



grobank

2020
Annual
Report





access

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Acronyms

ALLCO	Asset, liabilities and capital Committee
B-BBEE	Broad-based black Economic empowerment
DMTN	Domestic medium-term note
GDP	Gross domestic product
GEPF	Government employees Pension fund
GRI	Global reporting initiative
IA	Internal audit
ICAAP	Internal capital adequacy Assessment process
IFRS	International financial Reporting standards
SARB	South african reserve bank

About this report

We are pleased to present the Grobank annual report for the period 1 January to 31 December 2020 in which we aim to provide a balanced, accurate and concise overview of the main activities and performance of the Bank. Material events subsequent to 31 December 2020 and up to the approval of this report by the Board have been included.

The scope of this report covers our financial and non-financial performance, including our outlook and objectives for the short term (2021) as well as the medium term (2025). There are no significant restatements of previously reported information in this report.

The historical performance in this report relates to the activities of Grobank which was subsequently acquired by Access Bank Plc on 3 May 2021. At the time of publishing this report, Grobank had been rebranded to Access Bank South Africa Limited and going forward will report as a subsidiary of Access Bank Plc.

Targeted readers

This report contains information relevant to all our current and potential stakeholders including regulators, investors, customers, employees, government, and society. We welcome feedback on the content which may be provided directly to info@grobank.co.za.

Reporting guidelines

This report was prepared with consideration of certain Global Reporting Initiative (GRI) standards. Further, the financial information herein was prepared in accordance with the International Financial Reporting Standards (IFRS) and our reporting aligned with the Companies Act, 71 of 2008 and the Banks Act, 94 of 1990, including the Bank Regulations.

Materiality

We define material matters as issues, opportunities and challenges which have the potential to affect our ability to create and sustain value for our stakeholders. The material matters are identified through a combination of Board, management and stakeholder inputs and influence our strategy and the content of this report.

Forward-looking statements

Certain statements in this report on our financial performance, operations and strategy may be considered as forward-looking statements or forecasts. These statements entail risk and uncertainty as they depend on events and circumstances that might occur in the future, and which may cause the actual results to differ substantially from those implied or expressed by the forward-looking statements. As our auditors have not reviewed these statements, they will not be updated following the publication of this report.

Combined assurance and independent assessment

We used a coordinated combined assurance process to assess and assure various aspects of the business operations, including elements of external reporting. Internal assurances were obtained from management and the Board. Our annual financial statements were externally assured by Deloitte.

Responsibility for this report

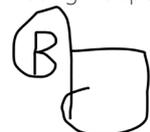
As the Board of Access Bank South Africa, we acknowledge our responsibility to ensure the integrity of the 2020 annual report. We believe that this report addresses all the issues that are material to our ability to create value. We have applied our collective minds to the preparation and presentation of information in this report.

Signed:



Patrick Mathidi

Acting Independent Non-Executive Chairman



Bennie van Rooy

Chief Executive Officer

Chairman's Statement

The devastating economic and social disruption caused by the Covid-19 pandemic during 2020 and which is ongoing in 2021 has brought about unforeseen challenges to the world. Restrictive measures taken during hard lockdown to contain the spread of the virus at local level showed materially differing responses and effects on society and business. Families worldwide suffered loss of relatives as well as jobs and income, as unemployment soared across major economies. Furthermore, physical, and social distancing often resulted in mental symptoms such as anxiety and depression, while employees had to contend with the challenges of working from home.

Locally, we had to adapt quickly to the new socially distanced working regime to keep employees and customers safe. We used technology to maintain close contact with our customers during lockdown and virtual board and other meetings became the norm. A small number of our employees and their families were infected by the virus, but suffered no fatalities for which we are extremely grateful.

Covid-19 and the subsequent economic lockdown had a significant impact on the activities of Access Bank SA as customers in certain business segments struggled to repay loans. To support these customers, the Bank granted 4-month capital and interest moratoriums to 520 loans (41% of total loans) with a total loan value of R806 million (47% of total loan value). National Treasury and SARB did not include the Bank in the national Covid loan guarantee scheme, as a result we had to carry the subsequent risk of loss of interest and fee income directly. We are pleased though to report that most of these customers have recovered and are now up to date with payments. In an effort to support the economy, the SARB'S 75 basis point reduction in the repo rate narrowed the Bank's interest rate margin and thus further reduced income during the year.

Due to the reduction of income as a result of the pandemic, the Bank focused on cost containment and managed expenses very carefully. The Board, Executives and staff were required to take a 15% - 20% fee and salary sacrifice and a Section 189 restructuring process was undertaken

in collaboration with SASBO and the CCMA to right-size the business for the unfolding reality brought about by the pandemic.

We are delighted to report that no forced retrenchments were required, as a number of employees opted for voluntary retrenchments and early retirement options. The process resulted in a reduction in the total number of employees from 220 in September 2020 to 162 by November 2020. We have entered into an agreement with the union that employees who took voluntary retrenchment packages would be considered for any new positions that they qualify for, aligned to their skills for a 12-month period.

Going forward we expect economic conditions to improve with certain sectors experiencing a stronger recovery over the short term. Strong commodity prices would improve conditions in the associated value-chains and good harvest prospects should buoy the agricultural sector. Furthermore, consumers who have deferred spending decisions pending more certainty on the economic outlook are expected to resume spending. Many supply chains that were previously driven by imports suffered severe disruptions during the pandemic. Companies turned to local manufacturers which may also create favourable conditions in certain manufacturing segments.

Shareholder changes

The shareholders that acquired the then Bank of Athens in 2018 re-evaluated their investment in Grobank during 2020, based on each party's new priorities imposed by the pandemic, and decided to invite a new controlling shareholder in Access Bank plc. This strategic change in shareholding resulted in a number of projects being refocussed with significant once-off costs incurred by the organisation, including abandoning a planned move to Centurion and the purchase of GroCapital Financial Services from Afgri.

We are pleased once again to advise that on 3 May 2021 Access Bank Plc acquired a majority stake and the Bank will operate as a subsidiary of the larger Group which currently has operations in twelve countries worldwide. Access Bank

Plc is an African bank with a global presence and will enable us to provide a much wider range of financial services to our South African customers while establishing a home away from home for African expatriates. The strategic benefits far exceed the initial costs, and as the board we look forward to integrating the operations and practices of the former Grobank into Access Bank Plc as we seek to create greater value for all stakeholders. This transaction has definitely brought about much needed relief and certainty to our stakeholders.

Ethics and governance

Access Bank SA is committed to integrity and ethical behaviour when conducting business. The Board of Directors endorses this commitment, which is based on a fundamental belief that business should be conducted honestly, fairly and legally. The Board holds management accountable to ensure this commitment manifests throughout the organisation and expects that all employees share its commitment to high moral, legal and ethical standards.

The Board of Directors approved the new Code of Ethics and Conduct (the Code) policy which appeals to all employees to embrace ethical conduct and to entrench such conduct as a way of living. The Code establishes and clarifies the rules that govern the business and ethical conduct of members of the Board and reflects their commitment to the Bank's core values.

The new Code is a consolidation of the Ethics Policy; Code of Business Conduct, Gifts and Hospitality Policy and Outside Business Interest Policy. It is applicable to all employees and directors as well as contract labour, consultants, temporary employees, part time employees, casual employees, occasional employees, customers, suppliers and others acting on behalf of, or dealing with Access Bank. The Board, supported by the Social, Ethics and Transformation Committee, ensures that management embeds the Code of Ethics and Conduct Policy throughout the organisation.

Appreciation

The Board focused on supporting management during this extremely trying period and regularly engaged with stakeholders, especially the Prudential Authority and external auditor. I would like to thank my predecessor, Mr Pankaj Ranchod, for his dedicated service spanning almost a decade, and bid a hearty farewell to retired board member Mr Jawaid Mirza, whilst extending a warm welcome to new independent members Mr Nhlanhla Nene, Mr Phakamani Hadebe and Ms Alison Beck.

Subsequent to year end and in anticipation of the successful conclusion of the Access Bank plc transaction, the Board also welcomed Access Bank plc representatives Mr Roosevelt Ogbonna, Mr Robert Giles, Mr Chuma Ajene and Ms Barbara Barungi. I look forward to constructive engagement from the new members and their contribution to the collective wisdom of the Board.

Finally, I would like to thank my fellow board members for their devoted service in 2020 which required intense engagement and combined wisdom. The Executive team under the leadership of Bennie van Rooy has provided exemplary service to the Board and displayed immense dedication to the Bank as they navigated a challenging year.



Patrick Mathidi

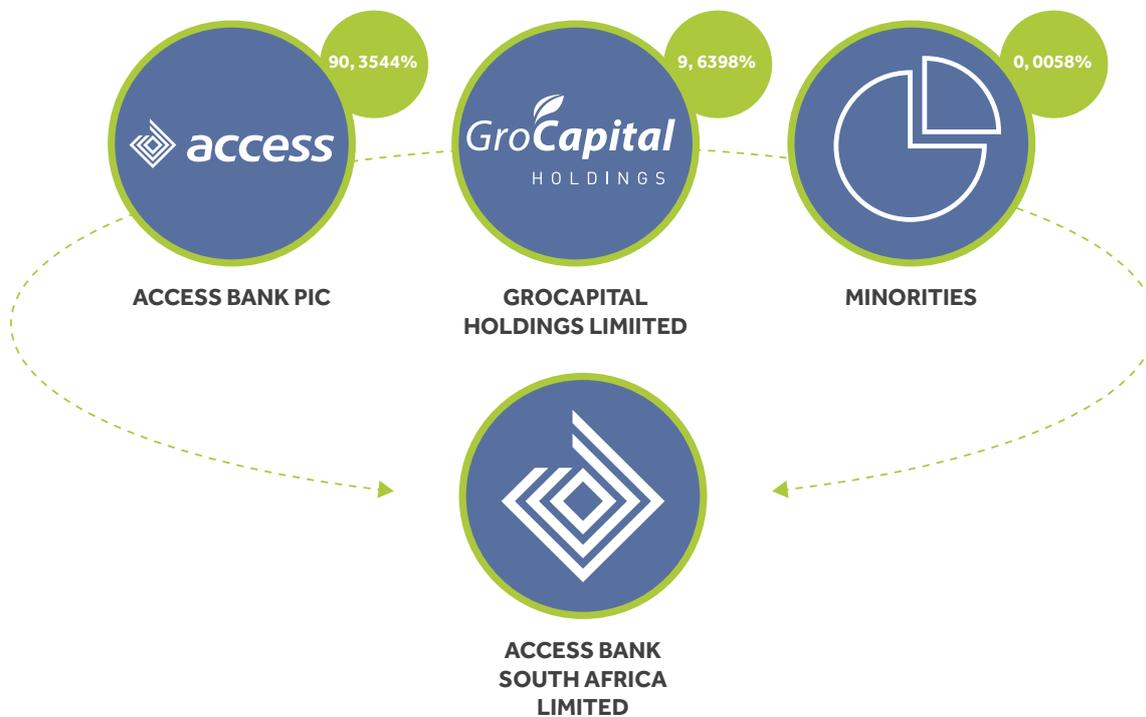
Acting Independent Non-Executive Chairman

Who we are

Access Bank SA is proud of its history in South Africa of more than 70 years. Established in 1947 as the South African Bank of Athens, the Bank is now starting a new chapter as subsidiary of the Access Bank Group, a global banking group with its roots firmly in Africa. Access Bank SA continues as a private company and remains resolute to maintain our community bank ethos. We remain committed to our loyal customers who have supported us over the past seven decades and pledge to provide a home to new customers. While we continue to champion and grow with our broader business banking customers, building partnerships through

our alliance banking capability, we will also expand our focus to develop our retail and corporate business capabilities.

We are a proudly South African bank with our head office in Sandton and a direct presence through three suites across the country. Our alliance partners allow us to expand our footprint and provide us with the ability to provide services in many more locations. Our customers currently also have access to the full Absa network for certain cash transactions. During 2021 we will open our first retail branches in South Africa.

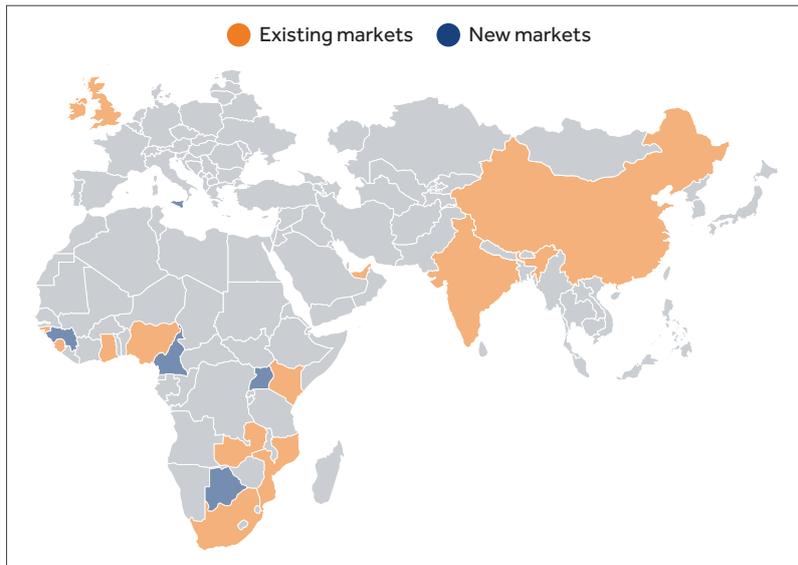


Our current product range (to be expanded in 2021 to cater for corporate and retail customers)

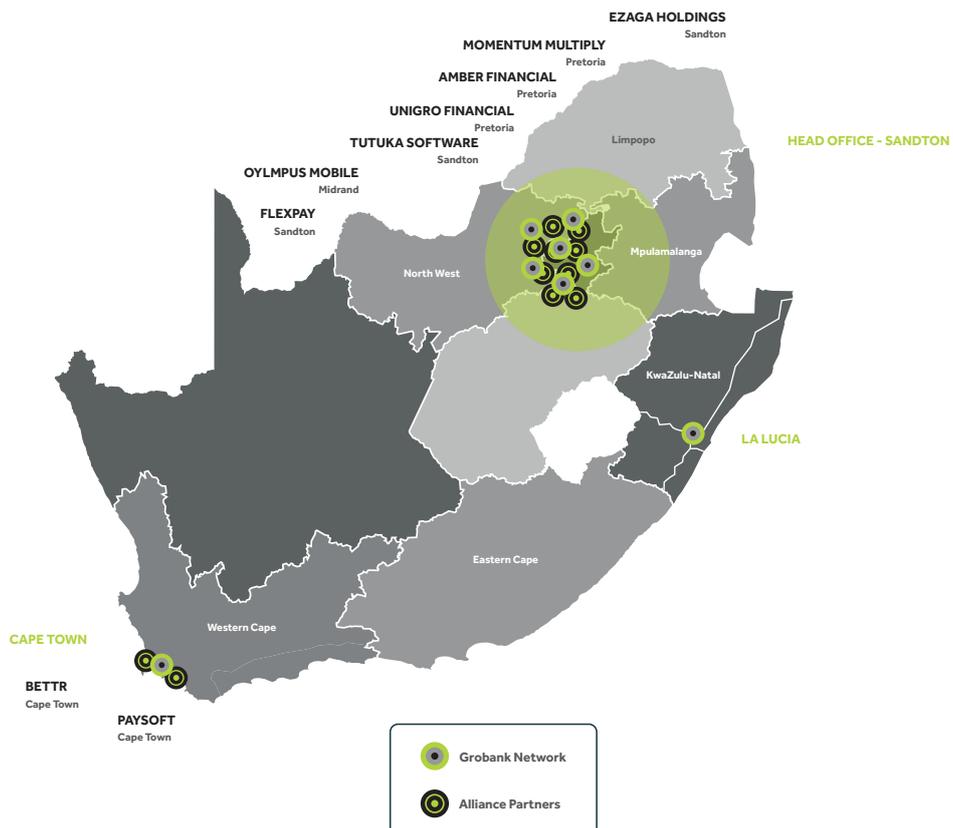
Business and Personal Bank customer base	Financing	Deposit and investing	Foreign exchange	Other services
We provide business and personal financial products to approximately 3 600 customers operating in various sectors including agriculture, financial services, manufacturing, retail, transport and construction	<ul style="list-style-type: none"> • Overdraft facilities • Asset finance • Property loans • Commercial loans • Home loans • Leasing • Letters of guarantee 	<ul style="list-style-type: none"> • Current accounts • Savings accounts • Call deposit accounts • Notice deposit accounts • Fixed deposit accounts 	<ul style="list-style-type: none"> • Documentary letters of credit • Foreign bills for collection • Overseas remittance • Customer foreign currency accounts • Foreign currency accounts • Bills / cheques negotiated 	<ul style="list-style-type: none"> • Cash handling solutions • Electronic banking solutions • ATM / Debit cards • Cheque book facilities • Bulk Payment Services

As a member of the Access Bank Group, we are now part of a global banking group with a specific focus on the African continent and is now able to offer customers access to a wider selection of financial services across the world.

Access Bank Plc is located in the following countries:



In South Africa, we are represented in the following locations:



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



Excellence

- Surpassing ordinary standard to be the best in all that we do
- Setting the standard for what it means to be exceptional
- Our approach is not that of excellence at all costs-it is excellence on all fronts, to deliver outcomes that are economically, environmentally and socially responsible



Innovation

- Pioneering new ways of doing things, new products and services, new approaches to customers
- Being first testing the waters and pushing boundaries
- Anticipating and responding quickly to market needs with the right technology, products and services to achieve customer objectives



Leadership

- Leading by example, leading with courage
- Being first, being the best and sometimes being the only
- Challenging the status quo



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 our interactions with our stakeholders
- Setting the highest standard in our work ethics, behaviours, activities and in the way we treat our customer and, just as importantly, one another



Passion for customers

- Doing more than merely delivering excellent customer service
- Helping people to clearly understand how our products and services work
- Treating customers fairly, building long-term relationships based on trust, fairness and transparency



Empowered employees

- Based on shared values and vision
- Developing our people to become world-class professionals
- Encouraging a sense of ownership at individual levels whilst fostering team spirit and commitment to a shared vision



Stakeholder Engagement

At Access Bank SA we believe in the power of partnerships and aim to build collaborative partnerships with our many stakeholders. We have not followed a formal process to identify our main stakeholders for this report, but management and the Board reviewed our stakeholder identification process. There were no specific stakeholder engagements to support the preparation of this report, but inputs received during the year were considered.

Main stakeholders	Engagement with stakeholders through various forums	Stakeholder concerns	Our response	Related material matters
<p>Our customers include businesses and individuals that require financial products and services</p>	<p>We believe in the value of relationships and we engage customers directly at an individual level</p> <p>Due to the Covid-19 pandemic, we undertook many customer engagements virtually, but resumed personal customer visits where possible during the second half of year</p>	<ul style="list-style-type: none"> Improved digital banking offering required Responsible conduct and reliability of services Maintaining community spirit and relationship banking culture in new brand Provide loans for business and personal purposes when required 	<ul style="list-style-type: none"> We have expanded our product development capacity and we are upgrading our core banking system to improve our digital capabilities We emphasise the importance of partnerships and relationship building in our brand and corporate culture activities 	<ul style="list-style-type: none"> Financial sustainability Technological advancement
<p>Our alliance partners provide bespoke financial and payment solutions to individuals and business using our banking infrastructure</p>	<p>We have daily operational engagements as well as quarterly MANCOs with each of our alliance partners</p>	<ul style="list-style-type: none"> Improved technological capabilities and expanded product range 	<ul style="list-style-type: none"> We have expanded our product development capacity and we are upgrading our core banking system to improve our digital capabilities We are diligently documenting lessons learned and identifying processes to improve our service to these customers 	<ul style="list-style-type: none"> Financial sustainability Technological advancement
<p>Our regulators include:</p> <ul style="list-style-type: none"> Prudential Authority Financial Intelligence Centre National Credit Regulator Financial Sector Conduct Authority 	<p>We have regular formal engagements with our regulators through bilateral meetings and regular reporting</p>	<ul style="list-style-type: none"> Capacity to enforce regulations and comply with applicable legislation Sufficient capital to continue business and provide financial services to customers 	<ul style="list-style-type: none"> Due to the shareholder transaction, we had weekly meetings with the Prudential Authority to manage the application process 	<ul style="list-style-type: none"> Risk and conduct management Financial sustainability
<p>Our shareholders during 2020 were Fairfax Africa Investments (Pty) Ltd, Afgri Group Holdings and the Government Employees Pension Fund, represented through GroCapital Holdings.</p> <p>Our new shareholder from 3 May 2021 is Access Bank Plc</p>	<p>Over and the above our AGM, our shareholders have a representative on our Board. In addition, we have regular meetings with the various shareholders on an ad hoc basis as determined by circumstances</p>	<ul style="list-style-type: none"> Commitment to financial targets and strategic objectives over the short- and medium-term Improved financial performance to generate sustainable returns Ability to execute on large number of strategic initiatives 	<ul style="list-style-type: none"> Once the original shareholders indicated their wish to exit their investment, we assisted in the due diligence and regulatory processes to enable a new shareholder to acquire the Bank 	<ul style="list-style-type: none"> Financial sustainability Risk and conduct management Technological advancement

Main stakeholders	Engagement with stakeholders through various forums	Stakeholder concerns	Our response	Related material matters
<p>Our investors include institutional and multilateral organisations as well as individual depositors</p>	<p>Institutional investors are engaged through semi-annual roadshows. Multilateral investors are engaged formally on a quarterly basis. In addition, depositors and investors are engaged on an ad hoc basis</p>	<ul style="list-style-type: none"> Improved financial performance to generate sustainable returns Capacity to enforce regulations and comply with applicable legislation Lack of focus on environmental and social matters 	<ul style="list-style-type: none"> We have identified potential investors who are attracted to our vision 	<ul style="list-style-type: none"> Financial sustainability Risk and conduct management
<p>Our employees as at 31 December 2020 (2019) were composed of:</p> <ul style="list-style-type: none"> Top/senior management: 27 (28) Middle management: 60 (71) Junior management/skilled: 44 (55) Semi-skilled: 20 (32) Unskilled: 7 (12) 		<ul style="list-style-type: none"> Improved financial performance to ensure adequate compensation Large number of strategic and operational changes which creates short-term uncertainty Ability of the Bank to provide job security 	<ul style="list-style-type: none"> We had to introduce salary cuts due to the impact of the Covid-19 to manage our costs We executed both section 189 and 196 processes which resulted in a number of employees seeking voluntary retrenchment packages or being transferred between employers We approved retention strategies for executive and certain senior management members 	<ul style="list-style-type: none"> Financial sustainability Employee development
<p>Society consists of a wide array of organisations, groups and associations that are impacted by our activities and have legitimate expectations of our conduct</p>	<p>We mainly engaged with society through our CSI programme in 2020</p>	<ul style="list-style-type: none"> Improved financial performance to generate sustainable returns that allows Access Bank SA to contribute to the wider society 	<ul style="list-style-type: none"> We supported Lemang Agricultural Services to upgrade the water supply and irrigation at their Vastfontein Training Centre which provides agricultural skills training to smallholder farmers We also made a donation to Farmers Assistant to enable them to supply smallholder farmers with masks and sanitizer for their farming operations The Bank collaborated with a customer who owns a Spar Franchise to provide food packages during the Covid-19 epidemic 	<ul style="list-style-type: none"> Financial sustainability Risk and conduct management
<p>Industry organisations where we are members include:</p> <ul style="list-style-type: none"> AgBiz Banking Association of South Africa National Small Business Council Payments Association of South Africa 	<p>We engage with various industry organisations through our role as members of these bodies</p>	<ul style="list-style-type: none"> Collaboration on matters that affect the financial and business sector 	<ul style="list-style-type: none"> We engaged broadly through forums provided by the bodies to discuss matters of interest 	<ul style="list-style-type: none"> Risk and conduct management

Main stakeholders	Engagement with stakeholders through various forums	Stakeholder concerns	Our response	Related material matters
Our employees are represented by the finance labour union , SASBO	We consult on a quarterly and ad hoc basis on relevant matters	<ul style="list-style-type: none"> • Decent and transparent treatment of employees • Fair remuneration 	<ul style="list-style-type: none"> • Continuous consultation especially during the section 189 and 196 processes where we received substantial support from SASBO 	<ul style="list-style-type: none"> • Financial sustainability • Employee development
Our suppliers enable us to do our work and provide financial services and products to our customers	Our suppliers include those who provide goods like our office space, stationery and cleaning materials as well as payment service providers like VISA and BankServ. We use providers of IT services and professional services such as our auditors and have ad hoc engagement with our suppliers of which the majority are based in South Africa	<ul style="list-style-type: none"> • Fair procurement terms and conditions • Prompt payments 	<ul style="list-style-type: none"> • We are committed to honour payments within 30 days of receipt of an accurate invoice • All suppliers are approved by the Procurement Committee that provide oversight during the selection process 	<ul style="list-style-type: none"> • Financial sustainability



Our Material Matters

Our material matters are those issues that will have the most significant impact on our ability to create value over the short-, medium- and long-term. We did not follow a formal process to identify material matters this year, but used an informal process taking into consideration the inputs of our Board, management, alliance partners, investors and customers. The Board considered and approved the disclosed material matters.



Material Matters

Material matter	Impact on our ability to create value	Stakeholder	Capital impacted	Our response
Financial sustainability and availability of capital	Our ability to serve our customers and provide adequate returns to shareholders and investors depend on our profitability and potential to raise capital and funding, required to support loan book growth and thus interest and non-interest income to fund operations	<ul style="list-style-type: none"> • Regulators • Shareholders • Customers • Alliance partners • Investors • Employees • Society • Labour Union • Suppliers 	<ul style="list-style-type: none"> • Financial capital 	We engaged with potential new shareholders and actively participated in the due diligence process to approve a new shareholder. We constantly met with existing investors to inform them of the financial situation of the Bank. Costs are managed meticulously to contain operational expenses. This included implementing salary cuts across the organisation in 2020.
Technological advancement	Our current core banking system limits the range and type of products that we can provide and is expensive to maintain Under-investment in other systems could create risk in terms of compliance and risk management and require updating or replacing	<ul style="list-style-type: none"> • Regulators • Customers • Alliance partners 	<ul style="list-style-type: none"> • Manufactured capital • Human capital 	We are in the process of upgrading our core banking system capabilities which will allow us to provide new digital solutions to our customers. We are also introducing a value proposition aligned to our pan-African strategy.
Employee development	Many key skills and capabilities required to deliver our strategy are not available, therefore existing employees must be developed and new staff hired However, the combined impact of Covid-19 and loss of shareholder appetite forced us to undertake a section 189 restructure with a consequent loss of employees and no new recruitment	<ul style="list-style-type: none"> • Employees • Customers 	<ul style="list-style-type: none"> • Human capital 	We introduced an expanded training offering through our updated employee value proposition to encourage staff to upskill.
Brand development and awareness	We are changing the brand for the second time since 2018 which may confuse customers. The previous brand gained significant traction in the food value chain which must now be expanded to include more sectors. The South African banking industry is extremely competitive and it will therefore be challenging to launch a new brand within this space	<ul style="list-style-type: none"> • Regulators • Shareholders • Customers • Alliance partners • Investors • Employees • Society • Labour Union • Suppliers 	<ul style="list-style-type: none"> • Human capital • Intellectual capital 	We limited exposure of the existing brand during the second half of 2020 in preparation of a potential rebrand in 2021.
Risk and conduct management	Limited risk and compliance processes and procedures exposes the Bank to non-compliance and sanctions from regulators	<ul style="list-style-type: none"> • Regulators • Shareholders • Investors 	<ul style="list-style-type: none"> • Human capital • Intellectual capital 	We are reviewing our risk and compliance frameworks and recruited skilled staff who can transfer their skills to improve the Bank's practices.
Corporate Governance	Insufficient attention to corporate governance will dissuade investors to consider the Bank as a viable investment opportunity and thus reduce available funding for expansion	<ul style="list-style-type: none"> • Regulators • Shareholders • Investors 	<ul style="list-style-type: none"> • Human capital • Intellectual capital 	The Board recruited number of new, highly qualified directors to improve corporate governance and oversight.

Trade-offs	Associated risk	Opportunities identified
<p>We have decided to forego short-term profit to invest in technology and human capability aligned to achievement of the Bank's long-term strategy</p>	<ul style="list-style-type: none"> • Country • Liquidity • Credit • Interest rate • Foreign exchange 	<p>Our Alliance Banking is fees-based and does not require significant amounts of capital to be invested</p> <p>As a subsidiary of a pan-African banking group, we are able to offer specific financial services to businesses trading across the continent and the African migrant population in South Africa</p>
<p>We are limiting customisation on our core banking system upgrade in the short-term to allow for rapid implementation</p>	<ul style="list-style-type: none"> • Operational • Human capital • Information technology • Project 	<p>Enhancing and implementing a well-known, internationally used core banking system provides us with access to a range of existing solutions and products for our customers</p>
<p>Due to financial constraints we are unable to procure all the skills and capabilities required over the short-term, which will limit our execution capability in some projects</p>	<ul style="list-style-type: none"> • Human capital 	<p>Many of the large banks are reducing staff which allows Access Bank Sa to recruit talented individuals with extensive banking experience in this period</p> <p>Being part of a larger banking Group, allows us to leverage skills and capability elsewhere in the Group and thus allow us to provide services even though local capacity is unavailable</p>
<p>Limited financial resources require that the brand re-launch be done in a very targeted and cost-effective manner</p>	<ul style="list-style-type: none"> • Human capital • Operational • Strategic 	<p>The brand is recognised by many expatriates from other parts of Africa</p> <p>It is a genuine African brand developed on the continent with a focus on trade finance</p>
<p>With our limited availability of financial and human resources we must prioritise implementing all the identified risk and compliance projects.</p>	<ul style="list-style-type: none"> • Human capital • Operational • Strategic • Compliance 	<p>Improved systems will allow the Bank to implement effective risk and compliance measures in accordance to best practice</p>
<p>To ensure continuity of the Board, some members remained for a period, despite the consequent reduction of a number of independent directors</p>	<ul style="list-style-type: none"> • Strategic 	<p>The new Board will focus on integrating the Bank into the wider Group and be able to focus on new strategic priorities beyond financial sustainability</p>

Strategy update from the CEO

Joining Access Bank SA as CEO in July 2019 has been both a privilege and an enormous responsibility. To lead any organisation is a privilege, but to lead an organisation at such a difficult time in its history is indeed a challenge as we seek to integrate a 70-year-old bank into a larger banking group.

Background

From its inception in 1947 to 2010, the South African Bank of Athens traded as a community bank that serviced mainly the Greek expat community. In 2010 its focus shifted to trading as a business bank specifically aimed at the small and medium enterprise market.

In December 2016, a transaction was concluded where a consortium consisting of Afgri, Fairfax Africa Investments (Pty) Ltd and the PIC/GEPF acquired all the shares of the South African Bank of Athens. After obtaining all the regulatory approvals, the deal was concluded in October 2018.

The shareholders' vision required the Bank to realign its strategy to concentrate on the food and agribusiness markets in South Africa, from farm through to food retail. This strategy was built on the business banking expertise of the Bank and the recruitment of new skills and capacity into the business. In April 2019 the Bank re-branded itself and re-launched as Grobank, and I joined as CEO in July 2019.

Grobank's then new shareholders envisaged a specialised bank aimed at supporting the food value chain and capitalising on its alliance banking capabilities. However, they faced financial losses of approximately R4 million per month; a lack of third-party funding and presence in the Capital and Debt Markets, which limited access to liquidity; missing key capabilities in products, systems, digitalisation and support functions to deliver the new strategy; insufficient executive and senior management capacity to manage growth and ensure sustainability; and a mismatch in timing between costs required to address these challenges and expected revenue.

Upon my arrival in July 2019, I found that the shareholders had taken certain decisions to address the situation including acquiring agricultural skills for Grobank to provide business banking services to primary and secondary agricultural enterprises. A proposal was submitted to the Prudential Authority to acquire two operating units of Afgri Group Holdings in this regard. Further, the decision to relocate the Bank's head office from Sandton to Centurion was finalised and construction commenced. In addition, a decision had been made to upgrade the IT systems and various options were being interrogated. These actions implied significant operational and capital costs while receiving no income at the same time, thus resulting in an increase in the financial losses during the next 18 months.

This situation was exacerbated by an increase in Access Bank SA's cost of funds as well as impairments, which increased the financial losses to R7.0 million per month with a likely increase.

During 2019 we developed a strategy and specific action plans to address these issues. However, before the strategy could be finalised and implemented, the shareholders lost their appetite to own a South African bank focused on the food value chain and decided not to provide further capital support to Grobank in early 2020. The shareholder then embarked on a process to identify potential buyers for the banking license which culminated in their acceptance of an offer by Access Bank Plc in September 2020.

Regulatory approval for the transaction was received in March 2021 and the Grobank name will cease to exist in June 2021 as the Bank becomes a subsidiary of Access Bank Plc.

Strategic intent

The relationship with the larger banking group creates a number of opportunities with a revised strategy. Our ambition is to build a profitable bank that values our stakeholders and upholds environmental and social stewardship to ensure sustained shareholder value over the long term. During Q2 2021, we defined Access Bank strategic objective as becoming the leading Tier 2 bank in South Africa.

We will expand and create the following capabilities as part of our strategy:

Expand		
<p>Alliance Banking</p> <ul style="list-style-type: none"> • Develop highly customisable banking solutions for corporates requiring financial services to complement offerings • Provide open eco-system to facilitate fintech, payment streams, new technologies and interconnected products • Enable outsourced financing and banking platforms and capacity • Become a centre of excellence within the Group to co-create solutions across the continent 	<p>Commercial and Business Banking</p> <ul style="list-style-type: none"> • Deliver banking services mainly to businesses, including farmers, with turnover of between R5m and R1 billion • Focus on the cornerstones of business banking: transactional banking, lending and deposit-taking 	<p>Treasury and FX</p> <ul style="list-style-type: none"> • Provide comprehensive treasury and global transactional service to enable customers' international transactions • Create a fixed income desk to participate in the local bond market and expand the financial instruments available to our customers to manage risk • Offer correspondent banking services to the subsidiaries in the Group as well as other non-South African banks in the SADC and COMESA regions
Create		
<p>Corporate Banking</p> <ul style="list-style-type: none"> • Establish a corporate banking capability to offer structured debt and working capital solutions with a specific focus on corporates operating within the Group • Develop a public sector offering to service transactional opportunities in the value chain 	<p>Personal Banking</p> <ul style="list-style-type: none"> • Develop retail banking offerings primarily targeted towards personal and private market customers • Broaden retail deposit gathering to support lower funding costs • Enable payment solutions across traditional payment types, non-traditional payments, and a range of value-added services • Deliver retail banking services, focused on specific communities which include micro entrepreneurs 	<p>Trade Finance</p> <ul style="list-style-type: none"> • Establish a trade finance capability to offer products and solutions with a specific focus on corporates operating within the Group • Provide solutions to SA Corporate entities importing from and exporting commodities to the rest of the continent

Brand positioning

During 2021, we will introduce the Access Bank brand to South Africa. This is already a well-known banking brand in West and Central Africa, and we will leverage the existing associations with the brand. The brand launch is planned for June 2021 and will be accompanied by exposure in various media. We will be opening retail branches in addition to our existing business suites to establish the physical presence of the new brand.

Technology

We regard technology as an important enabler of our business that allows us to provide bespoke solutions to our customers,

manage our business processes efficiently, analyse and apply organisational data optimally and monitor the effectiveness of our activities. Following a decade of limited investments in technology, we reviewed our information technology landscape in 2019 and prioritised areas that will form the foundation of our future technology offerings. We identified the need to upgrade our core banking system to provide a much better experience to our customers and expand our product range as a major investment area.

In preparing for future growth we have and will continue to automate as many of the back-office functions as possible. We have invested in tools to perform automatic reconciliations, as well as in a data governance toolset to support the on-going compliance requirements. In order

to maintain our position as leading provider of specialised alliance banking services, we have to continue our investment in various technologies to expand our solutions to these partners. Expanding our alliance partner base required us to develop particular technical solutions for these new customers and we launched our first robot to automate certain transactions.

We will be transitioning to the Access Bank Plc group-wide technology systems and solutions during 2021, which will provide us with a dynamic technology platform and enable us to launch a range of new digital services to our customers and support our strategic ambitions.

Human capital

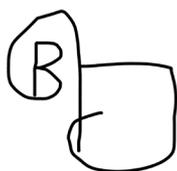
We believe that a diverse, motivated and capable cohort of employees enables us to execute our strategy and deliver long-term value to all our stakeholders. We were confronted with a tough decision during 2020 to reduce our workforce. Further, we reduced salaries to contain costs and ensure the future sustainability of the Bank. However, we still reviewed and enhanced our employee value proposition and specifically introduced improvements related to our provident fund benefits including increased life assurance and disability benefits as well as spousal life cover. The integration process with Access Bank Plc will require a review of all our related policies to transition to the Group systems and culture.

Stewardship

I believe that an organisation must act in an ethical manner and am personally committed to further develop and reinforce the Bank's approach to ethics in the years to come.

The Access Bank Group is focused on providing banking services in a sustainable manner and this will be a key priority for Access Bank South Africa. Although our local processes are in their infancy, we have set a clear objective and our participation in Group projects and reporting will enable us to provide disclosure and transparency of our stated objectives.

Signed:



Bennie van Rooy
Chief Executive Officer

In 2020 we partnered with our client to provide food parcels during the pandemic.



Jennifer Farinha, Sutherland SuperSpar

With Grobank having been Bank of Athens for over 70 years, Jennifer Farinha says it has been a part of her family "for as long as I can remember".

"I was a child when my parents were banking with the Bank of Athens and I had a student job on Saturdays with the bank while in school and university. My parents have been clients for the last 30 years and have often said that much of our business success can be attributed to banking with a bank that has backed and supported all our business endeavours."

Jennifer notes that Grobank has really taken care of the family's businesses and property portfolio and been a great support during the Covid-19 outbreak. "Grobank called us immediately after the government announced that the lockdown would be enforced, and asked if we needed anything like payment relief on our commercial loan. Thankfully, to date we haven't needed it, but it's wonderful to know that our bank is there for us should the need arise."

Future strategy

Our immediate focus is on implementing ten turnaround initiatives to drive growth and achieve our objectives of a profitable institution. This transformation agenda is set out below:

A	Assemble a credible management team of high calibre to execute strategy	Reposition the institution's market through creative brand management, investment in technology and an excellent relationship with stakeholders	Ensure market dominance by playing to our strengths and identifying those opportunities not serviced by competitors in Commercial and Corporate Banking and Structured Trade Finance	Develop Alliance Banking into a partnership-driven, digitally led ecosystem as a stand-alone business	Build a strong digitally led retail franchise by leveraging opportunities not serviced by opponents and supplemented by inorganic growth	Offer correspondent banking services to all non-SA banks in the SADC and COMESA regions by capitalizing on lessons from Access UK	Establish a technology landscape to drive a cost-effective digital strategy and ensure process optimisation as well as a world-class digital experience for all our customers; Be the centre of excellence for Alliance Banking and associated technology	Support the growth agenda with best-in-class talent and capabilities, and infuse the Access culture of excellence founded on professionalism and relentless focus on execution	Manage the balance sheet, equity capital and debt funding firmly, with high-level efficiency, pricing optimisation and flexibility, and leverage existing strong relationships with DFIs and asset managers	maintain strict risk management and compliance practices, and focus on sustainability in line with the Group's leadership position
B										
C										
D										
E										
F										
G										
H										
I										
J										

Financial sustainability and capital availability

Our approach

Since the 2012 financial crisis in Greece, the Bank had failed to secure the necessary shareholder support to raise sufficient equity to expand its operations and turn the business around into a profitable institution. The Bank continued to incur losses, notwithstanding the extensive focus on cost containment. This was mainly due to an inability to grow its revenue base.

The outbreak of COVID-19 at the beginning of 2020 contributed to further financial losses as we supported nearly half of our clients who were affected by the lockdown by means of a four-month capital and interest moratorium. In order to limit our financial losses, various cost-cutting measures were introduced including decreasing salaries of

employees by between 15% and 20% and reducing head count by processes under section 189 and 197.

Despite the above, we are determined to return to profitability and provide long-term value to our shareholders over the medium term. However, in conjunction with our new controlling shareholder we undertook key investments in technology and human capital together with certain non-recurring expenses, which are expected to result in financial losses until 2021. We expect to break even and turn profitable in 2022, excluding special charges related to the shareholder transaction and become sustainably profitable thereafter. Details of the financial information are contained in the 2020 Financial Statements.

Extract of the Balance Sheet at 31 December (Rand'000)

	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
	R'000	R'000	R'000	R'000	R'000	R'000
Net loans and advances	1 943 652	2 022 809	1 765 003	1 772 553	1 734 771	1 791 733
Cash equivalents, Treasury Bills and Bonds	818 158	1 037 665	1 422 316	436 479	409 587	550 612
Total assets	2 939 231	3 238 353	3 321 527	2 354 763	2 265 461	2 509 951
Equity	175 645	398 238	293 030	276 435	267 193	257 080
Funding and deposits	2 763 586	2 705 571	2 967 007	2 078 328	1 943 567	2 216 969
Total equity and liabilities	2 939 231	3 238 353	3 321 528	2 354 763	2 265 461	2 509 951

Extract of income statement (Rand '000)

	2020	2019	2018	2017	2016	2015
	R'000	R'000	R'000	R'000	R'000	R'000
Net interest	96 147	90 536	79 992	88 598	86 422	89 588
Non-interest income (including other income)	97 254	66 970	53 103	60 856	53 389	54 119
Operating costs (including loss on disposal of assets)	(476 423)	(236 479)	(186 957)	(163 093)	(150 842)	(137 637)
Impairments	(71 108)	(14 106)	5 575	(11 181)	(18 325)	(32 639)
Operating loss before adjustments for revaluations	(354 130)	(93 079)	(48 287)	(24 820)	(29 356)	(26 569)
Net Interest margin	3.14%	3.79%	3.42%	3.95%	3.93%	3.45%

Gross loan book

We use our financial capital to provide loans to our corporate, commercial and personal banking clients. This enables investment in their business operations and livelihoods, thus earning income and creating employment opportunities.

Gross loans remained flat at R2.0 billion as little lending was done due to the need to preserve our capital base. Our loan book remains well diversified from both a product mix as well as sectoral perspective.

Interest income

We earn interest on the loans that we extend to our clients. A significant portion of our income is derived from the interest we earn on the monies extended to our clients through lending activities, as well as interest earned on HQLA balances.

During 2020, our interest income grew by R6 million despite the four-month interest moratoriums provided to clients.

Interest expenses

We have a variety of depositors and lenders who expect a fair return on their funding.

For the year under review interest expenses marginally decreased by R40 million from R144.3 million (2019) to R104.7 million. This is as a result of deposits decreasing by R200 million as clients relied on liquid investments to manage the decrease in income due to lockdown.

In 2020 Access Bank SA concluded its bilateral inaugural funding agreement with Norsad which diversified our funding base to include an institutional funder. Moreover, we aim to widen our funder base by issuing listed bonds and strengthening further relationships with multilateral funders.

Non-interest income

We earn various fees for the services that we provide. These include foreign exchange gains in respect of our foreign exchange service offering.

Our Alliance Banking business is the main source of fees, while our Business Banking customers drive foreign exchange activities. The strengthening of the Rand in the latter part of the year reduced the demand to hedge foreign exchange risk by exporters, but non-interest income from foreign exchange still increased by R3 million during the year.

For 2019 non-interest income increased by R30 million, with fee income and profits on the sale of government bonds contributing R20.0 million and R10 million respectively.

Impairments and non-performing loans

As a Bank it is often inevitable that some clients are unable to repay our loans and the impact of the lockdowns in 2020 due to Covid-19 is reflected in the increase in impairments.

For 2020, non-performing loans increased from R121 million to R222 million (5.9% to 10.8%) as expected credit losses increased by R73.8 million (181%) from the previous year. This is a consequence of an increase in specific and general provisions. Specific provisions relate to loans classified as non-performing loans, as well as a deterioration in collateral value due to difficult economic conditions which affect the market value of assets. General provisions decreased in line with reduced loan book growth. The increase in specific impairments and non-performing loans were mainly driven by defaults on two specific group loans, resulting a R50m impairment increase.

Operating expenses

Operational expenses have increased by R61.3 million (57%) from the previous year, with the largest increases attributable to staff costs (R65.0 million) some of which may be attributed to once-off settlement costs to cover the voluntary severance packages of employees impacted during the section 189 process.

Not unlike other financial institutions, staff costs contribute significantly to the expense bill (2019: 45.7%; 2020: 35.53%).

Losses from continuing operations

We incurred a loss of R354.1 million (2019: R93.1 million), with the increase being attributable to significant once-off costs of intangibles impaired, staff costs due to the section 189 and 197 process and due to the closure of suites as well as the impact of Covid-19 and subsequent loss of income. These once-off costs included, but is not limited to the following:

- Accelerated impairment of intangible assets due to the reduction in the useful life amounting to R31 million
- Writing off capitalised IT costs relating to the discontinuation of the implementation of Temenos T24, totalling R38 million
- Accelerated recognitions of contract fees relating to the Enterprise Core Banking system, amounting to approximately R31 million
- Expenses linked to the section 189 and 197 Labour Relations Act processes of approximately R24.7 million.

We expect the position to improve in the medium term and anticipate breaking even on a monthly basis in H2 2021 and turning profitable thereafter.

Subsequent to 31 December 2020, the Bank entered into a Cancellation Agreement with the Landlord of the Centurion Building and incurred a cancellation fee of R37.7million (ex VAT) in May 2021.

Capital, funding and liquidity management

The Bank manages its capital, funding and liquidity in line with the SARB prudential requirements. Due to the limited shareholder support received during 2020, the Bank breached its Total Capital Adequacy ratio minimum requirement until Access Bank injected capital into the Bank during May 2021, post the financial year-end. The breach in the ratio was condoned by the Prudential Authority.

The table below features our prudential ratios:

	Minimum requirement	Actual
Capital Adequacy	15%	4.76%
Liquidity Coverage	100%	164.48%
Net Stable Funding	100%	111.05%
Leverage	4%	2.93%

From a funding perspective we currently rely on our customer deposit base. We want to address this position by augmenting the funding structure with longer-dated funds from both the local capital and debt markets through the Bank's envisaged DMTN programme, as well as with bilateral and syndicated loans from international development finance institutions.



Our investors

Investor Profile	Investor Expectations	Funding Tenors
Depositors		
Includes: <ul style="list-style-type: none"> • Alliance partners • Customers 	Includes: <ul style="list-style-type: none"> • Competitive market related returns • Financial sustainability 	Includes: <ul style="list-style-type: none"> • Call deposits • Fixed deposits (up to 36 months) • Notice deposits (up to 188 days) • Savings deposits
Commercial Investors		
Includes: <ul style="list-style-type: none"> • Commercial Banks • Foreign Banks • Institutional Investors such as: <ul style="list-style-type: none"> • Asset Managers • Brokerages • Medical aid/ Pension funds • Security Houses 	Includes: <ul style="list-style-type: none"> • Strong corporate governance • Profitability and financial sustainability • Financial covenants (only on bilateral basis) • Market related returns commensurate with the risk undertaken by investor • Responsible business including strengthened focus on environmental, social governance and sustainability matters • Credibility linked to proven track record 	Commercial Paper <ul style="list-style-type: none"> • Call • 0 – 5 years Bonds <ul style="list-style-type: none"> • 1 – 10 years Loans <ul style="list-style-type: none"> • Overnight facilities • 1 – 5 years
Multilateral Investors		
Includes: <ul style="list-style-type: none"> • NORSAD • PROPARCO • FMO 	Includes: <ul style="list-style-type: none"> • Strong focus on responsible business including strengthened focus on environmental, social governance and sustainability matters • Strong corporate governance • Lessor return expectations, as impact of funds is more important • Profitability and financial sustainability 	Loans <ul style="list-style-type: none"> • Longer dated funds often accompanied by capital payment holidays • 3 – 7 years

Going concern

In 2019 we incurred a loss of R93 million and had a net asset value of R398 million. In 2020, the Bank incurred a loss of R354 million, but remains solvent with a current asset value of R176 million.

On 25 March 2021, the Prudential Authority and the Minister of Finance approved the application of Access Bank Plc to become the controlling shareholder of Grobank.

After making due enquiries and having carefully considered all of the factors that may impact the Bank's going concern status, including the Bank's capital adequacy and liquidity for the next 12 months from the date of approving the annual financial statements, the Directors consider the Bank to have adequate resources to continue operating as a going concern for the foreseeable future.

The factors considered were:

- A portfolio of loans and advances to be settled / sold to Mercantile Bank, resulting in an expected cash flow of approximately R350 million
- The new capital injection from Access Bank Plc of R400 million was injected into the Bank on 3 May 2021
- The conversion of deposits from the PIC and Fairfax Holdings into Tier 2 instruments amounting to approximately R175 million subject to PA approval
- The letter of support from Access Bank Plc pledging capital and funding support in the event of any capital or liquidity shortfall.

Refer to the Directors' Report in the financial statements for more information on the going concern status of the Bank.

Risk and conduct management

Our approach

We operate in a volatile environment of increased regulatory and compliance requirements that requires effective risk management practices. Our aim is to build capacity and develop a strong risk, compliance, governance and ethics culture to enable long-term value creation in Access Bank SA.

We recognise our accountability to all stakeholders and are committed to the highest standards of integrity in our business dealings. Further, we are committed to comply in the letter and spirit of regulatory requirements and to act with due care, skills and diligence.

Activities

Cognisant of our accountability to all stakeholders and performing our statutory obligations as a registered bank, authorised financial service provider, registered credit provider, authorised dealer, and accountable institution with a zero tolerance for non-compliance, the Bank continued during the reporting period to execute its annual Compliance Programme and engage with supervisory authorities. This included consultations with the Financial Intelligence Centre with a view to remediate operational challenges experienced in its submission to the Centre of daily cash threshold and aggregated cash threshold reports. We also made great strides in preparing for the implementation on 1 July 2021 of the Protection of Personal Information Act, 4 of 2013. Further, our Head: Business Intelligence, Brendan van Zyl, was appointed as Information Officer as required by the POPI Act, and we finalised legal documentation and operational requirements in lieu of the implementation date.

During 2020 we focused on ensuring that the enterprise risk management processes become repeatable in Access Bank SA. We worked towards positioning risk management as a strategic driver and integrating risk practices across the organisation. One of our main activities was to assist business units and IA to close a number of outstanding audit findings. We are reviewing our Risk Appetite Statement to take into consideration the rapidly changing circumstances in the global economy and South African businesses. In order to support the Risk team, we identified employees to act as

Risk Champions in each business unit and provided them with training to increase our risk management capacity.

In May 2019 we launched our Whistleblowing Line to allow internal and external parties to raise concerns related to fraud or ethical matters anonymously following the approval of our whistleblowing policy by the Board in February 2019. To date five incidents have been reported, investigated and resolved. The Ethics Hotline forms part of the same hotline managed by the Forensic team and ethics related matters are referred to the Ethics Office as per the agreed process. All employees received training in the purpose and processes of the Line.

We submitted an updated Promotion of Access to Information Act manual to the South African Human Rights Commission and received no requests for information in terms of the Act.

In 2020 we undertook several actions to enhance the governance of ethics. The Ethics Office engaged with The Ethics Institute of South Africa, after which an ethics self-assessment was completed. An ethics risk assessment conducted in 2020 incorporated feedback from internal and external stakeholders and informed the ethics strategy. The findings and outcomes were presented at Board, who approved the newly drafted Ethics Strategy.

Ethics Ambassadors were selected from each business unit and formally appointed. These ambassadors received training from The Ethics Institute of South Africa and participated in a number of awareness activities and additional training events during the year.

Our ethics training programme for employees is ongoing. Employees are trained at induction as well as through online training modules.

Conflict of Interests and Outside Business Interest were repurposed with declarations now completed online. We also implemented a Supplier Code of Conduct requiring all suppliers to confirm that their business practices are conducted ethically.

Our principal risks

Risk	Mitigating actions	Opportunities	Stakeholder impacted
<p>Liquidity risk: the risk of being unable to generate sufficient cash to meet the Bank's commitment to investors, depositors and other creditors at a point in time.</p>	<p>Liquidity risk is managed by the Asset, Liabilities and Capital Committee (ALCCO). The liquidity position is reported on a daily basis and loan applications and disbursements proactively managed to ensure sufficient liquidity is available.</p>	<p>We aim to raise long term funding and alternative Tier 1 capital to further strengthen our liquidity position during 2021 and 2022 to accelerate our asset growth. Our alliance banking capabilities are an important source of non-interest income and liquidity and the expanding Fintech space have created opportunities to expand our revenue at relatively low cost.</p>	<p>Clients Regulators Suppliers Investors</p>
<p>Operational risk: the risk of loss or earnings volatility arising from inadequate or failed internal processes, people and systems, or from external events.</p>	<p>Operational risk is a significant risk is managed within defined tolerance levels by implementing appropriate and relevant risk management practices.</p>	<p>Automation using the new banking systems will reduce the risk posed by manual processes. We are strengthening our operational risk team by appointing more specialists to track and manage operational risks.</p>	<p>Shareholders Investors Regulators Employees Clients Alliance partners</p>
<p>Compliance risk: the risk of the current and prospective risk of reputational damage to the company's business model or objectives, reputation and financial soundness arising from the non-adherence to regulatory requirements and expectations of key stakeholders such as clients, employees and society as a whole.</p>	<p>We have a fully independent compliance function that identifies, assesses, advises, monitors and reports on the regulatory compliance risk in the organisation.</p>	<p>We will strengthen our relationship with our regulators and invest additional resources to expand our digital compliance capability.</p>	<p>Shareholders Investors Regulators Clients Alliance partners</p>
<p>Country risk: the current or prospective risk to earnings and capital, caused by events in a particular country which are at least to some extent under of the government but definitely not under the control of a private enterprise or individual. The impact of Covid-19 negatively affects our ability to grow the loan book and income.</p>	<p>We manage our costs very carefully and understand the balance required between growing our business through investments in skills and technology while opportunities to increase revenue remain scarce.</p>	<p>Expanding our fee generating opportunities through our Treasury and Trade Finance functions allow us to offer a wider variety of products services, such as correspondent banking services and trade finance products, with less reliance on interest income.</p>	<p>Shareholders Regulators Clients</p>
<p>Strategic risk: the risk of losses that may be incurred through the unsuccessful pursuit of a business plan.</p>	<p>The combination of Covid-19 and decision by our shareholders to exit their investment in a food value chain bank limited our ability to execute our strategy in 2020.</p>	<p>Our reviewed strategy and position as a subsidiary of a global banking group create new opportunities for collaboration to expand our offerings.</p>	<p>Shareholders Investors Employees Clients</p>

Risk	Mitigating actions	Opportunities	Stakeholder impacted
Human capital risk: the risk that the Bank's employees may not necessarily have the skills, capabilities or will to execute the strategy and business operations effectively resulting in potential reputational and financial losses.	As a small organisation, the risk associated with dependence on key individuals is always a factor which we monitor and manage. We enhanced our employee value proposition to retain and attract skilled employees. We have expanded our training focus to improve skills and amplify our employee value proposition.	Building a high calibre management team, whilst focussing on retention through establishing short-term and long-term incentive programmes and creating opportunities for career growth in the wider group may be used to enhance our employee value proposition.	Employees
Information technology risk: any risks to the Bank's data, critical systems and business processes that may result in financial losses or reputational damage.	IT risk is a significant risk to us as technology is core to the Bank's ability to effectively serve its customer base. Various IT improvement projects have been launched and skilled staff recruited to address IT risks.	Implementation of new core banking system will improve our ability to manage IT risk. We are also enhancing our cyber security capabilities and risk management.	Regulators Employees Clients Alliance partners
Project risk: the exposure that arises from taking on a particular task. The Bank is implementing many strategic projects related to its IT systems and strategy simultaneously that requires significant attention from a limited number of specialists while continuing to operate our business.	We have a Project Management Office staffed with specialist project managers and business analysts to coordinate projects across the business. Regular prioritisation discussions are held by management to assess any changes and direct attention to specific areas of concern.	The successful implementation of our strategy will allow us to improve its products and services to clients and create shareholder value.	Shareholders Employees Clients Alliance partners
Credit risk: the possibility that clients may default on their future cash flow obligations to the Bank. In lending transactions, credit risk arises from the non-payment of loans and advances, and from off-balance sheet exposures such as commitments and guarantees.	We have conservative a credit-granting philosophy to preserve our capital base. We manage our credit risk at individual, counterparty and portfolio level using a variety of qualitative and quantitative measures. Our clients' credit worthiness is thoroughly assessed before any credit facility is recommended to or granted by the various credit committees. We have implemented risk-rating models to calculate the probability of default of clients.	We are expanding our credit risk management capability and credit managers will undergo training in 2021 to enhance their skills. The new IT systems will allow us to monitor credit risk more effectively.	Clients Regulators
Interest rate risk: the impact that the repricing of the Bank's assets and liabilities may have on future cash flow and earnings. Our lending and investment rates are linked to the prime lending rate.	Interest rate risk is managed by ALCCO. During 2020 the SARB used monetary policy to support the economy during the Covid pandemic which resulted in a 75-basis point reduction in interest rates	Develop and execute an interest rate basis risk hedging programme.	Shareholders Investors Regulators
Foreign exchange risk: the risk of loss that the Bank is exposed to as a result of holding unhedged positions in foreign currency assets and liabilities.	It is our policy to hedge all significant foreign currency commitments.	Raise innovative hedging structures for foreign funding. Expand our foreign exchange offering to balance import and export demand.	Shareholders Investors

Internal Audit

Our approach

The independent Internal Audit (IA) function was established by the Access Bank SA Board and Audit and Compliance Committee. The Board is ultimately responsible for overseeing the effectiveness of the internal control and governance processes. The IA function reports functionally to the Chair of the Audit and Compliance Committee and administratively to the CEO.

Further, the IA function provides an independent and objective assurance service to senior management and the Board on the design adequacy and operational effectiveness of the Bank's financial and internal controls system. The function communicates audit results to senior management and the Audit and Compliance Committee through audit reports that include findings, recommendations and the timeframe for management's corrective action plans.

Internal audits are conducted in terms of the Code of Ethics and the International Standards of the Professional Practice of Internal Auditing. To provide a high-quality service, IA uses a combination of internal resources and co-sourced service providers to ensure adequate assurance on technical areas.

Activities

The combined assurance framework was reviewed and approved by the Board in November 2020 and is aligned to the King IV recommended practices in Principle 15. The framework entails the coordination of all assurance functions and activities, internal and external, to create an effective control environment.

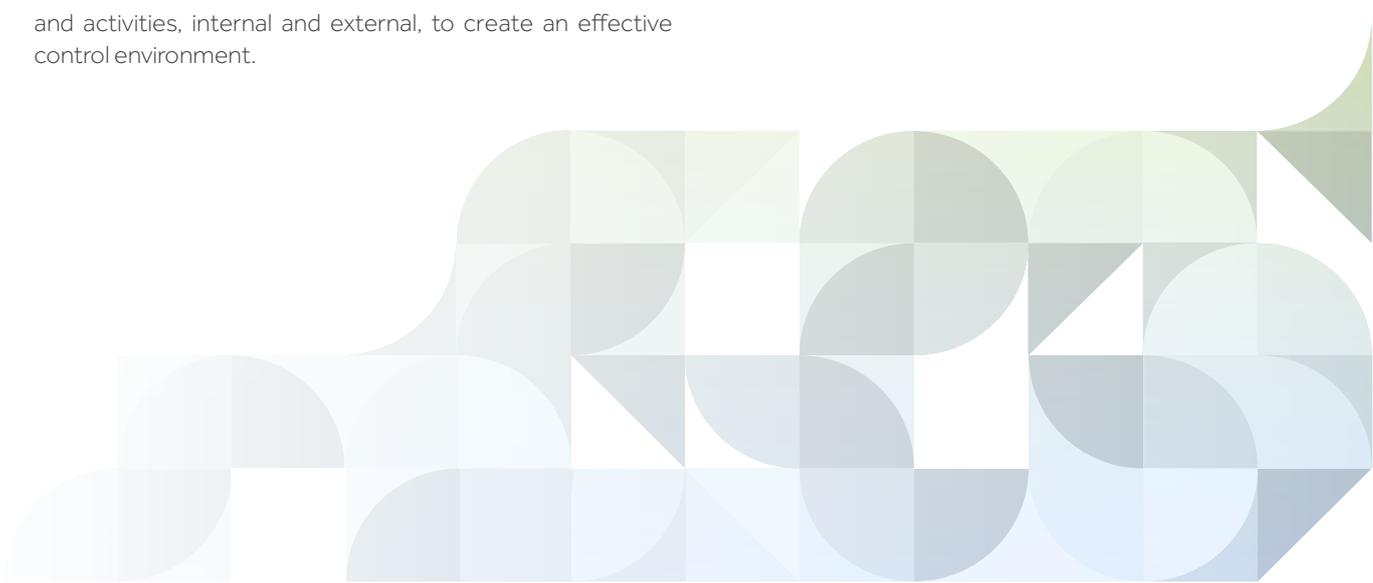
During 2020 the IA function focused on the annual audit plan and delivered outputs in line with the approved plan. Furthermore, IA continued to make progress on the combined assurance framework with various stakeholders and reviewed its audit methodology in line with the Bank's new strategy.

The Audit and Compliance Committee approved the 2021 annual audit plan which concentrates primarily on the continued provision of assurance across the Bank, particularly on new strategic initiatives and projects. A further focus area is to enhance the combined assurance framework by working with various key stakeholders in line with the requirements of King IV.

Forensics and Financial Crime Unit

The Forensics and Financial Crime (FFC) is committed to the highest standards of ethical behaviour, integrity and transparency which are underpinned by a culture of zero tolerance for fraud and corruption. All matters related to fraud reported to the FFC unit are investigated and reported to the Audit and Compliance Committee.

The FFC unit continued to deliver on the 2020 plan. This included creating awareness of fraud to all new employees and revising all policies and procedures related to fraud risk management. The FFC unit will concentrate on addressing the ever-changing fraud risk environment and increasing the team's skills set.



Creating value through good governance

Our Board and executive team strive to consistently practice good corporate governance and fulfil the Bank's purpose of creating value for all our stakeholders. They determine whether our strategy and business model remain fit for purpose in the short-, medium- and long term, and that the Bank retains the flexibility to adapt quickly to the ever-fluctuating market conditions. To secure our sustainability and achieve the benefits of good corporate governance, we constantly monitor the macro-environment and to determine its potential impact on our own environment.

The purpose of our approach to governance

Our approach to corporate governance, which includes our adoption of the King IV principles, is an essential part of our value-creation process, and is integrated into our Board approved strategies, policies, standards, practices and procedures. This approach is designed to achieve a high standard of corporate governance and business sustainability by enhancing accountability and transparency. Furthermore, it facilitates effective performance, risk and opportunity management, as well as compliance.

Our Board-approved risk policies, procedures and processes ensure that we maintain a balance between our efforts to provide stakeholder rewards with our responsibilities as a responsible corporate citizen.

The Enterprise Risk and Capital Management Committee monitors and assesses the adequacy and efficiency of these policies. The Board Credit Committee monitors credit risk information and also submits comprehensive recommendations to the Board to approve large exposures.

We regularly review our corporate governance practices and the application of the King IV principles to ensure that we act in the best interests of our stakeholders, comply with applicable laws and regulations, and adapt rapidly to changes in our regulatory environment.

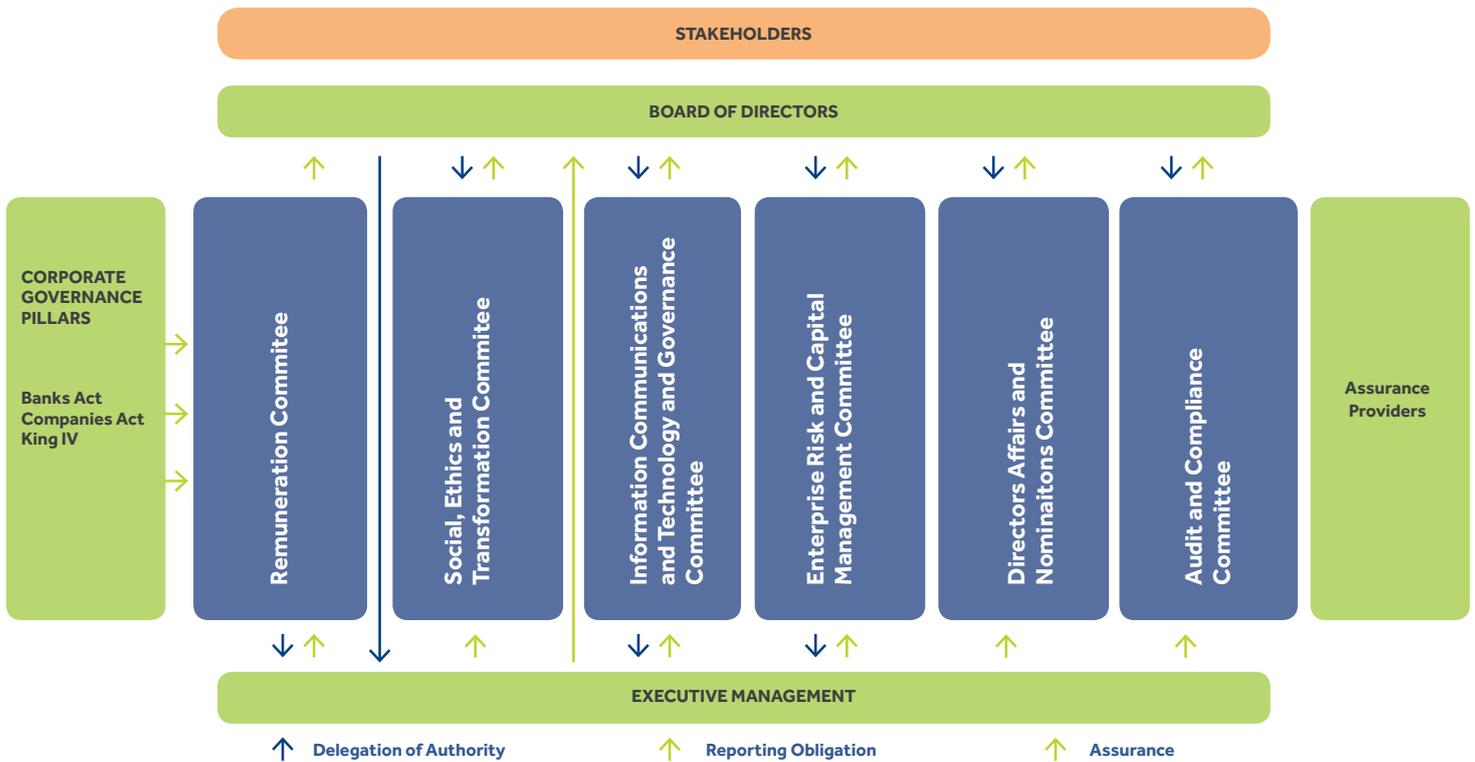
The Directors' Affairs and Nominations Committee assists the Board in this regard by determining and evaluating the adequacy, efficiency and appropriateness of our corporate governance structures and practices. We assess whether we have made good progress towards continuously achieving effective leadership through effective control and legitimacy through our application of the King IV principles to our corporate governance.

Our Board: the focal point and custodian of corporate governance

Our governance framework (set out below) positions the Board as the custodian of corporate governance and provides it with effective control of the business. Its role and responsibilities are set out in its Charter and Memorandum of Incorporate (MOI), which also sets out the shareholders' delegation of authority to the Board, as well as specific matters that are reserved for its consideration and decision.

Board members are required to disclose their interests annually (directorships, shareholdings, etc.) and this is updated as and when changes occur. In addition, members are required to disclose at the beginning of every Board or Committee meeting whether they have any interest in any item on the agenda for that meeting.

Through the appointment of strong, independent directors and the separation and clear definition of the roles and responsibilities of the Chairman and Chief Executive Officer, Access Bank SA has established a balance of power and authority at Board level. The Chief Executive Officer in turn delegates authority to his executive team, who are provided with clear definitions of their responsibilities and accountabilities.



Our executives' performance is measured against agreed key performance indicators and the Bank's performance, used as input to determine their compensation (see the Remuneration review on page 61-64). The Remuneration Committee, in addition to its responsibility for setting and administering sustainable remuneration policies in the Bank's long-term interests, oversees the annual review of salaries and incentive schemes for executives, senior managers and key individuals.

Leading effectively

The Board, which has developed an understanding of the business through engagement with management, steers and sets the strategic direction of the Bank. The change in shareholders requires a complete overhaul of the strategy which commenced in November 2020 and will be approved by the Board in 2021 following the annual Board strategy meeting.

Ethics

The Board addresses the governance of ethics in a manner that supports the establishment of an ethical culture in the Bank. It has mandated the Social, Ethics and Transformation Committee to ensure that appropriate strategies, policies and processes are in place to build and sustain an ethical corporate culture in Access Bank SA. Further, the Committee ensures that ethical standards are clearly articulated and integrated into the Bank's strategies and operations and that management compiles an ethics risk profile for the Bank.

The Committee monitors the ethical conduct of the Bank, its executives and senior officials in terms of the provisions of the code of conduct and business ethics.

Corporate citizenship

The Board has mandated the Social, Ethics and Transformation Committee to:

- Provide guidance on Access Bank SA's corporate social investment policy frameworks, approve a corporate social investment strategy and monitor the Group's implementation of this strategy
- Ensure that the Bank has identified and assessed specific environmental, social and governance impacts, risks, and opportunities and the data gathering, measurement, and reporting mechanisms are in place
- Initiate or strongly support efforts to provide high-quality environmental, social and governance assurance to the Board.

The Committee provides guidance on socio-economic transformation processes to ensure that the Bank complies with the B-BBEE regulations and the Financial Sector scorecard. It also makes recommendations to the Board on the Group's gender and race transformation commitments and targets, and monitors gender and race transformation against these commitments and targets.

Adopting a stakeholder inclusive approach

While the Bank does engage with its stakeholders, it has identified its stakeholder engagement as an area for improvement in terms of its application of the King IV recommendations in this regard. We plan to focus on enhancing our engagement with stakeholders during 2021. This engagement will include identifying matters material to our stakeholders, understanding their expectations of our communication and then ensuring that all future engagements meet their expectations and keep them

informed. By improving the quality of our engagement, our Board and management team will contribute value to both the business and its stakeholders.

Board and committee performance

Our Board and Committee assessments are usually conducted in the first quarter of the following year (in this year the first quarter of 2021) and the results tabled at our April Board and Committee meetings. These assessments did not take place in 2020 and were deferred as they were impacted by the Covid-19 pandemic. They are expected to be finalised by the end of the second quarter of 2021.

Executive performance

Executive performance is evaluated against agreed business performance and individual stretch targets. Performance against these targets forms generally the basis for the determination of short-term incentives, including salary increases and bonuses as well as long term incentives. We did alter our approach for the 2020 performance evaluation, following the shareholder uncertainty and Covid environment, which rendered most of the stretch targets irrelevant and focus more on qualitative considerations.

Board committees

Access Bank SA's Board committees report quarterly to the Board on their statutory duties and Board-assigned responsibilities. Their responsibilities are set out in their terms of reference, which are regularly reviewed and are available from the Company Secretary. All Board Committees completed their work plans during 2020.



Audit and Compliance Committee	All members are independent non-executive directors. The Committee assists the Board with the evaluation and review of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied within Access Bank SA. It also highlights measures to enhance the credibility and objectivity of financial statements and reports.
Board Credit Committee	Most members are independent non-executive directors. The Committee approves Access Bank SA's credit philosophy and policies; sets credit limits and guidelines; confirms procedures to manage, control and price credit risk; approves the adequacy of interim and year-end provision impairments; and monitors credit risk information, processes and disclosure and also approves large exposures.
Directors' Affairs and Nominations Committee	All members are non-executive directors and the majority are independent. The Committee considers, monitors and reports to the Board on reputational and compliance risk, compliance with King IV and the corporate governance provisions of the Banks Act, as well as strategy. It also acts as the Nominations Committee for Board appointments.
Enterprise Risk and Capital Management Committee	Most members are independent non-executive directors. The Committee assists the Board in evaluating the adequacy and efficiency of risk policies, procedures, practices and controls.
Information, Communication and Technology Governance Committee	The Committee monitors all issues pertaining to IT, both operational and strategic. It aims to ensure that IT development spend and investment are aligned with overall group strategy and direction, and that the IT systems are efficient and effective.
Remuneration Committee	Most members are independent non-executive directors. The Committee is authorised to approve aggregate adjustments to the remuneration of employees below executive senior management and executive management levels and recommends non-executive director fees for approval by shareholders. Included in the Committee's mandate is the oversight and implementation of the remuneration policy to ensure remuneration outcomes are fair and responsible.
Social, Ethics and Transformation Committee	Most members are non-executive directors. The Committee monitors integrated sustainability with a specific focus on social and economic development transformation, good corporate citizenship, the ethical behaviour of employees and suppliers, environmental concerns, health and public safety, stakeholder engagement, labour and employment.



Our Board of Directors

PWC's annual nonexecutive directors' practices and fees trends report following stagnant fees for a number of years.

* Refer to note 26.3 in the financial statements.

Independent non-executive directors



Pankaj Ranchod

Non-Executive Chairman

Age: 65

Qualifications: MBL (Cum Laude) (Unisa), CA(SA), BCom (Accounting) (UDW), BCompt (Hons) Unisa, HDip BDP (Wits)

Appointed: 8 December 2009

Retired: 16 October 2020

Significant directorships:

- AIG South Africa Limited
- PPS Holdings Trust
- PPS Insurance Limited
- GroCapital Holdings Limited

Committee membership: Enterprise, Risk and Capital Management Committee, Remuneration Committee, Social, Ethics and Transformation Committee (Chairman), Directors' Affairs and Nominations Committee (Chairman)



Patrick Mathidi

Acting Non-Executive Chairman

Age: 51

Appointed: 27 August 2019

Appointed: Acting Chairman: 17 October 2020

Qualifications: BCom (Acc), BCompt (Acc), MSc Financial Management (University of London)

Significant directorships:

- GroCapital Holdings Limited
- Aluwani Capital Partners
- Aluwani Management Partners
- Industrial Development Corporation

Committee membership: Enterprise, Risk and Capital Management Committee (Chairman), Social, Ethics and Transformation Committee, Remuneration Committee, Audit and Compliance Committee, Directors' Affairs and Nominations Committee (Chairman)



Alison Beck

Age: 62

Qualifications: BCom Edinburgh, (CA) Scotland, Certified Associate of Institute of Banking of South Africa

Appointed: 1 June 2020

Significant directorships:

- Association of Corporate Treasurers of South Africa

Committee membership: Directors' Affairs and Nominations Committee



Phakamani Hadebe

Age: 53

Qualifications: MA Economics, MA Rural Development

Appointed: 18 February 2020

Committee membership: Directors' Affairs and Nominations Committee



Willem Krüger

Age: 69

Qualifications: BA (Law) University of Stellenbosch, BProc (Unisa), LLB (Unisa), Dip Advanced Banking (RAU) (cum laude), Emeritus Honorary Professor in Banking Law at UNISA

Appointed: 7 January 2016

Significant directorships:

- GroCapital Holdings Limited
- The WWF Nedbank Green Trust

Committee membership: Audit and Compliance Committee, Board Credit Committee, Enterprise, Risk and Capital Management Committee, Remuneration Committee (Chairman), Social, Ethics and Transformation Committee (Chairman), Directors' Affairs and Nominations Committee



Jawaid Mirza

Age: 62

Qualifications: Member: Institute of Corporate Directors Canada, Member: Financial Planning Association, CFO Strategic Partner: Wharton Business School, Bank Strategic Management: Institute of Bankers in Management (Karachi), Basic Financial Reporting & MIS: Financial Control Training Institute (Singapore)

Appointed: 4 October 2018

Resigned: 31 December 2020

Significant directorships:

- GroCapital Holdings Limited
- AGT Food and Ingredients
- Eurobank, Greece
- Atlas Mara

Committee membership: Audit and Compliance Committee, Enterprise, Risk and Capital Management Committee, Information Communication and Technology Governance Committee, Directors' Affairs and Nominations Committee



Nhlanhla Nene

Age: 62

Qualifications: BCom (Hons) (UWC), Diploma in Advanced Economic Policy (UWC), Certificate in Microeconomic Theory and Macroeconomic Principles (University of London), Certificate in Economics and Public Finance (Unisa)

Appointed: 13 November 2019

Significant directorships:

- GroCapital Holdings Limited
- Arise BV
- Empact Group

Committee membership: Directors' Affairs and Nominations Committee



Roy Shough

Age: 70

Qualifications: CA (SA), HDipBDP University of Witwatersrand, Certified Information Systems Auditor (CISA), ISACA, Certified Internal Auditor (CIA)

Appointed: 17 July 2013

Significant directorships:

- GroCapital Holdings Limited

Committee membership: Audit and Compliance Committee (Chairman), Board Credit Committee (Chairman), Enterprise, Risk and Capital Management Committee, Information, Communication and Technology Governance Committee (Chairman), Remuneration Committee, Directors' Affairs and Nominations Committee



Tim Fearnhead

Age: 70

Qualifications: CA(SA); Dip Advanced Banking (UJ); CTA (Wits)

Appointed: 2 October 2009

Retired: 17 April 2020

Significant directorships:

- FirstRand Insurance Services Company Limited
- Newgold Issuer Limited
- Newfunds Proprietary Limited
- Nedbank Group Insurance Holdings Limited
- Nedgroup Insurance Company Limited

Committee membership: Enterprise, Risk and Capital Management Committee (Chairman), Remuneration Committee (Chairman), Audit and Compliance Committee, Information, Communication and Technology Governance Committee, Social, Ethics and Transformation Committee, Directors' Affairs and Nominations Committee



Edwyn O'Neill

Age: 56

Qualifications: BCom (Hons) CA (SA)

Appointed: 5 February 2020

Significant directorships:

- GroCapital Holdings Limited
- Bryte Africa Group Limited
- Bryte Insurance Company Limited
- B.I.C.B Limited Trading as Bryte Risk Services Botswana
- The South African Insurance Association Arise BV

Committee membership: Directors' Affairs and Nominations Committee

Non-executive director



Chris Venter

Age: 52

Qualifications: CA(SA), Dip Advanced Banking (University of Johannesburg) CTA (Wits)

Appointed: 4 October 2018

Resigned: 31 January 2020

Significant directorships:

- CMI Mauritius Limited

Committee membership: Remuneration Committee, Directors' Affairs and Nominations Committee

Executive directors



Bennie van Rooy

Chief Executive Officer

Age: 46

Qualifications: BCom (North West University), BCom (Hons) (University of Pretoria), CA (SA)

Appointed: 23 July 2019

Committee membership: Enterprise Risk and Capital Management Committee, Board Credit Committee, Information, Communication and Technology Governance Committee



Chrisanthi Michaelides

Chief Financial Officer

Age: 48

Qualifications: BCom (Wits), BAcc (Wits), Chartered Accountant (SA), JSE Registered Person, IEDP Rotterdam and Erasmus, Bank SETA

Appointed: 17 July 2013



Darryl Adriaanzen

Executive: Personal and Business Banking

Age: 45

Qualifications: BCom (UP), Senior Management Programme, Graduate School of Business (UP)

Appointed: 11 August 2012

Resigned: 24 June 2020

Committee membership: Information, Communication and Technology Governance Committee, Social, Ethics and Transformation Committee, Board Credit Committee



Thandokuhle Buthelezi

Company Secretary

Age: 38

Qualifications: Chartered Company Secretary (ACIS)
FCIBM (Fellow Member of the Chartered Institute of Business Management)
Certificate in Credit Risk Management
MloD

Appointed: 1 July 2018

Significant directorships:

- Non-Executive Director – The Field Band Foundation NPC

New directors:



Barbara Barungi

Age: 56

Qualifications: M Phil International Finance (University of Glasgow), PGD (Development Policy) (University of Glasgow), BA Hons (Economics and Sociology) (Makerere University, Uganda)

Appointed: 27 April 2021

Significant directorships:

- Access Bank South Africa Limited



Roosevelt Ogbonna

Age: 47

Qualifications: Bachelor of Science (BSc) Banking and Finance (University of Nigeria), General Management Programme, Executive Education (Harvard Business School), MBA (IMD Business School), EMBA (Cheung Kong Graduate School of Business), Chartered Financial Analyst ("CFA")

Appointed: 27 April 2021

Significant directorships:

- AccessBank Plc
- Access Bank South Africa Limited
- Access Bank Zambia Limited
- Access Bank UK Limited
- Africa Finance Corporation
- Central Securities System



Chuma Ajene

Age: 35

Qualifications: Masters in Business Administration (MBA) Selected Focus: Financial Institutions and emerging markets (Harvard Business School), Bachelors in Business Administration (cum laude) (Howard University), MBA (Harvard Business School)

Appointed: 27 April 2021

Significant directorships:

- Access Bank South Africa Limited



Robert Giles

Age: 40

Qualifications: BSc Hons Geography (University of Birmingham), Postgraduate Management Diploma (University of Leicester)

Appointed: 27 April 2021

Significant directorships:

- Sparkle Nigeria
- Access Bank South Africa Ltd

Attendance at Board and Committee meetings in 2020

Committees

	Board	Audit and Compliance	Enterprise Risk and Capital Management	Information, Communication and Technology Governance	BoardCredit	Directors' Affairs and Nominations Committee	Social, Ethics and Transformation Committee	Remuneration Committee
Independent non-executive directors								
P Ranchod (retired 16 October 2020)	8/10		3/4			2/3	3/4	4/5
AEM Beck (appointed 01 June 2020)	7/10					1/3		
TJ Fearnhead (retired 17 April 2020)	1/10		1/4					
PS Hadebe (appointed 18 February 2020)	9/10					2/3		
WJ Krüger	10/10	9/9	4/4		24/25	3/3	4/4	5/5
PB Mathidi	10/10	9/9	4/4			3/3	4/4	5/5
JA Mirza	10/10	9/9	4/4	5/5		3/3		
NM Nene	8/10					3/3		
RA Shough	9/10	9/9	4/4	5/5	25/25	3/3		5/5
Non-executive director								
C Venter								
JE O'Neill (appointed 5 February 2020)	10/10					3/3		
Executive directors*								
BJ van Rooy Chief Executive Officer	10/10		1/4	4/5	22/25		1/4	
DJ Adriaanzen (resigned 24 June 2020)	4/10			4/5	23/25		2/4	
C Michaelides	10/10							

Remuneration review

Background statement

Access Bank SA's approach to remuneration, which is set out in our remuneration policy, is intended to promote the achievement of our strategic objectives over the short-, medium- and long term, and is aligned with our values.

We share mutual goals and interests with all our stakeholders and we depend on each other to realise our purpose of enabling businesses and society to grow sustainably and to ensure the availability of food to South Africa. We believe that remuneration should match and incentivise performance.

We are committed to our pay levels remaining competitive while managing our employment costs, which in the year under review represented 35.5% of our total operational expenses.

Talent management and succession planning

The Directors' Affairs and Nominations Committee considers the Board succession plans, identifies candidates for membership of the Board and recommends suitable candidates to the Board as and when vacancies arise. It also reviews the performance of the Board Chairman and the executive directors and reviews succession plans for these roles and the non-executive directors.

Succession planning remains a key focus area for Access Bank SA. We will continue to review our planning, applying best practice in line with King IV guidelines. Our aim is to ensure that our succession plans remain relevant and can easily be implemented without any significant delay.

Remuneration philosophy and policy

Our remuneration philosophy is an integral part of our employment ethos and supports the achievement of the Bank's strategic objectives by:

- Supporting our strategy by helping to build a competitive, high performance and innovative bank with an entrepreneurial culture that attracts, retains, motivates and rewards high-performing employees

- Promoting the achievement of strategic objectives, while taking cognisance of the Bank's risk appetite
- Promoting and supporting positive outcomes across the economic and social context in which the Bank operates
- Promoting an ethical culture and responsible corporate citizenship.

The policy must also support and facilitate the achievement of our human resource strategy of attracting, developing and retaining employees in the Bank.

The principles, values and objectives outlined in the remuneration policy are intended to guide all our reward decisions. We have adopted a flexible reward system that will be used to reinforce, encourage and promote superior performance.

Our remuneration policy is aligned to the overall business strategy, objectives and values of the Bank without being detrimental to the interests of shareholders or other relevant stakeholders. It must create appropriate balance and alignment between the needs, expectations and risk exposures of our stakeholders, including employees, clients, shareholders, regulators and communities, to ensure the creation of sustainable long-term value for each of these.

The remuneration policy, procedures and practices are consistent with and supportive of the effective risk management of the Bank. Risk-reward must be balanced and remuneration structured in such a manner that it incentivises the employee to promote sustainable long-term growth, without encouraging excessive risk taking or a short-term parochial focus. Further, the capital position of the Bank must always be safeguarded.

Employees are rewarded on a total rewards basis, which includes fixed, variable, short- and long-term rewards, as well as other rewards and benefits which are aligned with market practice.

The fixed (guaranteed) component of the reward includes a base salary, pension and benefits that are normally set at the market median level.

Short-term Incentives, when awarded, will always recognise business performance objectives in addition to individual performance. The latter will be based on targets that incorporate stretch and are verifiable and relevant.

Fair and responsible remuneration

Access Bank SA will continually strive to be competitive in all the rewards it offers within the parameters of affordability, achievability and sustainability. All employees will be rewarded fairly and consistently in terms of their position occupied in the Bank.

Any possible remuneration disparities related to race, gender or other factors will be identified. Any confirmed remuneration disparities will be investigated and addressed as soon as is practical and/or possible.

Unjustifiable differences in pay and conditions of employment between employees at the same level will be addressed according to the principles of equal pay for work of equal value.

The overriding objective is to always align remuneration, in general, with the principles of good corporate and remuneration governance.

The remuneration policy must adhere to and be compliant with all associated legislation. This would include the Banks Act, Act 94 of 1990, guidelines issued by the Financial Sector Conduct Authority as well as recommendations contained in King IV.

Remuneration structure and design

Access Bank SA's remuneration structure relating to salaried employees (including executive directors) comprises the categories or elements of guaranteed remuneration package, benefits and variable remuneration (short-term and long-term incentives).

The fixed remuneration is guaranteed and normally paid irrespective of the Bank's performance. Conversely, the variable remuneration is not guaranteed, and is directly

linked to and dependent upon the achievement of certain performance levels.

The Bank's default pay posture is to remunerate employees at the market median (50th percentile). In exceptional cases, remuneration up to the upper quartile (75th percentile) is permissible for certain key jobs where there are premiums due to scarce and/or technical/specialised skills, market pressures and/or employment equity targets.

Critical skills are defined as those skills crucial to sustain Access Bank SA, based on the nature of the core business. Should these skills not be sought or retained, the business will be adversely affected.

Scarce skills are defined as scarce based on market supply and demand factors. These skills may be important to the Bank during a particular phase or time, based on the current and/or future work requirements. Positions previously considered scarce may be rendered normal and as a result, such premium may not be payable in the future.

Benchmarking

Positions must be benchmarked and aligned with market pay practices to ensure accurate remuneration. A consistent measure must be used throughout the Bank when establishing market alignment. As such, the total cost to company figures will be used for all benchmarking purposes.

The peer group selected for the purposes of providing comparative market benchmark data will focus on, but will not necessarily be restricted to the financial sector. Access Bank SA acknowledges that there may be the need for discretionary elements of pay beyond benchmarked levels to effectively cater for scarcity.

Remuneration reviews

A remuneration review based on employees' individual performance results form is conducted annually, and any resultant increase is effective from 1 April each year. To this end relevant managers conducted annual performance reviews of all employees.

For non-managerial and junior/middle management a scorecard approach is used to assess performance, competencies and behaviours. The scores and comments are submitted to the People and Transformation Committee for moderation. For senior management, the CEO together with relevant independent non-executive directors conduct the reviews which are then moderated by the Remuneration Committee. The final results are ratified by the Remuneration Committee.

Salary negotiations are held annually with SASBO (trade union) for all non-managerial employees i.e. bargaining unit. The increases applicable to this category of employees is ratified by the Remuneration Committee annually.

Implementation report

Executive directors' salary composition 2020

Name	Cash Salary (R'000)	Discretionary payments (R'000)	Leave pay (R'000)	Cell phone and data allowances (R'000)	Medical aid contributions (R'000)	Provident fund contributions (R'000)	Travel Subsistence allowance and use of company car (R'000)	Total (R'000)
DJ Adriaanzen*	1 114	-	-	10	52	130	24	1 330
C Michaelides	2 134	479	-	19	-	322	-	2 954
B van Rooy	3 220	569	-	19	-	506	50	4 454
Total	6 468	1 138	-	48	52	958	74	8 738

* Resigned on 24 June 2020

As the Bank was not profitable, no STIs or LTIs were paid.

Non-executive directors' fees January 2020 – December 2020

	Actual 2020 (per annum) (R'000)	Proposed 2021 (per annum) (R'000)
Chairman of the Board – Retainer	675 000	675 000
Lead Independent non-executive – Retainer	150 000	150 000
Independent non-executive – Retainer	150 000	150 000
Chairman of ACC	175 000	175 000
Chairman of ERCMC	130 000	130 000
Chairman of ICTGC	105 000	105 000
Chairman of Board Credit Committee	130 000	130 000
Chairman of RemCo (2 meetings per year)	65 000	65 000
Chairman of SET (2 meetings per year)	65 000	65 000
Member of ACC	100 000	100 000
Member of ERCMC	75 000	75 000
Member of ICTGC	60 000	60 000
Member of Board Credit Committee	97 500	97 500
Member of RemCo (2 meetings per year)	40 000	40 000
Member of SET (2 meetings per year)	40 000	40 000
International Expertise fee	145 000	145 000

*In 2019 our directors' fees were increased overall by 40% in line with industry best practice and to ensure we can attract the required talent for a Board that provides Access Bank SA with effective leadership. The directors' fees were benchmarked using

Benefits

Subject to local competitive practice and legislation, it is the Bank's policy to provide, where appropriate, market related benefits.

Short-term and long-term incentives

The Bank will review both its short-term and long-term incentive schemes to align these with the Access Bank Plc standard offering in 2021.

Our executive management



Cessy Frazao

Executive Human Resources

Age: 56

Appointed to EXCO:

External directorships held:

Qualifications: BA Psychology



Nafiza Khan

Chief Risk Officer

Age: 51

Appointed to EXCO: 12 May 2020

External directorships held: None

Qualifications: BA (Law), LLB



Andrew Murray

Chief Operating Officer

Age: 59

Appointed to EXCO: 26 March 2010

External directorships held:

GRAC (Pty) Ltd

Activi Deployment Services (Pty) Ltd

Blue Label Accelerator (Pty) Ltd

Blue Label Distribution (Pty) Ltd

BluNova (Pty) Ltd

Transaction Junction (Pty) Ltd

Transaction Junction (Namibia) (Pty) Ltd

Virtual Voucher (Pty) Ltd

Airvantage (Pty) Ltd

mPowerSoft (Pvt) (India)

Smart Voucher Ltd (UK)

Cellfind (Pty) Ltd

JDG Trading (Pty) Ltd

UCS Solutions (Pty) Ltd

Affinity Logic (Pty) Ltd

Qualifications

BSc Eng (Mechanical Engineering)



Hermann Krull

Executive Legal

Age: 63

Appointed to EXCO: 26 March 2010

External directorships held: None

Qualifications: BA (Law) LLB



Lindeni Nasoro

Head of Internal Audit

Age: 45

Appointed to EXCO: 1 October 2019

External directorships held: None

Qualifications: National Diploma in Financial Information Systems



Pieter Swart

Executive Structured Credit

Age: 61

Appointed to EXCO: 1 January 2020

External directorships held: None

Qualifications: B Com (Hons) Investment Management





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