other responsibilities include:

Prudent management of market risk:

- To ensure the levels of market risk assumed by the Bank are effectively and prudently managed in accordance with the Market Risk Policy.
- To approve market risk limits and triggers in accordance with the risk appetite set by Group ALCO and the Group's Concentration Risk Policy.
- To note compliance with all market risk limits and triggers, and ensure actions to address breaches are promptly executed and reported to authorised bodies.
- To manage all forms of market risk by firstly using the ALCO's mandate to set exposure levels and stop-loss limits, and secondly, if necessary, by hedging any form of market risk.
- To review and approve all policies and procedures relating to market risk management.

Prudent management of liquidity risk:

- To ensure the levels of tactical and strategic liquidity risk assumed by the Bank are effectively and prudently managed in accordance with the Liquidity Risk Policy;
- To approve liquidity risk limits and guidelines in accordance with the risk appetite set by Group ALCO;
- To note compliance with all liquidity risk guidelines and limits, and ensure actions to address breaches are promptly executed and reported to authorised bodies;
- To ensure appropriate steps are taken where there is deterioration in liquidity;
- To approve funding and liquidity management strategies based on forecasted balance sheet growth;
- To ensure the provision of standby funding facilities is kept within prudent levels;
- To review and approve all policies, procedures and contingency plans relating to liquidity risk management; and
- To approve liquidity stress scenarios and associated contingency plans.

Prudent management of interest rate risk:

- To ensure that the level of interest rate risk assumed by the Bank is effectively and prudently managed;
- To note compliance with all guidelines and limits, and ensure actions to address breaches are promptly executed and reported to authorising bodies;



- To approve limits and guidelines in accordance with the risk appetite set by Group ALCO and the Group Market Risk; and
- To approve the subsidiaries' market risk and hedging strategies on a case-by-case basis, or explicitly delegate the approval of such strategies to the Country ALCO.
- **Prudent margin management:**
 - To review and note the impact of internal and external factors on the Bank's current and forecasted net interest margin;
 - To review and approve funds transfer pricing principles, methodologies and rates; and
 - To review and approve policies and procedures relating to margin management.
- **General:**
 - To monitor adherence to regulatory requirements; and
 - To delegate to the Group Asset and Liability Management team the responsibility of dealing with trigger, guideline or limit breaches across the Group on a day-to-day basis.

Roles of Senior Management

The roles of senior management as it relates to risk management are as follows:

- a. Implement risk strategy approved by the Board of Directors;
- b. Develop policies and procedures for identifying, measuring and controlling risks identified in the Bank's risk universe;
- c. Provide appropriate resources to evaluate and control all identified risks;
- d. Review risk reports on a regular and timely basis;
- e. Review periodic risk reports for operational and other risks separate from credit and market risks; and
- f. Provide all reports required by the Board and its committees for the effective performance of risk management oversight functions.

Operational Risk Management Committee (ORMC)

The committee has the following responsibilities:

- Review and recommend the Operational Risk Management (ORM) framework and any amendments or enhancements to the Board of Directors (BOD) for approval;
- Oversee the implementation of the Operational Risk Management framework across the enterprise;
- Review methodologies and tools for identification, assessment, monitoring and control of operational risks and maintain the loss event databases;
- Ensure operational risk exposures are within the risk tolerance limits set under the policy;
- Review the reports from the Group Operational Risk Management (ORM) unit, business lines and their

respective risk profiles to concur on areas of highest priority and put in place the related mitigation strategies;

- Ensure adequate resources are allotted at various levels to manage operational risk across the enterprise;
- Ensure adequate communication to the functional departments and emphasise the importance of operational risk management and assure adequate participation;
- Co-ordinate an ongoing appropriate awareness and education programme on operational risk in the Bank from top to bottom through the implementation of an enterprise-wide operational risk approach; and
- Set guidelines for identifying operational risk in all new products and processes.

Roles of Risk Champions in the Business Units

- Coordinate all risk management activities in the business unit, including compliance with risk policies and procedures;
- Provide on-the-job training on risk management to other staff;
- Liaise with the risk management and compliance division to obtain new systems, approaches and methods for managing risks and advise staff within their Our Staff embody the Bank's core values of Leadership, Excellence, Empowered Employees, Passion for Customers, Professionalism and Innovation. unit appropriately;
- Coordinate the gathering of risk-related information, while ensuring the completeness and accuracy of the risk information gathered, analyse the information and periodically report to the group head and the risk management department in the agreed format;
- In conjunction with other managers in the business unit, articulate risk management/optimisation strategies for managing risks, prepare a risk mitigation plan and communicate these to the risk management and compliance division; and
- Monitor and report on the effectiveness of risk mitigation plans in reducing risk incidence in the unit.

Risk Management Division – Relationship with Other Units

The relationships between the risk management division (RMD) and other units are highlighted below:

- RMD sets risk policies and defines risk limits for other units in the Bank;
- RMD performs bank-wide risk monitoring and reporting;
- Other units provide relevant data to RMD for risk monitoring and reporting and identify potential risks in their line of business and RMD provides a framework for managing such risks;
- RMD and market-facing units collaborate in designing new products;
- RMD and internal audit co-ordinate activities to provide a holistic view of risks across the Bank;
- RMD makes recommendations with respect to capital allocation, pricing and reward/sanctions based on risk reports; and
- The information technology support group provides relevant user support to the RMD function in respect of the risk management software.

Risk Management Division – relationship with other units



Key Developments in 2014

Creation of an Integrated Heads of Risk Function For Each SBU

The Group's Enterprise Risk Management Framework was strengthened in 2014 with the appointment of Head of Risk Management for each of the SBUs: Personal Banking, Corporate Banking, Business Banking and Commercial Banking Divisions, as well as the Subsidiaries. The Heads of Risk report to the Group Chief Risk Officer. This arrangement has the core advantage of providing a comprehensive view of all risks affecting credits approved in each SBU, thus providing better and integrated management of the risks.

ISO 22301 Certification

In demonstration of its commitment to best practices, the Bank was awarded ISO 22301:2012 (Societal Security – Business Continuity Management System) certification by the British Standards Institute (BSI) during the year. The certification applies to the Bank's core functional areas, which include the central processes and services at the Head Office and annexes supporting the Treasury and Asset Management, Retail and Corporate accounts, E-banking, Trade Services, Payment and Collection, Personal and Corporate loans, Funds and Wealth Management functions.

Capacity Building in Risk Management

In 2014, the Bank engaged in various activities to ensure that employees in all functional areas are adequately empowered to manage risk across the organisation. The following training and certifications were obtained by ERM staff during the period under review, among others:

	Certification/Training	No of staff
1	Certified Operational Risk manager	21
2	Certified Risk Specialist	20
3	Certified ISO 31000 on Risk management	40
4	Liquidity Master Class	20
5	Liquidity Risk Management and measurement Basel III	20
6	Loan & Transaction Monitoring Master Class	20
7	Risk Management & Measurement Techniques	20
8	Bank Stress Testing for Extreme Events	20
9	Retail Credit Appraisal & Loan Workout strategy	20
10	Problem Loan, Distressed Asset Management, Restructuring & Exit Strategies	20

Environmental and Sustainability – A dedicated Environmental and Sustainability (E&S) Unit was established. Also, an automated review process was put in place, thus driving the embedding of E & S consideration into risk decision-making.

Enhancement of Economic Intelligence – The critical role of Economic Intelligence was enhanced. During the year under review, their work was tailored to meet with the information/intelligence needs of our many stakeholders, internal and external. The team continued to use the sets of concepts, methods and tools which unify all the coordinated actions of research, acquisition, treatment, storage and diffusion of information relevant to the organisation.

Fortification of the Bank's Risk Analytics and Reporting – The development and entrenchment of integrated data architecture to enhance risk analytics and reporting with risk modelling within the enterprise-wide risk management (ERM) space in Access Bank was fortified in 2014. The group deploys leading practice of risk infrastructure, processes and metrics to ensure consistency between the Bank's risk appetite, its business decision processes, and growth outcomes for all stakeholders. The Group has aligned its governance and functions to that of leading global financial institutions and also considered all contents as seen in most jurisdictions where risk management is best practiced. The coverage of the Risk Portal was further strengthened to incorporate risk reporting for all risk areas, including market, operational and credit risk.



Summary of key risks and developments in 2014

Risk Type	Definition	Features	Key Developments in 2014	Risk Mitigation
Credit risk	<ul style="list-style-type: none"> The risk of loss arising from the failure of a client or counter party to fulfil its obligations to the Group. 	<ul style="list-style-type: none"> Potential risk to earnings and capital. Significant correlation between credit risk and the macroeconomic environment. Potential for large material losses due to concentration risk. 	<ul style="list-style-type: none"> Structural realignment of the credit risk function to support the Bank's new 5 year strategy of growing the retail end of the market. Dedicated risk management teams were created for Personal Banking and Business Banking during the year. 	<ul style="list-style-type: none"> Optimisation of the new automated credit processing and collateral management platform Intensified training for credit risk management staff. Strengthening of Credit risk monitoring unit. Increased focus on compliance with internal concentration limits.
Market risk	<ul style="list-style-type: none"> The risk of losses in On and Off-balance sheet positions arising from adverse movements in market prices and rates 	<ul style="list-style-type: none"> Potential for large material losses from complicated treasury products. Potential for losses due to volatilities and stress events 	<ul style="list-style-type: none"> Oil prices plunged to a six year low owing to a combination of weaker-than-expected demand and steadily rising supply from new discoveries and the Shale boom from the US. Increase in Cash Reserve Ratio to 20% for private sector funds & 75% for public sector funds. Increased in MPR to 13% from 12% High volatility in fixed income markets Spikes in interbank lending rates FX trading position reduced to 0% of SHF. Naira Devaluation by 8.4%, midpoint moved from N155 to N168 to a Dollar 	<ul style="list-style-type: none"> The use of limits and management action triggers for strict adherence to the Bank's internal policies and risk appetite Repricing of assets and liabilities in line with market realities Limiting transactions to approved counterparties Significant investments are approved by the board and all others by the relevant management committees Review of trading limits in line with emerging market realities. Developed a formal framework for managing Foreign Currency Lending and Funding Oil price hedging in support of our lending activities.
Operational risk	<ul style="list-style-type: none"> The risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. 	<ul style="list-style-type: none"> Frequent small losses that can become surprisingly high. Infrequent material losses with high impact. 	<ul style="list-style-type: none"> High level of external threats e.g. electronic fraud attempts and physical Security exposed the Bank to operational risks. 	<ul style="list-style-type: none"> Diligent implementation of our enhanced policy standards and control frameworks Escalation of material events to Divisional and Group Executives. Bank wide risk appetite training for all staff. Strengthening of risk measurement and reporting process through automation. Promoting adoption of best practices, ISO standards
Funding and liquidity risk	<ul style="list-style-type: none"> The risk of being unable to meet short term obligations as they fall due. 	<ul style="list-style-type: none"> May disrupt the business model and disrupt the Group's activities. Significantly correlated with credit risk losses. 	<ul style="list-style-type: none"> Focus was geared towards consolidating balance sheet growth through deposit mobilisation utilising the bank's Value Chain Model and the enhanced customer base 	<ul style="list-style-type: none"> Significant liquidity reserve - Bank's liquidity ratio was consistently above regulatory limits. Continuous drive for low cost deposit to enhance stable funding and maintain healthy margins. Eurobond issuance and planned capital enhancement.

Summary of key risks and developments in 2014

Risk Type	Definition	Features	Key Developments in 2014	Risk Mitigation
Regulatory risk	The risks arising from changes in law, guidelines and other regulatory enforcement.	<ul style="list-style-type: none"> Compliance with laws and regulations. Potential for fines and/or restrictions in business activities. 	Several circulars were issued by regulators during the year in line with the ongoing reforms in the banking industry	<ul style="list-style-type: none"> Proactive engagement strategy with the CBN and other regulators, driven by a well-developed Regulatory Risk framework New regulations and compliance plan are discussed in management and board committee risk meetings. Implementation of an automated Entity Regulatory Rules Book
Other risks (Reputation, Strategic e.t.c)	<ul style="list-style-type: none"> The risk of failure to comply with applicable financial services regulatory rules and regulations. It is the risk that results from adverse business decisions, ineffective or inappropriate business plans, or failure to respond to changes in the competitive environment 	<ul style="list-style-type: none"> Expose the Group to penalties and reputation damage. Failure to meet expectations of stakeholders. 	Negative publicity or reputational risk event during the year were managed to a minimum level.	<ul style="list-style-type: none"> Close monitoring of all reputational risk event drivers Adherence to the principle of zero tolerance for regulatory breaches Active engagement with all stakeholders - customers, investors, regulators, staff, etc. All significant strategic actions are approved by the Board

Credit Risk Management

Credit risk arises from the failure of an obligor of the Bank to repay principal or interest at the stipulated time or failure otherwise to perform as agreed. This risk is compounded if the assigned collateral only partly covers the claims made to the borrower, or if its valuation is exposed to frequent changes due to changing market conditions (i.e. market risk).

The Bank's Risk Management philosophy is that moderate and guarded risk attitude will ensure sustainable growth in shareholder value and reputation. Extension of credit in Access Bank is guided by its Credit Risk and Portfolio Management Plan, which sets out specific rules for risk origination and management of the loan portfolio. The Plan also sets out the roles and responsibilities of different individuals and committees involved in the credit process.

We recognise the fact that our main asset is our loan portfolio. Therefore we actively safeguard and strive to continually improve the health of this portfolio. We scrutinise all applications and weed out potential problem loans during the loan application phase, as well as constantly monitoring our existing loan portfolio.

The goal of the Bank is to apply sophisticated but realistic credit models and systems to monitor and manage credit risk. Ultimately these credit models and systems are the foundation for the application of an internal rating-based approach to the calculation of capital requirements.

The development, implementation and application of these models are guided by the Bank's Basel II strategy.

The pricing of each credit granted reflects the level of risks inherent in the credit. Subject to competitive forces, Access

Bank implements a consistent pricing model for loans to its different target markets. The client's interest is guarded at all times, and collateral quality is never the sole reason for a positive credit decision.

Provisions for credit losses meet IFRS and Prudential Guidelines set forth by the Central Bank of the countries where we operate, both for loans for which specific provisions exist and for the portfolio of performing loans. Access Bank's credit process requires rigorous proactive and periodic review of the quality of the loan portfolio. This helps us to identify and remediate credit issues proactively.

The Criticised Assets Committee performs a quarterly review of loans with emerging signs of weakness; the Management Credit Committee and the Board Credit Committee also perform reviews of the quality of our loan portfolio on a quarterly basis. These are in addition to daily reviews performed by our Credit Risk Management Groups.

Principal Credit Policies

The following are the principal credit policies of the Bank:

Credit Risk Management Policy: The core objective is to enable maximisation of returns on a risk-adjusted basis from banking book credit risk exposures that are brought under the ambit of Credit Risk Management Policy. This is done by putting in place robust credit risk management systems consisting of risk identification, risk measurement, setting of exposure and risk limits, risk monitoring and control and reporting of credit risk in the banking book.

Credit Risk Mitigant Management Policy: The objective is to aid in effective credit portfolio management through mitigation of credit risks by using credit risk mitigation techniques.



Credit Risk Rating Policy: The objective of this policy is to ensure reliable and consistent Obligor Risk Ratings (ORRs) and Facility Risk Ratings (FRRs) throughout Access Bank and to provide guidelines for risk rating for retail and non-retail exposures in the banking book covering credit and investment books of the Bank.

Country and Cross Border Risk Management Policy: The objective of this policy is to establish a consistent framework for the identification, measurement and management of country risk across Access Bank.

Internal Capital Adequacy Assessment Process (ICAAP) Policy: The objectives of this policy are identification of material risks, measurement of material risks, monitoring and control of material risks, and reporting of material risks.

Enterprise-wide Risk Management Policy: The core objective is to provide a reasonable degree of assurance to the Board of Directors that the risks threatening the Bank's achievement of its vision are identified, measured, monitored and controlled through an effective integrated risk management system covering credit, market, operational, interest rate, liquidity and other material risks.

Responsibilities of Business Units and Independent Credit Risk Management

At Access Bank, business units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities. Business Relationship Managers will be responsible for deriving the ORR and FRR using approved methodologies as set out in this policy, however independent credit risk management will validate such ratings.

Notwithstanding who derives the risk rating, Credit Risk Management is responsible for reviewing and ensuring the correctness of the ORR and FRR assigned to a borrower and facilities. This review includes: ensuring the ongoing consistency of the business's risk rating process with the Access Bank Risk Rating Policy; ongoing appropriate application of the risk rating process and tools; review of judgmental and qualitative inputs into the risk rating process; ensuring the timeliness and thoroughness of risk rating reviews; and ensuring that the documentation of the risk rating process is complete and current.

Credit Risk Management has the final authority if there is a question about a specific rating.

Credit Process

The Bank's credit process starts with portfolio planning and target market identification. Within identified target markets, credits are initiated by Relationship Managers. The proposed credits are subjected to review and approvals by applicable credit approval authorities. Further to appropriate approvals, loans are disbursed to beneficiaries.

Ongoing management of loans is undertaken by both Relationship Management Teams and our Credit Risk Management Group. The process is applied at the Head

Office and in the subsidiaries.

If a preliminary analysis of a loan request by the Account Manager indicates that it merits further scrutiny, it is then analysed in greater detail by the Account Manager, with further detailed review by Credit Risk Management. The concurrence of Credit Risk Management must be obtained for any credit extension. If the loan application passes the detailed analysis it is then submitted to the appropriate approval authority for the size and risk rating of facilities.

The standard credit evaluation process is based both on quantitative figures from the Financial Statements and on an array of qualitative factors. Factual information on the borrower is collected as well as pertinent macroeconomic data, such as an outlook for the relevant sector, and so on. These subjective factors are assessed by the analyst and all individuals involved in the credit approval process, relying not only on quantitative factors but also on extensive knowledge of the company in question and its management.

Credit Risk Measurement

Risk Rating Methodology

The credit rating of the counterparty plays a fundamental role in final credit decisions as well as in the terms offered for successful loan applications. Access Bank employs a robust credit rating system based on international best practices (including Basel II recommendations) in the determination of the Obligor and Facility risks and thus allows the Bank to maintain its asset quality at a desired level.

In Access Bank, the objective of the Risk Rating Policy is to ensure reliable and consistent Obligor Risk Ratings (ORRs) and Facility Risk Ratings (FRRs) throughout the Bank and to provide guidelines for risk rating for retail and non-retail exposures in the Bank.

The Risk Rating Policy incorporates credit risk rating models which estimate risk of obligor default and facility risks (covering both recovery as well as exposure risk). These models are currently based on expert judgment for retail and non-retail exposures. Our goal is to adopt the Internal Rating Based (IRB) approach. The data required to facilitate the IRB approach is being gathered.

All Access Bank businesses that extend credit are subject to the Risk Rating Policy.

Credit Risk Rating Models in Access Bank Plc

The following are the credit risk rating models deployed by Access Bank.

For Retail Exposures:

Obligor Risk Rating (ORR) Models have been developed for:

1. Personal Loans
2. Credit Cards
3. Auto Loans
4. Mortgage Loans

Facility Risk Rating (FRR) Models have been developed for:

1. Loss Given Default (LGD)
2. Exposure at Default (EAD)

For Non – Retail Exposures:

Obligor Risk Rating (ORR) Models have been developed for:

1. Sovereign (Approach to rating Sovereign Exposures using External Ratings)
2. Bank and NBFIs
3. Corporate
 - Manufacturing Sector
 - Trading Sector
 - Services Sector
 - Real Estate Sector
4. Small and Medium Enterprises (SME) without financials

Facility Risk Rating (FRR) Models have been developed for

1. Loss Given Default (LGD)
2. Exposure at Default (EAD)

Risk Rating Process

In Access Bank, all businesses must have a documented and approved risk rating process for deriving risk ratings for all obligors and facilities (including those covered under Credit Programmes). The risk rating process is the end-to-end process for deriving ORRs and FRRs and includes models, guidelines, support adjustments, collateral adjustments and process controls, as well as any other defined processes that a business undertakes in order to arrive at ORRs and FRRs. The risk rating process of each business must be in compliance with the Bank's Risk Rating Policy and deviations must be explicitly approved.

Establishing the risk rating process is the joint responsibility of the Business Manager and the Credit Risk Manager associated with each business. The process must be documented and must be approved by the Management Credit Committee.

The risk rating process for each business must be reviewed and approved every three years, unless more frequent review is specified as a condition of the approvals. Interim material changes to the risk rating process, as determined by the Credit Risk Manager for the business, must be re-approved.

Risk Rating Scale and External Rating Equivalent

Access Bank operates a 12-grade numeric risk rating scale. The risk rating scale runs from 1 to 8. Rating 1 represents the best obligors and facilities, and rating 8 represents the worst obligors and facilities. The risk rating scale incorporates sub-grades and full grades reflective of realistic credit migration patterns.

The risk rating scale and the external rating equivalent is detailed below:

Access Bank Risk Rating	S&P Long term equivalent	Grade
1	AAA	Investment Grade
2+	AA	
2	A	
2-	BBB	Standard Grade
3+	BB+	
3	BB	
3-	BB-	Non Investment Grade
4	B	
5	B-	
6	CCC	
7	C	
8	D	

Credit Risk Control & Mitigation Policy

Authority Limits on Credit

The highest credit approval authority is the Board of Directors, supported by the Board Credit Committee and further by the Management Credit Committee. Individuals are also assigned credit approval authorities in line with the Bank's criteria for such delegation set out in its Credit Risk and Portfolio Management Plan. The principle of central management of risk and decision authority is maintained by the Bank. The maximum amount of credit that may be approved at each subsidiary is limited, with amounts above such limits being approved by the Head Office.

This structure gives Access Bank the possibility to incorporate much needed local expertise, but at the same time to manage risk on a global level. Local Credit Committees of the Bank's subsidiaries are thus able to grant credits, but the sum total of the exposure of the applicant and financially related counterparties is limited, most commonly by the subsidiary's capital. All applications that would lead to exposures exceeding the set limit are referred to the appropriate approval authority in the Head Office.

The credit approval limits of the principal officers of the Group are shown in the table below.

Authority	Approval Limit
Group Managing Director	N 200,000,000
Group Deputy Managing Director	N 150,000,000
Group Executive Director	N 75,000,000

In addition, approval and exposure limits based on internal Obligor Risk Ratings have been approved by the Board for the relevant credit committees as shown in the table below.



Credit Approval Limits

Access Bank Rating	Credit Rating by S&P	Board of Directors	Exposure Limits (or Board Credit Committee Limit)	Management Credit Committee Limit
1	AAA	Single Obligor	N20Bn	N10Bn
2+	AA	Single Obligor	N20Bn	N7.5bn
2	A	Single Obligor	N10Bn	N2Bn
2-	BBB	Single Obligor	N10Bn	N1Bn
3+	BB+	Single Obligor	N10Bn	N500mm
3	BB	Single Obligor	N10Bn	N500mm
3-	BB-	Single Obligor		Above N100mm
4	B	Single Obligor		
5	B-	Single Obligor		

Collateral Policies

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure or transferring it to counterparty, at facility level, by a safety net of tangible and realisable securities including approved third-party guarantees/ insurance.

For Access Bank, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the Bank is the collateralization of the exposures, by first priority claims or by obtaining a third party guarantee. Other techniques include buying a credit derivative to offset credit risk at transaction level. At portfolio level, asset securitisation, credit derivatives and so on are used to mitigate risks in the portfolio.

However, primary consideration when approving credits is always the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigants as incorporated in the guidance note of BCBS on "Principles for the Management of Credit Risk" (September 2000, Paragraph 34) are to be taken into consideration while using a credit risk mitigant to control credit risk. They are as follows:

"Bank can utilize transaction structure, collateral and guarantees to help mitigate risks (both identified and inherent) in individual credits but transactions should be entered into primarily on the strength of the borrower's repayment capacity. Collateral cannot be a substitute for a comprehensive assessment of the borrower or the counterparty, nor it can compensate for the insufficient information. It should be recognized that any credit enforcement actions (e.g. foreclosure proceedings) can eliminate the profit margin on the transaction. In addition, Banks need to be mindful that the value of collateral may well be impaired by the same factors that have led to the diminished recoverability of the credit."

The range of collaterals acceptable to the Bank includes:

- Cash / Deposit (domestic and foreign currency) with the Bank, including Certificates of Deposit or comparable instruments issued by the Bank.
- Certificates of Deposit from other banks.
- Commodities.
- Debt Securities issued by sovereigns and public-sector enterprises.
- Debt Securities issued by banks and corporations.
- Equities – Stocks / Share Certificates of quoted blue

- chip companies.
- Mortgage on landed property.
- Asset-backed securities.
- Charge on assets (fixed and/or floating) – premises/ inventory/ receivables/ merchandise/ plant/ machinery etc.
- Negative Pledges.
- Lien on asset being financed.
- Stock hypothecation.
- Shipping documents (for imports).
- Banker's Acceptance.
- Life Assurance Policies.

Master Netting Arrangements

It is the Group's policy that all credit exposures are adequately collateralised. Notwithstanding this, our account opening documentation allows the Bank to net off customers' deposits against their exposure to the Bank. Generally, transactions are allowed to run on a gross basis, however, in cases of unfavourable credit migration, the Bank may elect to invoke the netting agreement.

Credit Related Commitments

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure.

Provisioning Policy

A loan or loan portfolio is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the loan or loan portfolio that can be reliably estimated.

Market Risk Management

Definition

Access Bank is faced with the risk of decline in its earnings and capital arising from adverse changes in market variables, such as interest rates and foreign exchange rates. Market Risk is the risk that the value of on/off-balance sheet positions will be adversely affected by movements in equity prices, interest rates, currency exchange rates and commodity prices. Access Bank is exposed to market risk through the positions created in its trading and banking books.

Market Risk Policy, Management and Control

Over the years, the Nigerian financial market has witnessed a dramatic expansion in the array of financial services and products available. This tremendous growth in scale and scope has also generated new risks with global consequences, especially market risk, necessitating an assessment of exposures to the volatility of the underlying risk drivers.

These developments have prompted a comprehensive and dynamic Market Risk Policy, ALM Policy, Liquidity Policy,

Stress Testing Policy, and so on, to ensure that risks faced across business activities and on an aggregate basis are within the stipulated risk appetite of the Bank. These policies have been benchmarked with industry and international best practices, and CBN regulations.

The Board approves the risk appetite for trading and non-trading activities and risk limits are set within the context of the approved market risk appetite. Limits are set based on the approved risk appetite, underlying liquidity as well as legal limitations on individual positions imposed by the regulatory authorities in Nigeria. The specific limits are proposed by the Group Head, Market Risk Management and the Bank's Chief Risk Officer and approved by the Bank's Executive Management, relevant Management Committees, and ultimately by the Board.

The Bank runs a state-of-the-art integrated and straight-through processing treasury system for enabling better measuring, monitoring and managing of interest rate and foreign exchange risks it is exposed to. Liquidity, Exchange Rate, and Interest Rate Risks are managed through various metrics, namely Liquidity Gap Analysis, Dynamic Cash Flow Analysis, Liquidity Ratios, Value at Risk (VaR), Earnings at Risk (EAR) and Sensitivity Analysis. The primary aim of these processes is risk forecasting and impact mitigation through management action and portfolio rebalancing.

The risk reporting mechanism in the Bank comprises disclosures and reporting to the various management committees, namely the Enterprise Risk Management Committee, the Asset Liability Committee and the Board Risk Management Committee. The Risk Committees receive daily/weekly risk dashboards and monthly/quarterly reports which are presented at the committee meetings. Depending on the market conditions and risk outlook, recommendations are made to the risk management committees in respect of the market risk profile and risk appetite appraisal, as well as review of limits against the actual position.

The Bank regularly conducts stress testing to monitor its vulnerability to unfavourable shocks. It monitors and controls its risk, using various internal and regulatory risk limits for trading books and banking books which are set according to a number of criteria, including economic scenario, business strategy, management experience, peer analysis and the Bank's risk appetite.

In line with the Central Bank of Nigeria (CBN) circular on the new capital adequacy framework, Access Bank has adopted the standardised duration approach for market risk and has obtained the Board approval for the policy on the Internal Capital Adequacy Assessment Process (ICAAP). This policy defines and sets processes to review and improve the techniques used for identification, measurement and assessment of all material risks and resultant capital requirements.

Also, the Bank has put in place a detailed plan for the full implementation for the Basel II & III frameworks and has also implemented a road map for the migration to a more advanced capital computation method which factors in the

actual loss experience of the Bank.

Non-Trading Portfolio

The principal objective of market risk management of non-trading portfolios is to optimise net interest income. Due to the size of the Bank's holdings in rate-sensitive assets and liabilities, a major area of market risk exposures in the Bank is the interest rate on the banking book. This risk arises from the mismatch between the future yield on assets and their funding cost, as a result of interest rate changes.

The Bank uses a variety of tools to track and manage this risk:

- Re-pricing gap analysis (which allows the Bank to maintain a positive or negative gap, depending upon the forecast of interest rate position). The size of the gap is then adjusted to either hedge net interest income against changing interest rates or to speculatively increase net interest income.
- Liquidity gap analysis.
- Earnings-at-Risk (EAR), using various interest rate forecasts.
- Sensitivity Analysis.

Interest Rate Risk

Interest rate risk is the exposure of the Bank's financial condition to adverse movements in interest rates, yield curves and credit spreads. The Bank is exposed to interest rate risk through the interest bearing assets and liabilities in its trading and banking books.

Re-Pricing and Liquidity Gap Analysis

Access Bank's objective for management of interest rate risk in the banking book is to ensure a higher degree of interest rate mismatch margin stability and lower interest rate risk over an interest rate cycle. This is achieved by hedging material exposures with the external market.

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or are re-priced at different times or in differing amounts. In the case of floating rated assets and liabilities, the Bank is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the savings rate and 90-day NIBOR, plus different types of interest.

Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the Group balance sheet, mainly due to re-pricing timing differences between assets, liabilities and equity. These risks impact both the earnings and the economic value of the Group. Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Group's non-trading activities.

Earnings-At-Risk (EAR) Approach

The principal tool used to measure and control market risk



exposure within the Group's trading portfolios is the open position limits using the Earnings at Risk approach. Specified limits have been set for open positions limits, which are the expected maximum exposure the Group is to be exposed to. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Bank's business strategies.

Interest-rate risk is monitored centrally with a Gap Report. A Limit Framework is in place to ensure that retained risk remains within approved appetite. Interest rate risk also arises in each of the Africa subsidiary treasuries in the course of balance sheet management and facilitating customer activity. The risk is managed by local treasury functions, subject to modest risk limits and other controls.

Sensitivity Analysis and Stress Testing

Sensitivity analysis and stress testing are risk measurement techniques that help us ensure that the risks the Bank takes remain within our risk appetite and that our level of capital remains adequate. Sensitivity analysis involves varying a single factor (e.g. a model input or specific assumption) to assess the impact on various risk measures.

Stress testing generally involves consideration of the simultaneous movements in a number of risk factors. It is used to measure the level of potential unexpected losses for Credit, Market (both trading and non-trading), Operational and Liquidity Risks.

Under potentially adverse conditions, stress testing plays an important role in supporting overall capital management and adequacy assessment processes. Our enterprise-wide stress testing programme utilises stress scenarios featuring a range of severities based on unlikely but possible adverse market and economic events. These common stress scenarios are evaluated across the organisation, and results are integrated to develop an enterprise-wide view of the impacts on our financial results and capital requirements. This programme uses macro-economic projections and applies them as stress impacts on the organisation vis-a-vis the various risk types.

Trading Portfolio

The measurement/control techniques used to measure and control traded market risk (interest rate and foreign exchange risk) include daily valuation of positions, limit monitoring, gap analysis, sensitivity analysis, value at risk, tail risk, stress testing, and so on.



Limits

Specific limits and triggers (regulatory and in-house) have been set across the various market risk areas to prevent undue exposure and the market risk management group ensure that these limits and triggers are adhered to by the Bank.

The following limits currently exist:

Fixed income and FX Open Position Limits (OPL): The Bank, in keeping with the prudence concept, sets its policy limit for Open Position at a level lower than the maximum OPL approved by the regulatory authority. In setting the internal OPL, the following considerations are imperative:

- The Regulatory OPL;
- The Bank's tolerance and appetite for FX risk;
- The size and depth of the FX market in Nigeria;
- The degree of volatility of traded currencies; and
- The Bank's desired positioning in the relevant FX market with requirements for international business support.

Interbank Placement and Takings Limit: In line with the Bank's drive to be a top liquidity provider in the financial market, stringent controls have been set to ensure that any takings from interbank are preceded by proper authorisation, to reduce the risks that come with huge inter-bank borrowing.

Management Action Trigger (MAT): This establishes decision points to confirm the Board of Directors' tolerance for accepting trading risk losses on a cumulative basis. MAT therefore, takes into account actual cumulative profit/loss as well as potential losses and the loss tolerance is defined as a percentage of Gross Earnings.

Stop Loss Limit: This limit sets a maximum tolerable unrealised profit/loss to date which will trigger the closing of a position in order to avoid any further loss based on existing

exposures. Positions are liquidated uniformly when stop loss limits are breached.

Dealer Limits: This limit sets a maximum tolerable unrealised profit/loss to date based on existing exposures for a specific dealer. Positions are liquidated uniformly when the dealer stop limit is breached independent of the global stop loss limit.

Value-at-Risk (VaR) Limit: The normal VaR of the portfolio will be the Naira loss that will be exceeded 1% of the time over a one day horizon. The time period may be changed depending on the volume of position held and current market realities. At a maximum of 99% confidence level, and a holding period of one day, the Bank maintains a VaR limit of 0.25% of Gross earnings.

These risk limits are set and reviewed at least annually to control Access Bank's trading activities in line with the defined risk appetite of the Group. Criteria for setting risk limits include relevant market analysis, market liquidity and business strategy. Trading risk limits are set at an aggregate, risk category and lower levels and are expressed in terms of VaR. This is further supported by a comprehensive set of non-VaR limits, including foreign exchange position limits, stop loss limits and Management Action Triggers. Appropriate performance triggers are also used as part of the risk management process.

Mark-to-Market (MTM)

The marking-to-market technique establishes historical profit/loss by revaluing money market exposures to prevailing market prices. When no market prices are available for a specific contract period, mark-to-model is used to derive the relevant market prices; it is the Bank's policy to revalue all exposures categorised under the securities trading portfolio on a daily basis. As a general guide, marking to market is performed independently of the trading unit, i.e. prices/rates are obtained from external sources.

Value at Risk (VaR)

Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level.

VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. To assess their predictive power, VaR models are back tested against actual results.

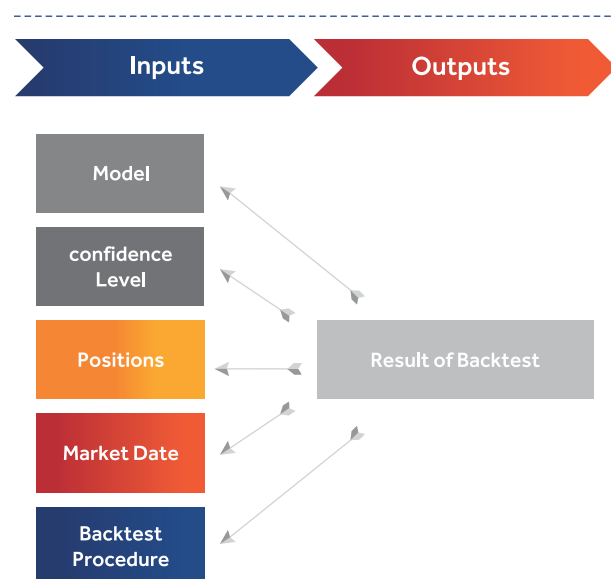
Access Bank uses an internal VaR model based on the historical simulation method. Two years of historical price and rate data is applied and updated daily. This internal model is also used for measuring value at risk over both a one-day and 10-day holding period at a 99% confidence

level. This model covers general market (position) risk across all approved interest rate and foreign exchange product. There are a number of considerations that should be taken into account when reviewing VaR numbers. These are as follows:

- Historical simulation assumes that the past is a good representation of the future. This may not always be the case.
- The assumed time horizon will not fully capture the market risk of positions that cannot be closed out or hedged within this time horizon.
- VaR does not indicate the potential loss beyond the selected percentile.
- Intra-day risk is not captured.
- Prudent valuation practices are used in the VaR calculation when there is difficulty obtaining rate/price information.
- To complement VaR, stress testing and other sensitivity measures are used.

Back Testing

The VaR model is an important market risk measurement and control tool and consequently the performance of the model is regularly assessed for continued suitability. The main approach employed is a technique known as back testing, which counts the number of days when daily trading losses exceed the corresponding the VaR estimate. s



The standard for back testing is to measure daily losses against the VaR measurement assuming a one-day holding period and a 99% level of confidence. The green zone of four or less exceptions over a 12-month period is consistent with a good working VaR model. Back testing reports are produced regularly.

Stress Testing

A consistent stress testing methodology is applied to



trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs.

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. Market Risk complements the VaR measurement by regular stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist senior management in capital planning decisions.

The Bank performs two main types of stress/scenario testing. Firstly, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories, which include interest rate, equity, foreign exchange, commodity and credit spread risk. Secondly, the trading book is subjected to multi-factor scenarios that simulate past periods of significant market disturbance and hypothetical extreme yet plausible events.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. Regular stress test scenarios are applied to interest rates, credit spreads, exchange rates, commodity prices and equity prices. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Liquidity Risk

Liquidity risk arises when the Bank is unable to meet expected or unexpected, current or future cash flows and collateral needs without affecting its daily operations or its financial condition. The Bank is managed to preserve a high degree of liquidity so that it can meet the requirements of its customers at all times, including periods of financial stress.

The Bank has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions with regard to cash inflows and the liquidity of liabilities. In addition, liquidity stress tests assuming extreme withdrawal scenarios are performed. These stress tests specify additional liquidity requirements to be met by holdings of liquid assets.

The Bank's liquidity has consistently been materially above the minimum liquidity ratio and the requirements of its stress tests. Global funding and liquidity risk management activities are centralised within Corporate Treasury. We believe that a centralised approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximises access to funding sources, minimises borrowing costs and facilitates timely responses

to liquidity events. We analyse and monitor our liquidity risk, maintain excess liquidity and access diverse funding sources, including our stable deposit base.

The Board approves the Bank's liquidity policy and contingency funding plan, including establishing liquidity risk tolerance levels. The Group ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual.

Quantifications

Access Bank has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Bank adopted the following approaches:

- a) Funding and Liquidity plan;
- b) Gap Analysis; and
- c) Ratio Analysis.

The Funding and Liquidity plan defines the Bank's sources and channels of utilisation of funds. The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between our assets and liabilities. The Liquidity Gap Analysis quantifies the daily and cumulative gap in a business as usual environment. The gap for any given tenor bucket represents the borrowings from, or placements to the market required to replace maturing liabilities or assets. The Bank monitors the cumulative gap as a + or – 20% of the total risk assets or total deposit liabilities and the gap as a + or – 20% of total deposit liabilities.

Limit Management and Monitoring

Active management of liquidity through the framework of limits and control presented above is possible only with proper monitoring capabilities. The monitoring process focuses on funding portfolios, the forward balance sheet and general indicators, where relevant information and data are compared against limits that have been established. The Bank's Group Treasury is responsible for maintaining sufficient liquidity by maintaining a sufficiently high ratio of liquid assets and available funding for near-term liabilities. The secured liquidity measure is calculated and monitored by risk management. Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Bank. Liquidity risk is reported to the Board of Directors quarterly.

Contingency Funding Plan

Access Bank has a contingency funding plan which incorporates early warning indicators to monitor market conditions. The Bank monitors its liquidity position and funding strategies on an ongoing basis, but recognises that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. It reviews its

contingency funding plan in the light of evolving market conditions and stress test results.

To monitor liquidity and funding, the Group Treasury prepares a liquidity worksheet that projects sources and uses of funds. The worksheet incorporates the impact of moderate risk and crisis situations and it is an integral component of the contingency funding plan. Although it is unlikely that a funding crisis of any significant degree could materialise, we consider it important to evaluate this risk and formulate contingency plans should one occur.

The contingency funding plan covers: the available sources of contingent funding to supplement cash flow shortages; the lead times to obtain such funding; the roles and responsibilities of those involved in the contingency plans; and the communication and escalation requirements when early warning indicators signal deteriorating market conditions. Both short-term and long-term funding crises are addressed in the contingency funding plan.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people systems, or external events. Our definition of operational risk excludes regulatory risks, strategic risks and potential losses related solely to judgments with regard to taking credit, market, interest rate, liquidity, or insurance risks.

It also includes the reputation and franchise risk associated with business practices or market conduct in which the Bank is involved. Operational risk is inherent in Access Bank's global business activities and, as with other risk types, it is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management.

This framework includes:

- recognized ownership of the risk by the businesses;
- oversight by independent risk management; and
- independent review by Corporate Audit.

We seek to minimise exposure to operational risk, subject to cost trade-offs. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring.

The goal is to keep operational risk at appropriate levels relative to the characteristics of our businesses and the markets in which we operate, our capital and liquidity, and the competitive, economic and regulatory environment. Notwithstanding these controls, Access Bank incurs operational losses.

Our operational risk strategy seeks to minimise the impact that operational risk can have on shareholders' value. The Bank's strategy is to:

- Reduce the likelihood of occurrence of expected events and related cost by managing the risk factors and implementing loss prevention or reduction

techniques to reduce variation to earnings;

- Minimise the impact of unexpected and catastrophic events and related costs through risk financing strategies that will support the Bank's long term growth, cash flow management and balance sheet protection;
- Eliminate bureaucracy, improve productivity, reduce capital requirements and improve overall performance through the institution of well designed and implemented internal controls.

In order to create and promote a culture that emphasises effective operational management and adherence to operating controls, there are three distinct levels of operational risk governance structure in Access Bank Plc.

Level 1 refers to the oversight function carried out by the Board of Directors, the Board Risk Committee and the executive management. Responsibilities at this level include ensuring effective management of operational risk and adherence to the approved operational risk policies.

Level 2 refers to the management function carried out by the operational risk management group. It has direct responsibility for formulating and implementing the Bank's operational risk management framework, including methodologies, policies and procedures approved by the Board.

Level 3 refers to the operational function carried out by all business units and support functions in the Bank. These units/functions are fully responsible and accountable for the management of operational risk in their units. They work in liaison with operational risk management to define and review controls to mitigate identified risks. Internal audit provides independent assessment and evaluation of the Bank's operational risk management framework. This periodic confirmation of the existence and utilisation of controls in compliance with approved policies and procedures, provides assurance as to the effectiveness of the Bank's operational risk management framework. Some of the tools being used to assess, measure and monitor operational risks in the Bank include: a loss database of operational risk events; an effective risk and control self-assessment process that helps to analyse business activities and identify operational risks that could affect the achievement of business objectives; and key risk indicators which are used to monitor operational risks on an ongoing basis.

The Group's Operational Risk Framework

The Group's current operational risk framework was implemented in 2007 to meet internal and regulatory requirements. There has been significant investment in the implementation of improved measurement and management approaches for operational risk to strengthen control, improve customer service, improve process efficiencies and minimise operating losses. The Group recognises the fact that it is neither cost-effective nor possible to attempt to eliminate all operational risks. Events of small significance are thus expected to occur and are accepted as inevitable with relevant budgeting for these losses being exercised where appropriate. Events of



material significance are limited and the Group seeks to reduce the risk from these extreme events in a framework consistent with its agreed risk appetite. Processes are in place to monitor management and future mitigation of such events.

The role of the Operational Risk function is to establish, implement and maintain the operational risk framework for the modelling and managing of the Group's operational risk, while reinforcing and enabling the operational risk management culture throughout the Group. The aim is to integrate, based on international norms and best practices, all operational risk activities and to compile a reliable operational risk profile contributing to the Group's risk-reward profile. The key advantage introduced by the current framework is the financial quantification and modelling of operational risks. This functionality has significantly improved the Group's operational risk measurement and management capabilities.

Management and Control Responsibilities

The first line of governance for managing operational risk rests with business, and operational risk management forms part of the day-to-day responsibilities of all business unit management. Business unit staff report any identified breakdowns in control and any risk events that may result in financial loss and/or reputation damage. Amongst others, business management are responsible to ensure that processes for identifying and addressing ineffective controls and the mitigating of risk events are implemented and executed. Operational Risk teams form the secondary line of governance by ensuring that processes to identify weaknesses are effective and identified weaknesses are acted upon. The Group operational risk profile is presented to the Board quarterly. Control effectiveness is monitored at the ERM and at the Board, while the multi-layered system of defences ensures pro-active operational risk management.

Measuring and Managing Operational Risk

The Group recognises the significance of operational risk and is committed to enhancing the measurement and management thereof. Within the Group's operational risk framework, qualitative and quantitative methodologies and tools are applied (Group-wide) to identify and assess operational risks and to provide management information for determining appropriate mitigating measures.

Risk Event Data Collection and Reporting

A standard process is used Group-wide for the recognition, capture, assessment, analysis and reporting of risk events. This process is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are loaded onto a central database and reported monthly to the ERM. The Group also uses a database of external public risk events and is part of a consortium of international banks that share loss data information anonymously to assist in risk identification, assessment, modelling and benchmarking.

Risk and Control Self-Assessments (RCSAs)

In order to pro-actively identify and actively mitigate risks, the operational risk framework utilises RCSAs. RCSA is used at a granular level to identify relevant material risks and key controls mitigating these risks. The risks and controls are assessed on a quarterly basis and relevant action plans are put in place to treat, tolerate, terminate or transfer the risks, taking into account the relevant business risk appetites. The RCSA programme is extensive and covers the entire Group. The Internal Audit further tests the effectiveness of the RCSAs within the normal course of auditing and relevant metrics are monitored and actioned where relevant.

Key Risk Indicators (KRIs)

A comprehensive set of KRIs are in place across the Group, with relevant and agreed thresholds set by the business. KRIs are monitored on a Group as well as business unit level, based on significance. Threshold breaches are managed in accordance with an agreed process across the Group.

Reporting

Business units are required to report on both a regular and an event-driven basis. The reports include a profile of the key risks to their business objectives, RCSA and KRI results, and operational risk events. Risk reports are presented to executive management and risk committees.

Allocating Capital to Business Units

An allocation methodology is applied for allocating capital to business units. For each business unit, the allocation takes into consideration not only the size of the unit, but also measures the business unit's control environment, namely open audit findings, RCSA results, and loss experience. This translates to a risk-sensitive allocation, with the opportunity afforded to business to identify actions to positively impact on their respective allocated operational risk capital.

Expected Loss (EL) Budgeting Mitigation

Basel II, under the Advanced Measurement Approach (AMA) for operational risk makes provision for mitigation of Operational risk charge due to appropriate budgeting and managing for EL. A significant portion of the Group business already budgets for expected losses and while the Group has developed a methodology for the modelling of EL budgeting, the Group will not apply risk mitigation in the calculation of its operational risk exposure until such time as policies and procedures are compliant to regulatory minimum requirements.

Insurance Mitigation

Insurance policies are used as a way to mitigate operational risks. These policies are current and remain applicable in the Group operating environment. Insurance coverage is

purchased at Group or cluster level to discharge statutory and regulatory duties, or to meet counterparty commitments and stakeholder expectations. The primary insurance policies managed by the Group are:

- comprehensive crime and electronic crime;
- directors' and officers' liability; and
- professional indemnity.

In terms of the AMA, the Group may adjust its operational risk exposure result by no more than 20% to reflect the impact of operational risk mitigants. Globally, the use of insurance and other risk transfer mechanisms for operational risk is in a state of rapid development and pioneering work is being done across the industry. While the Group has developed a methodology for the modelling of insurance, the Group will not apply risk mitigation in the calculation of its operational risk exposure until such time as insurance policies are compliant to regulatory minimum requirements.

Information Security and Continuity of Business

Information security and the protection of confidential and sensitive customer data are a priority of Access Bank. The Bank has developed and implemented an Information Security Risk Management framework that is in line with best practice. The framework is reviewed and enhanced regularly to address emerging threats to customers' information.

The Bank mitigates business continuity risks by reviewing and testing recovery procedures. In 2014, the Bank obtained ISO certification in Business Continuity. Regular bank-wide awareness campaigns are also used to drive information security and business continuity culture in the Bank.

Compliance Risk Management

Compliance risk is the risk of impairment to the organisation's business model, reputation and financial condition from failure to comply with laws, regulations and internal standards and policies, and expectations of key stakeholders such as regulators, customers, employees and society as a whole. It is the risk that the procedures implemented by the Bank to ensure compliance to relevant statutory, regulatory and supervisory requirements are not adhered to and/or are inefficient and ineffective. Compliance risk consists of two elements, namely a regulatory and a reputational element.

Regulatory risk is the risk that financial institutions do not comply with applicable laws and regulations or supervisory requirements as defined by the regulatory body while reputational risk is the risk that the Bank might be exposed to negative publicity due to the contravention of applicable statutory, regulatory and supervisory requirements by the Group as well as staff members during the conduct of business. Compliance risk can expose financial institutions to fines, civil/criminal penalties, and payment of damages, court orders and suspension or revocation of licences. A failure (or perceived failure) can adversely impact

customers, staff and shareholders of the Bank.

The Bank believes that fully embedded Compliance Risk Management preserves the trust its customers, shareholders and staff have in the Bank and is important for the way Access Bank does business. Managing compliance risk is fundamental to driving value. The pursuit of long term business sustainability requires proper conduct of business activities in accordance with the high ethical standards of Access Bank's Business Principles. These principles not only reflect laws and regulations, but are also based on the Bank's core values of Leadership, Excellence and Professionalism.

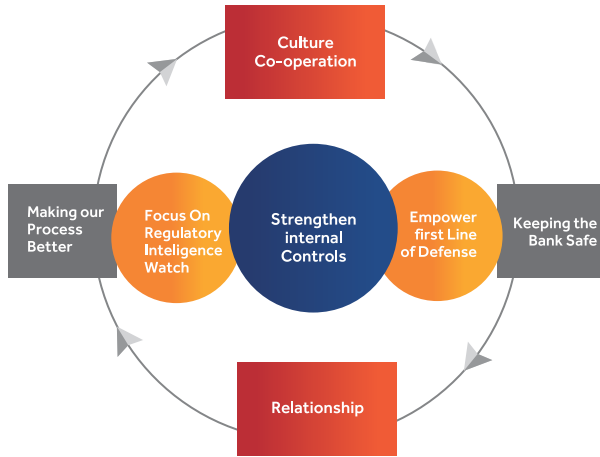
Ongoing changes and the continuous introduction of new legislation have placed greater emphasis on the formal and structured monitoring of compliance with legal, regulatory, supervisory and internal requirements.

An efficient infrastructure has been put in place to enable management to track current and emerging Compliance Risk issues, to communicate these to internal and external stakeholders, and to drive continuous improvement. Access Bank understands that good Compliance Risk Management involves understanding and delivering on the expectations of customers and other stakeholders, thereby improving the quality of key relationships based on honesty, integrity and fairness.

The Conduct & Compliance Function has been created as an independent function headed by the Chief Conduct and Compliance Officer reporting to the board through the Board Management Committee which ensures protection of stakeholders not only from regulatory infractions but also from a good business practice perspective. The Bank recognises its accountability to all its stakeholders under the legal and regulatory requirements applicable to its business. The Conduct & Compliance function, including all staff of Access Bank PLC and its subsidiaries, are committed to high standards of integrity and fair dealing in the conduct of business. The Bank's Compliance Risk Management philosophy is deepened in the effective convergence risk management through the 'Three Lines of Defence' Model.

The strategy of the Conduct and Compliance group is to align the Bank's processes with best practice; promote 'Positive Culture'; and closely provide regular advisory services to business units in order to achieve the business objectives of the Bank without exposing the Bank or any of its stakeholders to any regulatory or reputational risks.

We approach Compliance Risk Management on an enterprise and line of business level. The Conduct & Compliance function provides oversight of significant compliance risk issues. The function also develops and guides the strategies, policies and practices for assessing and managing compliance risks across the organisation.



We established Compliance Resource Officers meetings to develop, manage and integrate a compliance culture that meets global standards within the organisation. Through education and communication efforts, a culture of compliance is emphasized across the Bank.

The Compliance Resource Officers, working in conjunction with senior business executives, have developed key tools to address and measure compliance risks and to ensure compliance with laws and regulations in each line of business.

Compliance Risk Management Framework



Strategic Risk Management

In Access Bank, we define Strategic Risk as the process for identifying, assessing and managing risks and uncertainties, affected by internal and external events or scenarios that could inhibit the Bank’s ability to achieve its strategy and strategic objectives with the ultimate goal of creating and protecting shareholder and stakeholder value. It is a primary component and necessary foundation of our Enterprise Risk Management.

Strategic Risk Management, therefore, is defined as current or prospective risk to earnings and capital arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. It can also be defined as the risk associated with future business plans and strategies, including plans for entering new business lines, expanding existing services through mergers and acquisitions, and enhancing infrastructure.

A well-defined structure for managing strategic risk exists in Access Bank. It provides a process for the Bank to identify and assess potential risks posed by its strategic plan, and consider whether they have adequate capacity to withstand the risks. Strategic risk management involves various organisational functions within the Bank.

The following principles govern the Bank’s Strategic Risk Management:

The Board and senior management are responsible for Strategic Risk management and oversee the effective functioning of the Strategic Risk management framework. The functional units (i.e. the units which carry out business or operational functions) assist the Board and senior management in formulating and implementing strategies, and in providing input to the strategic planning and management processes, as well as implementing the strategic risk management framework.

The Strategic Risk management functions support the Board and senior management in managing Strategic Risk and other related processes in the Bank.

Access Bank, in compliance with the Basel II principles, uses the Internal Capital Adequacy Assessment Process in assessing its Strategic Risk. To this end, it sees Strategic Risk as material risk that could result when the bank fails to meet its performance targets, or has insufficient cashflow to maintain its operations that may result in a negative impact on the bank’s operating result and financial condition.

This Strategic Risk could stem from an adverse global economy, regulatory actions, improper analysis that can impact the implementation of decisions, lack of responsiveness to industry changes, inability to respond promptly to business opportunities, or ineffective change management and communication processes, as well as the nature and activities of competitors.

Based on the above, the Bank estimates a capital charge figure in relationship to its actual gross earnings to cover its strategic risk exposure, in line with its tolerance level.

The measures and controls it has put in place include the following:

Strategic plans are approved and monitored by the Board. Regular environmental scanning, business strategy sessions and workshops are set up to discuss business decisions, with close monitoring to ensure that strategic plans are properly aligned with the business model, regular

performance reviews by the Executive Committee (EXCO), while business plans are approved by the board. The Bank also maintains a well-defined succession plan, proper monitoring and well-defined structures to align its activities to international best practices.

Reputational Risk Management

Reputational risk arises when the Bank's reputation is damaged by one or more reputational events from negative publicity about the organisation's business practices, conduct or financial condition. The Bank's Strategic and Reputational Risk Management is mandated to protect the Bank from potential threats to its reputation. The team continuously uses proactive means in minimising the effects of reputational events, thereby averting the likelihood of major reputational crises, with the view of ultimately ensuring the survival of the organisation. The Bank has put in place a framework to properly articulate, analyse and manage reputational risk factors.

Access Bank takes the management of reputational risks seriously because of their far-reaching implications, which are buttressed by these factors:

- A highly-regulated financial services industry with high visibility and vulnerability to regulatory actions that may adversely impact the Bank's reputation (e.g. corporate governance crises);
- Keen competition and largely homogeneous products and services have led customers not to perceive significant differences between financial service providers; and
- Given the financing nature of products and services they provide, banks are not only exposed to their own reputation, but also to the reputation of their clients.

With banks operating and competing in a global environment, and risks emerging from a host of different sources and locations, it is difficult to keep up and to know how best to respond if they occur. The effects of the occurrence of a reputational risk event include, but are not limited to, the following:

- Loss of current or future customers;
- Loss of public confidence;
- Loss of employees leading to an increase in hiring costs, or staff downtime;
- Reduction in current or future business partners;
- Increased costs of capitalisation via credit or equity markets;
- Regulatory sanctions;
- Increased costs due to government regulations, fines, or other penalties; and
- Loss of banking licence.

It is Group policy that, at all times, the protection of the Group's reputation should take priority over all other activities, including revenue generation. Reputational risk will arise from the failure to effectively mitigate one or more of country, credit, liquidity, market, regulatory and operational risks. It may also arise from the failure to comply with social,

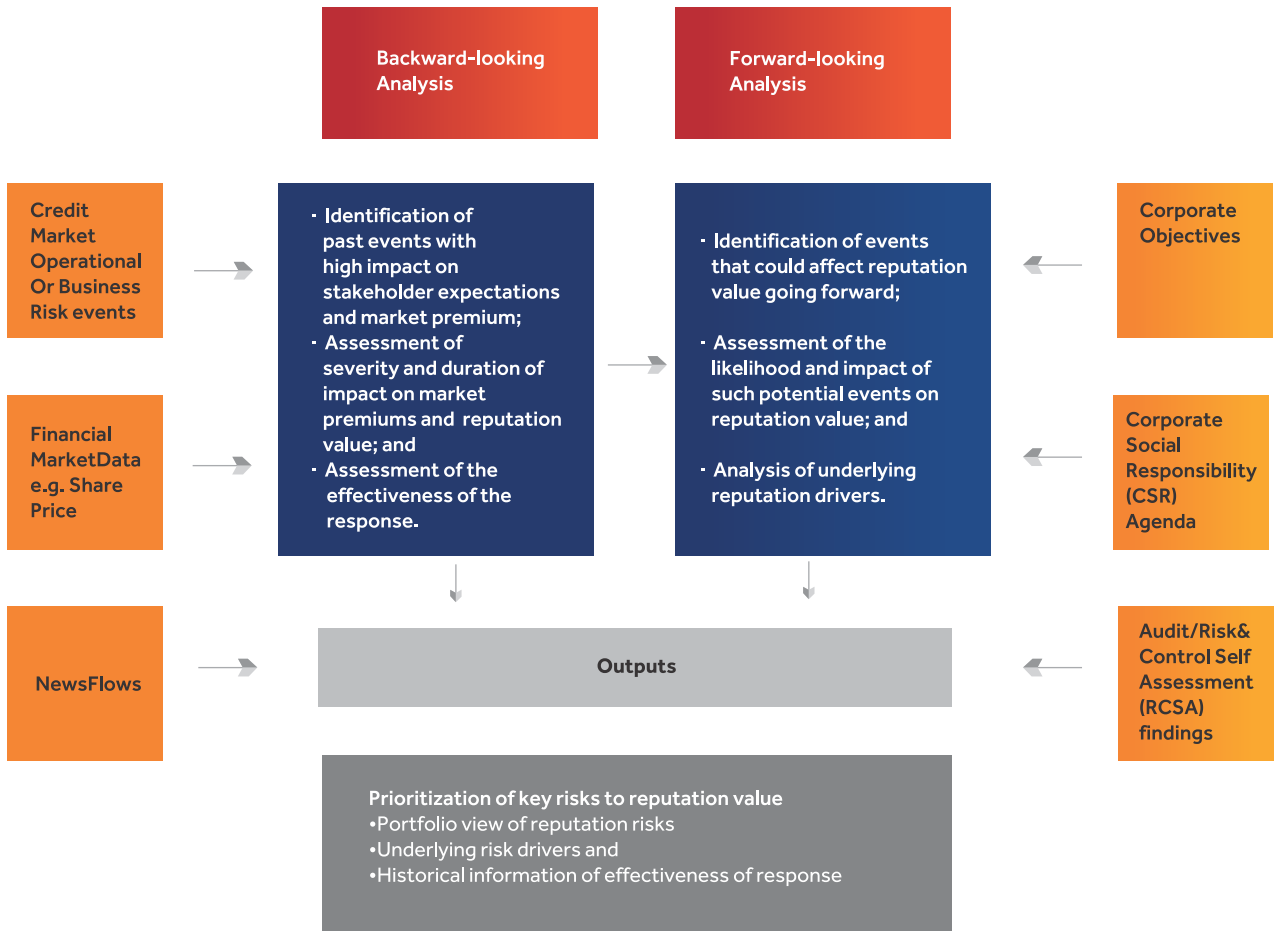
environmental and ethical standards. All employees are responsible for day-to-day identification and management of reputational risk.

The desired risk appetite for reputation is low risk (1). The Bank will ensure that the highest ethical standards are followed at all times and the code of conduct policy will be strictly implemented.

During the year under review, the leadership of the Strategic and Reputational Risk Management Unit was strengthened with the recruitment of senior management staff to fully drive the implementation of the policies and strategies of the Bank with regards to its strategic and reputational risks.



Key Drivers of Reputational Risk



In identifying reputational risk factors, the Bank makes use of the output of a risk identification process. At the end of the risk identification sessions, risk profiles are derived and analysed and risk events identified with a possible negative reputational impact on the Bank.

This analysis is performed against the background of the Bank's corporate objectives, its corporate social responsibility agenda and external factors. Access Bank seeks to leverage existing information from audit findings, risk and control self-assessments, environmental scanning and scenario planning processes in mitigating reputational risk issues.

Compilation of Trigger Events

In order to assist in the identification of key reputational risk events, triggers that would set off the risk drivers should be compiled through workshops with participants from relevant business units. The following table illustrates a few trigger events for relevant risk drivers.

RISK DRIVERS

TRIGGER EVENTS

Corporate governance and leadership

- Corporate frauds and scandals;
- Association with dishonest and disreputable characters as directors, management
- Association with politically exposed persons
- Incidence of shareholders conflict and Board
- Instability

Regulatory Compliance

- Non - Compliance with laws and regulation;
- Non submission of Regulatory returns

Delivering customer promise

- Security Failure
- Shortfall in quality of service/fair treatment;
- Bad behavior by employees

Workplace talent and culture

- Unfair employment practices
- Not addressing employee grievances
- Uncompetitive remuneration

Corporate social responsibility

- Lack of community development initiatives

Corporate Culture

- Lack of appropriate culture to support the achievement of business objective.
- Ineffective risk management practices.
- Unethical behaviors on the part of staff and management.
- Lack of appropriate structure for employees to voice their concerns

Risk Management and Control Environment

- Inadequate Risk Management and Control environment
- Continuous violations of existing policies and Procedures

Financial Soundness and Business viability

- Consistent poor financial performance
- Substantial losses from unsuccessful investment

Crisis Management

- Inadequate response to a crisis or even a minor incident

Events Data Analysis

Events data analysis is conducted to assess the gap between performance of the Bank and the expectation of stakeholders. The nature of the gap and the reasons for the gap are analysed for ensuing corrective action.

Examples of analysed events data are below:

- Evaluating types of marketing efforts and implications for Reputational Risk;
- Analysis of number of accounts opened vs. closed;
- Calling effort analysis;
- Complaint log analysis; and
- Error resolution review.

Approach to Managing Reputation Events

The Bank's approach to managing reputation events, including any relevant strategy and policies, is approved by the Board or its delegated committee and subject to periodic review and update by senior management to ensure that it remains appropriate over time. In addition, the approach is well documented and communicated to all relevant personnel.

Post Reputation Event Reviews

After a reputation event, the post-event review will be conducted by the Internal Audit and Risk Management Division to identify any lessons learnt, problems or weaknesses revealed, from the event. Such reviews will be useful for providing feedback and recommendations for enhancing the Bank's reputation risk management process, and should at least be conducted on any major event affecting Access Bank. The Board and senior management will be promptly informed of the results of any such review conducted so that they can take appropriate actions to improve its approach to managing reputation risk.

Capital Risk Management

Capital risk is the risk that the Bank's total capital base is not properly managed in a prudent manner.

Capital Management Objectives

The Group has a number of capital management objectives:

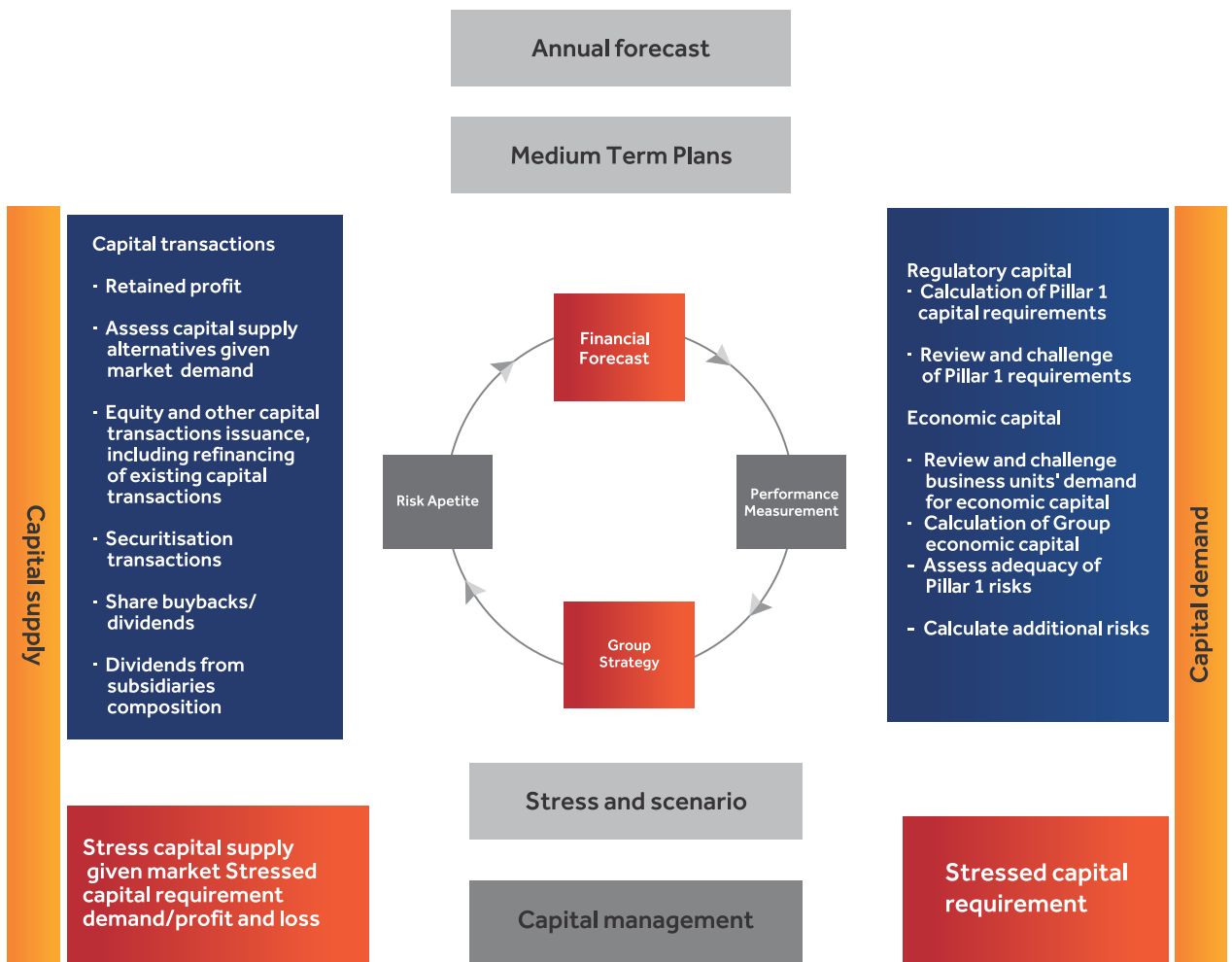
- o to meet the capital ratios required by its regulators and the Group's Board;
- o to maintain an adequate level of available capital resources as cover for the Economic Capital (EC) requirements, calculated at a 99.95% confidence level;
- o to generate sufficient capital to support asset growth;
- o to maintain an investment grade credit rating; and
- o to achieve a return above the cost of equity.

Capital Management Strategy

The Group's capital management strategy is focused on maximising shareholder value by optimising the level and mix of capital resources. Decisions on the allocation of capital resources are based on a number of factors including return on economic capital (EC) and on regulatory capital (RC), and are part of the Internal Capital Adequacy Assessment Process (ICAAP).



Capital management process



Importance of Capital Management

Capital is managed as a Board level priority in the Group which reflects the importance of capital planning. The Board is responsible for assessing and approving the Group's capital management policy, capital target levels and capital strategy.

A capital management framework provides effective capital planning, capital issuance, Basel II alignment, EC utilisation and economic profit (EP) performance measurement criteria. The above diagram illustrates the process the Group follows to ensure end-to-end integration of the

Group's strategy, risk management and financial processes into the capital management process. The purpose is to ensure that capital consumption in the business divisions has an impact on performance measurement, which in turn translates into management performance assessment and product pricing requirements and achievement of the overall strategy within risk appetite.