



access

2021

**Integrated
Annual
Report**



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01 About this report










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Acronyms

AGM	Annual General Meeting
ALCCO	Asset, Liabilities and Capital Committee
BANKSETA	Banking Sector Education and Training Authority
B-BBEE	Broad-Based Black Economic Empowerment
Covid-19	Coronavirus Disease 2019
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
ILAAP	Internal Liquidity Adequacy Assessment Process
IFRS	International Financial Reporting Standards
RDARR	Risk Data Aggregation and Risk Reporting
SARB	South African Reserve Bank
SASBO	South African Society of Bank Officials
SDG	Sustainable Development Goals

Navigating our report

Stakeholders

-  Customers
-  Alliance banking partners
-  Regulators
-  Shareholders
-  Investors and funders
-  Ratings agency
-  Employees
-  Suppliers
-  Community

Capitals

-  Manufactured capital
-  Intellectual capital
-  Human capital
-  Relationship capital
-  Financial capital
-  Natural capital

About this report

We are pleased to present our annual integrated report for the period 1 January to 31 December 2021 in which we aim to provide a balanced, accurate and concise overview of the main activities and performance of the Bank. Material events after 31 December 2021 and up to the Board's approval of this report have been included.

The scope of this report covers our financial and non-financial performance, including our outlook and objectives for the short term (2022) as well as the medium to long term (2027). There are no significant restatements of previously reported information in this report.

Targeted readers

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

Reporting guidelines

This report is guided by the Integrated Reporting <IR> Framework and 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. Our auditors have not reviewed these statements.


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, our auditors.

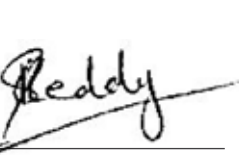
Report element	Framework/standard	Lines of defence and reviewers	Outcome
Annual report	Certain Global Reporting Initiative (GRI) standards Guided by the Integrated Reporting <IR> Framework	Access Bank South Africa Board Executive Committee	Approved 2021 Annual Report
Annual financial statements	Companies Act 71 of 2008 International Financial Reporting Standards	Deloitte Audit and Compliance Committee Executive committee	Unqualified auditor's report
Selected information on social and environmental matters	Amended Financial Sector Code in terms of the Broad Based Black Economic Empowerment Act 53 of 2003 Certain Global Reporting Initiative (GRI) standards	AQRate	Non-compliant B-BBEE status Approved 2021 Annual Report

Responsibility for this report

As the Board of Access Bank South Africa, we acknowledge our responsibility to ensure the integrity of the 2021 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 by: 

Patrick Mathidi
(Independent Non-Executive Chairman)



Sugendhree Reddy
(Chief Executive Officer)

Date: 17 May 2022



02 Chairman's report

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The Access Bank brand was launched in the local market in June 2021. The Bank completed a major shareholder transaction with Access Bank Plc, a global banking group with its roots firmly in Africa, which became the majority shareholder on 4 May 2021. This represents the largest investment from another African country into the South African banking sector and allows us to offer customers a comprehensive solution across multiple countries.

Access Bank Plc has more than 40 million customers and a history of growth firmly focused on sustainability. Becoming part of a larger entity affords Access Bank South Africa access to a network of potential customers, a pool of skilled and knowledgeable employees and financial resources which are essential to support its move to sustained profitability. As a Board we are satisfied that this investment was the first step towards creating a strong new banking brand in South Africa.

In 2021 we made a loss of R213.656 million which included once-off merger costs of approximately R80 million. This however does show an improvement from 2020 when we made a loss of R354.130 million. Based on current projections Access Bank South Africa expects to turn profitable in the second half of 2022 on a sustainable basis.

External environment

The South African economy is slowly adjusting to a post-pandemic state. For most sectors in the South African economy 2021 was a difficult year. The agricultural sector however was an exception as good weather conditions prevailed and resulted in a record citrus export season. Unemployment levels remain high, although economic growth rebounded in the second part of the year.

We expect inflation to remain at the upper end of the South African Reserve Bank's Monetary Policy Committee's benchmark range of 3-6% for the next year, with a commensurate increase in interest rates over the course

of 2022 to manage inflation expectations. After bouncing back strongly in the second half of 2021, we expect the economic growth rate to return to pre-pandemic levels of 1 – 2% annually. Various factors remain unpredictable in terms of their impact on the economy, including the availability of electricity, extreme weather events and policy uncertainty in certain sectors.

It is expected that a higher inflation rate combined with higher interest rates may reduce consumer spending. During the pandemic some consumers' debt increased at an unexpected rate. Consequently, when interest rates increase, they might struggle to maintain instalments which in turn would increase the incidence of non-performing loans.

We continued to support customers, especially those in the hospitality and tourism sectors, who were affected by the lockdown by restructuring their loans and providing ad hoc capital moratoriums where appropriate.

We aim to diversify our customer base to avoid sector concentration risks in terms of our loan and deposit portfolios. Our expanded product offering and introduction of new segments including Corporate and Retail Banking will contribute to managing this risk.

Technology in financial services

The financial services sector continues to invest heavily in technology to improve consumer digital product offerings, secure information from cybercrime and to ensure compliance with various regulatory requirements. South Africa has seen new entrants into the banking space, especially fintech providers that concentrate on niche segments and products. Simultaneously there has been increased efforts to steal data and defraud consumers as the pandemic forced more customers to adopt digital services.

Banks must adapt continuously to the new technological landscape which may fundamentally change how customers



Chairman's Report

choose to engage with financial service providers. Switching costs are low, and digital engagement models combined with improvements in Internet access via smart phones, allow customers to explore more options to meet specific financial needs.

In addition, there is a global increase in cybercrime, whether in the form of ransomware attacks, data breaches of personal information or social engineering attempts that target customers directly. This requires continued vigilance and technology development from the banking sector.

We are investing in the upgrading of our core banking system and the automation of back-office processes to improve our customer service. As part of Access Bank Plc we have the ability to assess the effectiveness of various systems to identify those that are most appropriate for our circumstances. We are also able to leverage knowledge and skills across the technology landscape to support our team in South Africa as necessary.

Our Alliance Banking business exposes us to the technological advances of our partners and allows us to assess their impact on our system. We believe that carefully selected partnerships will allow us to benefit from the advances in technology and afford us the opportunity of indirect service to such customers that we are unable to support through our own products.

Data risk management

The availability of data in a reliable and accessible format is a key requirement to enable banks to develop new products, regulatory financial models and processes to monitor and comply with various regulations. All aspects of financial services rely increasingly on the use and integration of data to provide appropriate products across segments. Banks should therefore continue to invest in data analytics and tools to manage, integrate and improve quality. There is significant competition within the industry for a limited

number of persons with data science skills which drives up the cost of these appointments. As a result there is diminished continuity because of the constant movement of skilled employees between banks.

Incomplete and incorrectly captured data limit the ability of banks to develop useful models and meet regulatory requirements based on data. Therefore, all employees must understand the importance of data to ensure that information is treated as an asset across the Bank.

We have made significant progress in the development of our Risk Data Aggregation and Risk Reporting (RDARR) programme which allows us to identify areas for improvement in our data accuracy and management. We are also expanding our analytic capacity to invest in financial models developed both in-house and externally.

Regulatory changes

For a number of years we had been preparing for the Protection of Personal Information Act, 4 of 2013 which came into effect in 2021. Ongoing training will be a major requirement as the three instances of disclosure which we reported to the Information Regulator all entailed internal human error. Fortunately, these errors could be rectified with no impact on the customers involved. The Large Exposures Framework will be implemented in 2022 and has required that we expand the counterparties where we deposit our liquid funds and address other areas of possible concentration risk.

We developed our first Internal Capital Adequacy Assessment Process (ICAAP) model inhouse, submitted it to our regulator and adjusted our preferred level of capital in accordance with the model output. We commenced preparation for the implementation of Basel IV as guided by the regulators which aims to strengthen banks for the future.

Continuous regulatory changes drive the need for reliable, quality data to develop models and meet regulatory

requirements. Data risk management is therefore an important strategic risk for all banks to ensure that relevant data is captured and stored in accessible formats. Data analytical skills and the ability to make sense of large volumes of data remain of significant importance to banks.

We continue to invest in our data warehouse and analytical capabilities. Our partnership model in Alliance Banking generates information from various sources and requires integration of our data sources and management.

Corporate governance

In Access Bank South Africa good corporate governance is embedded throughout the organisation, and the Board recognises the requirement to monitor and improve as the business develops and grows. With the Board's guidance and oversight, we aim to follow an integrated approach to corporate governance principles to realise an ethical culture, good performance, effective control, and legitimacy. The Bank continually seeks to adjust and improve its corporate governance practices according to best practice and stakeholder expectations.

We are committed to a policy of integrity and fair dealings in the conduct of its business. This commitment, which the Board of Directors actively endorses, is based on the belief that business should be conducted fairly, honestly, and legally. The directors expect all employees and other representatives to share their commitment to high moral, ethical and legal standards. Any employee who has questions regarding conduct in specific situations is encouraged to obtain guidance from their manager, the Ethics Office, a director, or the CEO.

All directors and managers must ensure that Access Bank South Africa's ethical standards and policies are made known to all employees for whom they are responsible. Ultimately, however, it is up to each of the employees to adhere to the Bank's principles of integrity, honesty, and fairness, and perform their duties according to all laws and regulations. The Board governs the Bank's ethics in a way that supports the establishment of an ethical culture. The Social and Ethics Committee is tasked with monitoring organisational ethics.

The Bank has several mechanisms in place for stakeholders to report irregularities such as alleged theft or fraudulent, corrupt or unethical behaviour. These mechanisms are available to all Access Bank South Africa employees and the public, including suppliers and customers.

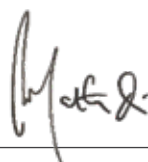
Access Bank Plc is known for the value it attaches to sustainability as a key element of its strategy. At Access Bank South Africa we believe that the importance of environmental and social sustainability will increase for all financial service providers. We are developing the policies and tools to consider and maintain sustainability in our decisions.

Appreciation

This was a year of adjustment for the Board as some members resigned while new members joined upon completion of the majority acquisition of the Bank. I would like to thank Willem Kruger and Roy Shough for their dedicated service over a long period where they provided invaluable guidance and knowledge to the Board.

I am grateful to the Executive team and dedicated employees who navigated the evolution of the Bank as a subsidiary of Access Bank Plc and spent many hours developing the new strategy to improve our performance. A special word of gratitude goes to Chrisanthi Michaelides and Andrew Murray who, as Chief Financial Officer and Chief Operating Officer respectively, played key roles in the acquisition transaction and are now leaving us to pursue new opportunities.

We are excited to welcome the incoming Chief Executive Officer, Sugendhree Reddy, who is contributing her specific skills and experience to take the Bank on the next instalment of its history.



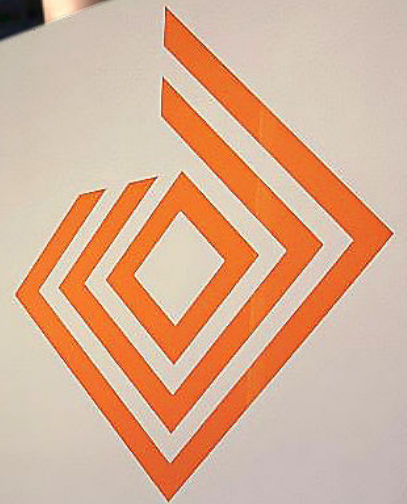
Patrick Mathidi

Independent Non-Executive Chairman

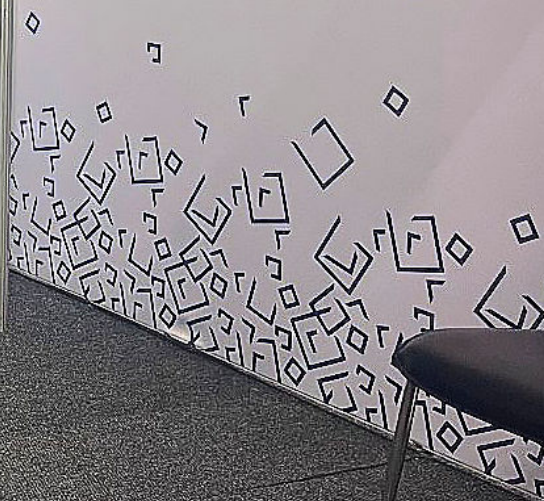
Date: 17 May 2022



**From the bottom of
Africa to the top of
the world.**



access





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Who we are

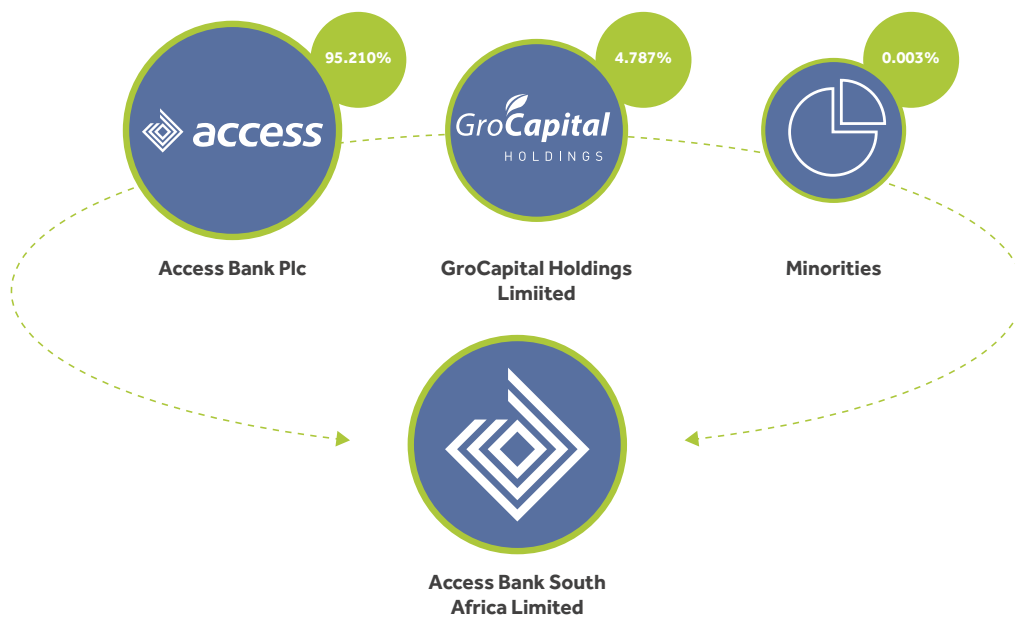
Access Bank South Africa is proud of its history in South Africa of more than 70 years. Established in 1947, the Bank has been operating as a subsidiary of Access Bank Plc since May 2021. As part of the larger Access Bank family, we now have access to a subsidiary banking network and representative offices across three continents. Access Bank Plc was founded in 1989 and since the arrival of most of its current management team in 2002 has grown exponentially to its current size where it serves more than 40 million customers.

Access Bank South Africa continues as an unlisted public company with our head office in Sandton and a direct

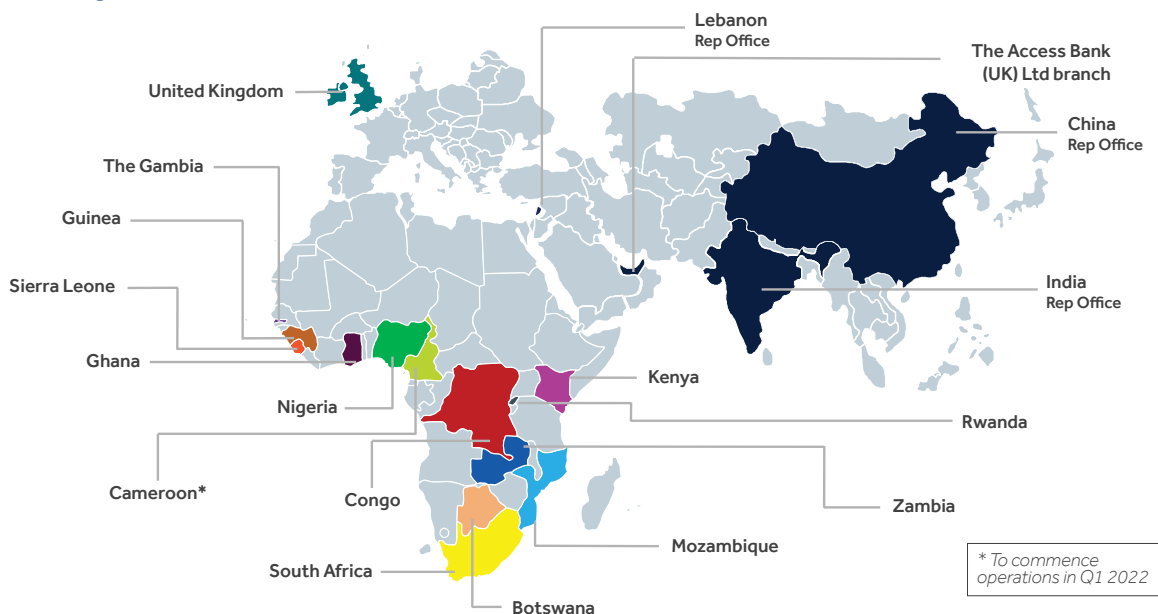
presence through three business suites and three branches across the country. Our alliance partners allow us to expand our footprint and provide us with the ability to provide services in many more locations. We remain committed to our loyal customer base developed over many years and are excited to welcome new customers across all segments and the wider continent to our Bank.

The Bank has one class of ordinary shares in issue. The current shareholder structure as at the date of this report is as follows:

Access Bank South Africa shareholder structure



Access Bank Plc global network and scale



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



04 How we add value and what matters

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How we add value and what matters

Material matters

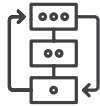
Our material matters are those issues that will have the most significant impact on our ability to create value over the short-, medium- and long-term. We did not follow a formal process to identify material matters this year, but used an informal process taking into consideration the inputs of our Board,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



Step 1 **Identify**

At Access Bank South Africa we identify material matters throughout the year based on inputs received from:

- Shareholders at AGM and ad hoc meetings
- Board strategy sessions and committee meetings
- Strategic and Enterprise Risk Management processes
- Investor roadshows and investor engagements
- Continuous engagement with our customers
- Audit findings and reports
- Management and business unit inputs
- Our employees.



Step 2 **Prioritise**

We assess the material matters in terms of the relevance to key stakeholder expectations and the potential impact on long-term value creation.



Step 3 **Apply**

We include the material matters in our strategy and priority projects for the year.

Material matters inform our key performance indicators and are reflected in management performance contracts and assessment during the year.



Step 4 **Monitor**

We monitor progress continuously against the key issues.

We provide a quarterly report on the material matters to our Board and an annual report to society.

We aim to create sustainable value over the long-term for our shareholders by using our financial, intellectual, human, manufactured, relationship and natural capital to provide financial products and services to our customers. Our intention is to use these capitals and transform them through our activities and operating model in such a manner that we continue to add value over the short, medium and long term to all stakeholders.

Inputs

In 2021 we used inputs across the capitals that affected our material matters both positively and negatively.

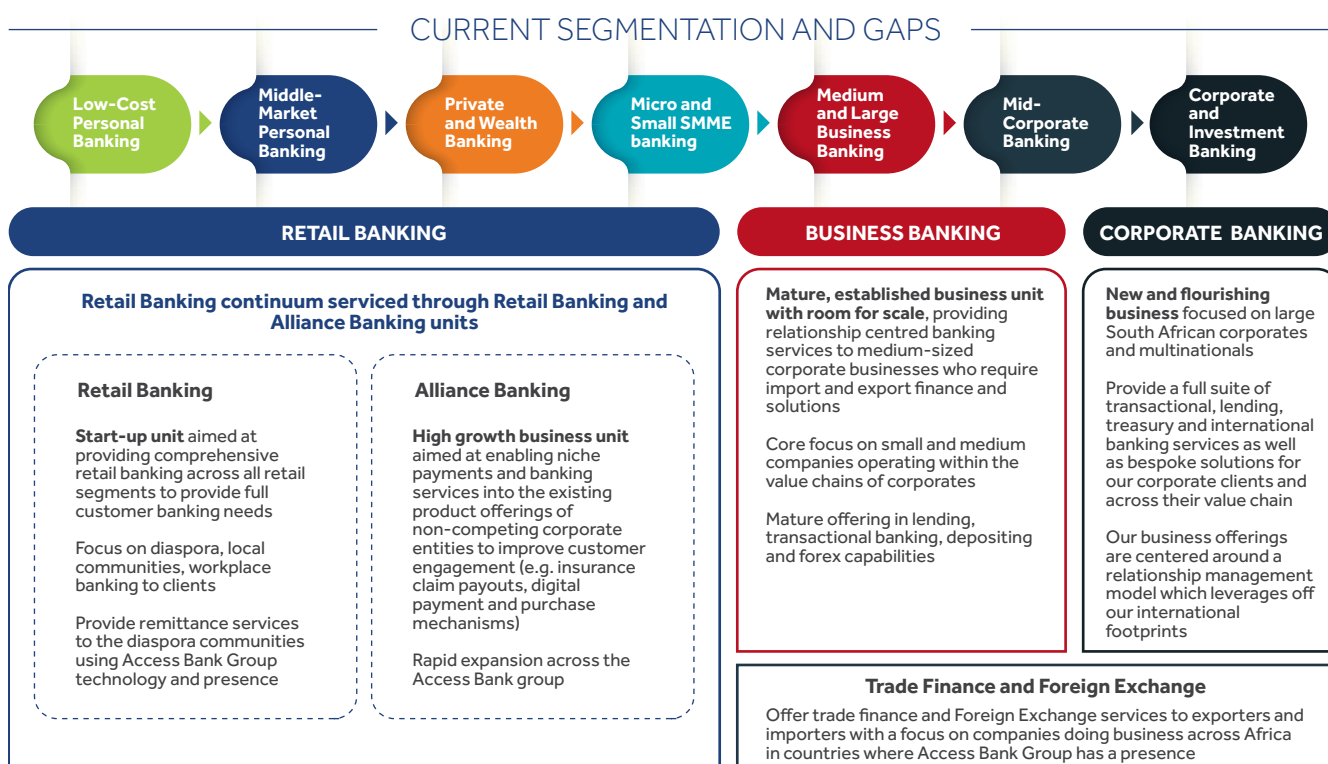
Capital	Progress 2021	Material matters
Financial capital  <p>Our balance sheet allows us to provide loans and other financial services to our customers who in turn use it to create and maintain jobs in their businesses. As part of Access Bank Plc, we can leverage financial resources from across the world to support our customers' activities.</p>	<p>Capital Adequacy Ratio: 19.43% (2020: 4.76%) Net Stable Funding Ratio: 139.31% (2020: 111.05%) Liquidity Coverage Ratio: 1,548.52% (2020: 2.93%)</p> <p>The completion of the shareholder transaction in May 2021 resulted in a R400 million capital injection as well as additional liquidity. In March 2022 a subsequent capital injection of R375 million was received.</p> <p>In addition, Access Bank Plc provided \$100 million (R1.6 billion) in liquidity in 2021.</p> <p>The Bank has a tax assessed loss position of R585 million as at 31 December 2020 which was the most recent date of assessment.</p>	<p>Generating sustainable financial returns</p> <ul style="list-style-type: none"> • Provide adequate returns to our shareholders and investors • Protect our capital, safe-guard depositor interests and provide loans to customers • Improve risk rating to attract new investors and depositors • Maintain regulatory requirements in terms of capital and liquidity <p>Strategic risk</p> <ul style="list-style-type: none"> • Continued losses increase the cost of capital and erode available capital • Lack of investment rating limits investor appetite and reduce potential sources of deposits <p>Sound credit risk management</p> <ul style="list-style-type: none"> • Ensure funds are productively applied to support the growth and wealth creation of our customers • Reduce our non-performing loans to below 5% <p>Strategic risk</p> <ul style="list-style-type: none"> • Small customer base limits growth opportunities • Limited investment in resources, systems and procedures increase cost to manage and recover lending
Human capital  <p>Our employees are central to our relationship engagement model and is the key to our ability to perform and provide services to our customers. We gain by sharing knowledge and experience with our colleagues across the world. We have a collaborative relationship with SASBO, the labour union of our employees.</p>	<p>Number of full time employees as at 31 December 2021: 212 Learnerships: 16 (3 male, 13 Female) Secondees: 4</p> <p>Top Management: 28 Middle Management: 84 Junior Management: 55 Semi-skilled: 38 Unskilled: 7</p> <p>In 2021 we reversed the salary cuts implemented in 2020 due to impact of Covid-19 on revenue.</p> <p>Our employees have freedom of association and 24% currently belongs to the labour union, SASBO.</p>	<p>Employee retention and growth</p> <ul style="list-style-type: none"> • Attract smart and committed employees • Create a customer-focused culture aligned to the values of our employees <p>Strategic risk</p> <ul style="list-style-type: none"> • Competition in the market for scarce skills • Employee expectations shifted in terms of flexible working conditions • Adapted corporate culture to align with the larger Access Bank Plc <p>Organisational culture and values</p> <ul style="list-style-type: none"> • Create a local workplace culture aligned to the values of Access Bank Plc • Attract and retain talented employees to support our strategic objectives <p>Strategic risk</p> <ul style="list-style-type: none"> • Employees have experienced high levels of change due to the shareholder transactions in the past few years and the integration in the larger Access Bank family. A concerted effort is required to consolidate the team and brand to focus on the future

Capital	Progress 2021	Material matters
Manufactured capital  <p>As a bank with a digital focus, our fixed assets are mainly in the form of IT infrastructure and our branches and suites.</p>	<p>We opened three retail branches and launched our mobile banking unit in 2021. In November 2021, we introduced our new core banking system to retail clients which allows for digital onboarding through our new app.</p>	<p>Technological advancement</p> <ul style="list-style-type: none"> Investment in systems to ensure effective risk management and requisite compliance to regulations Develop competitive customer product and service propositions delivered through technology <p>Strategic risk</p> <ul style="list-style-type: none"> South Africa's highly sophisticated financial market requires ongoing investment in IT systems and product development to meet customer expectations The competition for skills between financial service providers is ferocious and requires an attractive employee value proposition to retain employees Increasing competition from fintechs that are moving beyond transactional offerings into other segments traditionally serviced by banks <p>Operational efficiency</p> <ul style="list-style-type: none"> Invest in automation of back-office operations, compliance, credit and risk monitoring processes to reduce human error, turnaround times and operational losses Formalise and map business processes for consistent execution of repetitive tasks Enable employees to focus on exceptions and effective customer support <p>Strategic risk</p> <ul style="list-style-type: none"> Manual processes result in unforced errors and require ongoing investment in additional employees to manage volumes leading to increased costs Undocumented manual processes increase the risk of operational losses
Intellectual capital  <p>We invest in the development of financial models and data analytics to enable us to manage our resources, identify risks and gain insight into our customers' financial needs.</p>	<p>Our Internal Capital Adequacy Assessment Process (ICAAP) model was developed inhouse, submitted to our regulator and adjusted our preferred level of capital according to the model output, as well as models for Internal Liquidity Adequacy Assessment Process (ILAAP) and Value Adjustments for Government Bonds and Foreign Exchange.</p> <p>We commenced reviewing all our policies, frameworks and procedures, introducing new ones where gaps have been identified.</p>	<p>Compliance and Conduct Management</p> <ul style="list-style-type: none"> Ensure regulatory compliance in letter and spirit of requirements Identify, mitigate and manage enterprise risk to guide the strategic risk appetite <p>Strategic risk</p> <ul style="list-style-type: none"> Compliance to regulations form part of the Bank's license to operate and non-adherence results in reputational risk as well as monetary fines

Capital	Progress 2021	Material matters
Relationship capital  <p>We believe that partnerships allow us to improve our services and products for our customers. We support our Alliance Banking partners to offer their customers tailor-made financial products which increase financial inclusion across the country. Regulators are important stakeholders to our Bank, and we cooperate to keep them informed of our actions.</p>	<p>The brand Access Bank is an important intangible asset which is well-known across the continent and which we introduced to the South African market in June 2021. Our international footprint further enhances business opportunities for both our customers and partners alike.</p>	Brand awareness and development <ul style="list-style-type: none"> • Develop a recognizable brand that is trusted locally to attract customers • Derive full benefit from the larger Access Bank Plc structure and offerings to support the brand Strategic risk <ul style="list-style-type: none"> • Establish a new brand in an existing, developed market requires time and resources to gain traction • Ensure that customer value propositions fully support the brand promise to establish customer trust Customer acquisition and retention <ul style="list-style-type: none"> • Grow our customer base to improve financial viability • Meet customer expectations with a comprehensive value proposition • Deliver credible customer service through effective processes and automation Strategic risk <ul style="list-style-type: none"> • South Africa's highly sophisticated financial market requires greater levels of innovation to ensure sustainable business growth
Natural capital  <p>Although as a small organisation our environmental footprint is negligible, the activities of our clients may have a greater impact.</p>	<p>We implemented an exclusion list to ensure that environmental and social risks are considered in our credit processes</p>	Environmental and social management <ul style="list-style-type: none"> • Ensure that decisions consider long-term environmental considerations and support sustainable development Strategic risk <ul style="list-style-type: none"> • We acknowledge the possible impact of climate change on our customers both through physical and transition risk.

Business model

Although we operate across all segments of the South African economy, we have a stronger customer offering in the medium and large business and mid-corporate segments. Our Retail Banking products introduced in 2021 are aimed at the low-cost personal banking and small enterprise markets. As we develop our product range, we will extend our focus across the full spectrum of potential customers.



Our product offering

Financing	Deposit and investing	Foreign exchange	Other services
<ul style="list-style-type: none"> Overdraft facilities Term loans 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 Foreign exchange trading 	<ul style="list-style-type: none"> Electronic banking solutions Debit cards Bulk Payment Services

Outcomes for our primary stakeholders

At Access Bank South Africa we believe in partnerships and aim to build collaborative partnerships with our many stakeholders. The Board reviewed and prioritised our stakeholders during 2021 when the Stakeholder Engagement Policy was approved. Our use of the inputs in our operating procedures resulted in outcomes for stakeholders to address concerns raised during the year under review.

Customers						
Actions to enhance outcomes	Who they are <ul style="list-style-type: none">• Individuals• Small and medium-sized businesses• Large businesses and mid-corporates	Material matters <ul style="list-style-type: none">• Technological advancement, Risk and Conduct Management• Brand awareness and development• Operational efficiency• Customer acquisition and retention				
	How we engaged <ul style="list-style-type: none">• The retail team hosted several community engagements to understand customer needs and present the brand• Relationship managers engaged directly with our business customers	Customer concerns <ul style="list-style-type: none">• Improved digital banking experience,• Expanded product offering,• Responsible conduct management and compliance with regulations				
	Outcome <ul style="list-style-type: none">• Launched a new core banking system• Automated processes to improve service quality					
	Strategic risks <ul style="list-style-type: none">• Customers have a wide choice of financial service providers and products with low switching costs in the market• Although we are a Tier 2 bank customers expect the same service and products and we therefore compete directly with Tier 1 banks for customers	Opportunities <ul style="list-style-type: none">• No large existing branch infrastructure allows for strategic location of physical contact points combined with efficient electronic engagements• Continue relationship model for Corporate, Business and Commercial Banking on cost-effective basis to deepen customer connections				
	Future focus <ul style="list-style-type: none">• Grow retail infrastructure through combination of branches, agencies and digital channels in 2022• Expand product offering across client segments with initial focus on Retail, Commercial and Business Banking in 2022• Invest in systems to improve customer experience in Foreign Exchange and Trade Finance					



Alliance banking partners



Who they are

- Alliance partners
- Payment providers

Material matters

- Technological advancement, Compliance and Conduct Management
- Operational Efficiency
- Customer acquisition and retention

Actions to enhance outcomes

How we engaged

- Relationship managers meet on a formal management committee basis once a month
- Quarterly risk and audit reviews
- General queries are managed daily

Alliance partner concerns

- The fintech environment requires flexible, solutions-oriented partners balanced with regulatory compliance considerations

Outcome

- Developed a roadmap of products to be implemented for each partner
- Reviewed pricing across all products and services

Strategic risks

- There are several new entrants in the alliance banking arena which will increase competition for products and resources, but barriers to entry in the establishment of operating models will delay some new entrants

Opportunities

- Facilitate the continuous introduction of new digital assets into South African market on by providing banking services to the market
- Payment technology is a growth area which requires dedicated resources and focus
- Fintechs are moving from providing transactional products to offer lending, which will allow us to penetrate market areas where we have low direct risk appetite

Future focus

- Limit concentration risk in the alliance banking book by extending the number of partners with a balance between large-scale new partners to obtain revenue growth and smaller opportunities



Regulators



Who they are

- Prudential authority
- Financial Intelligence Centre
- National Credit Regulator
- Financial Sector Conduct Authority
- Information Regulator
- Payments Association of South Africa
- Financial Surveillance Department of the South African Reserve Bank

Material matters

- Generating sustainable financial returns
- Technological advancement, Compliance and Conduct Management
- Operational Efficiency

Actions to enhance outcomes

How we engaged

- Ad hoc basis in the first half of the year to manage the acquisition transaction and inform them of our financial position
- Regular formal engagements during the second half of the year to update regulators on progress of our strategy

Regulators' concerns

- The Bank has the financial means to continue operations and safeguard depositors
- Business is conducted in compliance with all regulatory provisions

Outcome

- Access Bank Plc ensured that the Bank exceeds all regulatory financial requirements in terms of capital and liquidity and will operate on a going concern basis

Strategic risks

- There are ongoing changes to improve the sustainability of the financial sector as a whole and Access Bank South Africa must understand and adapt to these changes on a pro-active basis

Opportunities

- Access Bank South Africa represents the first external investment from another African country in the local banking system and must ensure that its operations enhance the reputation of the shareholder to provide the regulators with the necessary comfort to support the growth ambitions of the Bank

Future focus

- Ensure that the Bank remains compliant and strengthens relationships with all regulators through its pro-active and cooperative approach



Shareholders



Who they are

- Access Bank Plc
- GroCapital Holdings
- Minority shareholders

Material matters

- Generating sustainable financial returns
- Technological advancement, Risk and Conduct Management
- Operational effectiveness
- Brand awareness and development

Actions to enhance outcomes

How we engaged

- Annual General Meeting
- Ad hoc meetings to finalise the acquisition by Access Bank Plc
- Shareholder representatives on Board

Shareholder concerns

- Improved financial performance
- Ability to execute on strategic objectives
- Limits of existing technology offering and product range

Outcome

- Completed acquisition by Access Bank Plc
- Received R400 million equity capital and \$100 million short-term liquidity line from Access Bank Plc
- Finalised 10-point turnaround strategy and business plan

Strategic risks

- Ongoing financial losses and lack of sustainable returns dampen investment appetite of shareholders

Opportunities

- As a subsidiary of Access Bank Plc, a large international bank, we can now offer our customers services across the globe through representative offices and other banking subsidiaries
- Shared knowledge of products and services that may be adapted for our customers

Future focus

- Meet Competition Commission requirement to include a minority significant Black South African shareholder by 2024



Investors and funders



Who they are

- Depositors
- Multilateral investors
- Commercial banks
- Foreign banks
- Institutional investors including:
 - o Asset Managers
 - o Brokerages
 - o Medical aid/ Pension funds
 - o Security Houses

Material matters

- Generating sustainable financial returns
- Technological advancement, Risk and Conduct Management

Actions to enhance outcomes

How we engaged

- Regular one-on-one meetings

Investor and funder concerns

- Provide evidence of improved financial turnaround performance and return to profitability
- Ability to execute effectively on new strategic objectives
- Incorporating social and environmental assessments in the business processes and lending decisions

Outcome

- We maintained our existing investor and funding base
- Negotiating additional and new funding and facilities with existing and new funders

Strategic risks

- Ongoing financial losses and inconsistent performance against strategic objectives inhibit investor appetite and limit ability to take advantage of the South African debt and capital markets

Opportunities

- Letter of support received from Access Bank Plc to confirm commitment and support to existing and new funders
- Existing Access Bank Plc funder relationships create new opportunities for raising AT1 and Tier 2 capital and liquidity

Future focus

- Diversify investor base and funding instruments from 2022
- Establishment of a Domestic Medium Term Note (DMTN) Programme on the Johannesburg Stock Exchange by no later than 2024



Ratings agency



Who they are

- GCR ratings

Material matters

- Generating sustainable financial returns
- Compliance and Conduct Management

Actions to enhance outcomes

How we engaged

- Regular meetings to update on the shareholder transaction and changes in strategy, management and directors

Outcome

- Credit rating of BB- with Positive Outlook

Ratings agency concerns

- Need to exhibit sustainable improved financial performance
- Ability to execute effectively on strategic objectives
- Management of non-performing loans

Strategic risks

Current non-investment grade credit rating:

- Inhibits investor appetite
- Limits opportunities to participate in the capital and debt markets, as well as the Bank's ability to attract significant corporate deposits

Opportunities

- Improved credit rating of Investment Grade will attract a wider range of funders and depositors to increase liquidity

Future focus

- Improve rating to A by 2024 by focusing on key metrics namely non-performing loans and profitability and generally improving all prudential ratios including capital adequacy and liquidity



Employees



Who they are

- Age composition of employees as at 31 December 2021:

18 – 30 years: 32

31 – 40 years: 65

41 – 50 years: 63

51 and older: 52

Material matters

- Generating sustainable financial returns
- Employee retention and growth
- Technological advancement
- Organisational culture and values

Actions to enhance outcomes

How we engaged

- Through daily management and existing procedures
- Since 2020 we have had regular town halls to update employees on progress with the acquisition and strategy

Outcome

- Filled six key vacancies
- Completed external remuneration review to benchmark salaries
- Increased training and bursary budgets

Employee concerns

- Fair, market-related remuneration
- Understanding and aligning to Access Bank Plc priorities
- Work/Life balance
- Large number of strategic projects to be implemented concurrently
- Manual processes and improved IT systems
- Opportunities for skills development and growth

Strategic risks

- Competition in the market for scarce skills
- Employee expectations shifted in terms of flexible working conditions
- Adapting corporate culture to align with the larger Access Bank Plc

Opportunities

- Advancement into positions across the globe creates new career paths for employees and thus becomes an attractive addition to the employee value proposition

Future focus

- Implement short-term and long-term incentive scheme in 2022
- Complete succession planning and talent mapping across all levels of employment in the Bank
- Review and update all human resource policies



Suppliers



Suppliers provide

- Goods and services such as our office space, cleaning services, and stationery
- Payment services such as VISA, Master Card and BankServ
- IT systems and services
- Professional services such as legal advice and auditing

Material matters

- Generating sustainable financial returns
- Technological advancement
- Compliance and conduct management

Actions to enhance outcomes

How we engaged

- Regular direct engagement to acquire and monitor services

Supplier concerns

- Fair procurement terms and conditions
- Prompt payments

Outcome

- Reviewed our Procurement and Outsourcing policies and assessed all our suppliers for compliance and service quality
- Updated our Supplier Code of Conduct and require all suppliers to sign it

Strategic risks

- Concentration risk with regards to suppliers in certain areas
- Performance risk where suppliers do not perform to the standard required

Opportunities

- Ability to reduce dependence risk on specific suppliers through wider Access Bank Plc network of suppliers

Future focus

- Migrate suppliers to ensure compliance with regulatory requirements of processing and data hosting



Community



What they are

- Societies in which we operate

Material matters

- Generating sustainable financial returns
- Compliance and conduct management

Actions to enhance outcomes

How we engaged

- Established relationships with several business chambers and embassies of countries where Access Bank Plc has a presence to identify opportunities of mutual interest

Community concerns

- Communities are interested in the new brand and want to engage to understand the role of the bank in corporate social investment initiatives

Outcome

- Updated our Corporate Social Investment policy
- Invested R60,000 in three small businesses as part of our supplier and enterprise development programmes

Strategic risks

- There are a wide variety of community projects available to support and the Bank should prioritise areas where the impact of its limited funding may be enhanced through partnerships

Opportunities

- Increase engagement and support in communities where we operate through our corporate social investment programme

Future focus

- Access Bank Plc has a highly regarded reputation for its involvement in communities and the local team may enhance its standing through careful selection of key projects



05 Our strategy

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Our strategy



I am privileged to join Access Bank South Africa at the start of this exciting new phase in its development and understand that my role involves significant responsibility to repurpose the 70-year-old bank as an important Tier 2 player in the South African banking industry.

During the past year we made some important decisions to position the Bank within the larger Access Bank Plc and prioritised actions required to reach profitability. As a first step, the management team in collaboration with the Board and controlling shareholder, developed a 10-point transformation plan that encompasses all areas of the Bank as set out in the next section of the report. The management team is fully aware of the need to turn the Bank into a profitable operation that delivers sustainable returns to its shareholders and add long-term value to its customers and other stakeholders.

Our focus in 2022 entails implementing several key steps to enable future growth such as replacing core banking systems, documenting all processes and automating our processing capabilities, developing a comprehensive product suite to enhance our Retail Banking team's competitiveness and appointing employees in key positions to implement the strategy. As our Retail Banking operation is still in its infancy and our existing capabilities in Business and Commercial Banking, Alliance Banking and Corporate Banking will be harnessed as anchor for our strategy. Trade and Foreign Exchange go together with our focus on local and international businesses operating within the larger Access Bank Plc footprint and will be integrated into our client offerings to increase our revenue generating options.

This will create the foundation for our growth ambitions as a mainly virtual bank, offering customers appropriate services through digital channels and limited strategic physical locations. We are pleased with the initial reception of Access Bank in South Africa and brand and product development will continue as we extend our reach into targeted communities. Over the medium-term specific areas will be selected and platforms developed to connect customers and services.

The first step in this development is in our Alliance Banking business where we are establishing a marketplace for the various partners to interact and share services. We also expect to share some of our experience in the fintech industry within the wider Access Bank Plc to benefit a wider network of customers in time.

A diverse, motivated and capable employee cohort is fundamental to execute our new strategy and employee development and retention. Employee development is a focus area in multiple elements of our 10-point transformation plan. In 2022 we will review and enhance our employee value proposition to manage and reward our employees for their hard work and dedication. I strongly believe that an organisation must act in an ethical manner and am personally committed to strengthen the Bank's commitment to ethics in the year to come.

Sugendhree Reddy
Chief Executive Officer

Date: 17 May 2022













Business strategy and transformation plan

A	B	C	D	E	F	G	H	I	J
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. Identify the opportunities that arise where competitors fail to service Commercial and Corporate Banking and Structured Trade Finance	Develop Alliance Banking into a partnership-driven, digitally led ecosystem	Build a strong digitally led retail franchise by leveraging communities not serviced by opponents and supplemented by inorganic growth	Offer correspondent banking services to all non-SA banks in the SADC and COMESA regions	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) effectively, with pricing optimisation and flexibility. Leverage existing strong Group relationships with DFIs and asset managers	Maintain strong risk management and compliance practices, and focus on sustainability in line with the Group's leadership position


























Our 10 point-transformation plan

The plan is divided into two sections of five pillars each. The first five pillars focus on revenue generating and the technology required to support the business while the remaining five relate to the elements that enable the Bank to operate. During the year under review we had to manage a trade-off between financial resources and the need to invest in technology, people and the brand on a daily basis. We are prioritising investments in revenue generating areas and lend direct support to those activities, while delaying appointments where possible in other areas.

The revenue generating pillars overlap in terms of capitals used and material matters while stakeholders are specific to certain units.

Strategy pillar	Material Matters	Stakeholders	Capitals impacted	Resources used
C <ul style="list-style-type: none"> Ensure market dominance in our niche markets playing to our strengths Understand the opportunities that arise where competitors fail to service Commercial and Corporate Banking, and Structured Trade Finance 	<ul style="list-style-type: none"> Generating sustainable financial returns Customer acquisition and retention Brand awareness and development Technological advancement Operational efficiency 	 	   	<ul style="list-style-type: none"> Expanded capacity across all revenue generating teams as well as middle and back-office processing while managing costs Supported by Access Bank Plc with strategic secondments to strengthen the Corporate Banking, Trade Finance and Correspondent Banking units
E <ul style="list-style-type: none"> Build a strong digitally led retail franchise by leveraging communities not serviced by competitors and supplemented by inorganic growth 				
F <ul style="list-style-type: none"> Offer correspondent banking services to non-South African banks in the SADC and COMESA region 				
D <ul style="list-style-type: none"> Develop Alliance banking into a partnership driven, digitally led ecosystem 		 		
G <ul style="list-style-type: none"> 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 the associated technologies 		   		<ul style="list-style-type: none"> Value of property, plant and equipment increased to R23.35 million in 2021 (2020: R17.70 million)

The enabling pillars relate to our employees, brand development, financial resources and the compliance and risk management activities that allow us to operate within regulatory requirements.

Strategy pillar	Material Matters	Stakeholders	Capitals impacted	Resources used
A <ul style="list-style-type: none"> High-calibre management team 	<ul style="list-style-type: none"> Employee retention and growth Organisational culture and values 		  	<ul style="list-style-type: none"> Paid our employees R121.7 million in 2021 (2020: R138.2 million). The lower salary costs reflect the impact of salary cuts and the section 189 process completed in 2020 to manage expenses Spent R900,649 in 2021 on skills development and allocated 20 bursaries to employees. An amount of R3 million is allocated for 2022 for training and development <p>EMPLOYEES AS AT 31 DECEMBER 2021</p>  <p>Male: 91 Female: 121</p> <p>Asian: 31 Black: 99 Coloured: 14 White: 68</p>
H <ul style="list-style-type: none"> 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 				
B <ul style="list-style-type: none"> Positioning the institution in the market 	<ul style="list-style-type: none"> Brand awareness and development Customer acquisition and retention 	    	 	<ul style="list-style-type: none"> Doubled our marketing spend compared to 2020
I <ul style="list-style-type: none"> Manage the balance sheet (equity capital and debt funding) effectively, optimising pricing and flexibility. Leverage existing strong Access Bank Plc relationships with development finance institutions and asset managers 	<ul style="list-style-type: none"> Generating sustainable financial returns Sound credit management 	   	 	<ul style="list-style-type: none"> Received \$100 million from the shareholder in additional short term liquidity
J <ul style="list-style-type: none"> Maintain strong risk management and compliance practices and focus on sustainability in line with Access Bank Plc leadership position 	<ul style="list-style-type: none"> Compliance and Conduct Management Sound credit risk management Operational efficiency Technological advancement 	   	  	<ul style="list-style-type: none"> Hired additional employees across all relevant functions to support revenue teams

We made progress on each element of the 10-point transformation plan as set out below.

A. High-calibre management team

Our approach

To implement our strategy we require committed, highly skilled managers in key positions. Furthermore, we must invest in the skills of all our employees to ensure that they can perform their work within regulatory requirements. Due to the small size of the local team, there is significant key-person dependencies in certain areas which increases the importance of skills transfer and succession planning.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none"> Appointed the Country Treasurer, Head: Alliance Banking, Head: Product, Head: Corporate Banking and Head: Foreign Exchange Re-introduced our training and study bursaries as well as staff lending programmes in the second half of the year 	<ul style="list-style-type: none"> Appoint new heads for Compliance, Internal Audit, Company Secretariat, Operations and Trade Finance Fill key new vacancies including the Chief Financial Officer and Chief Operating Officer roles Review succession planning across all roles in the Bank to take into consideration new positions and vacancies 	<ul style="list-style-type: none"> Create a skilled and diverse management team capable of implementing the strategy and delivering sustained shareholder value

B. Positioning the institution in the market

Our approach

Well-known in other parts of the continent, the Access brand is not yet well-established in Southern Africa. To attract customers and grow the business, the brand must be positioned to engender trust in the local market. Simultaneously we need to ensure that our products, systems and services support the promises made to consumers.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none"> Launched the new brand in the market in June 2021 Branding of new branches and launch of the retail offering followed in November 	<ul style="list-style-type: none"> Increase awareness of the brand through digital media, campaigns and sponsorships 	<ul style="list-style-type: none"> Establish the brand as a trusted, recognised entity in the South African market

C. Ensure market dominance in our niche markets by playing to our strengths and understanding the opportunities that arise where our competitors fail to service Commercial and Corporate Banking, as well as Structured Trade Finance

Corporate Banking

Our approach

Corporate Banking services both South African and multinational companies with a turnover of more than R750 million per year. A key focus area is to identify companies that operate in the same jurisdictions as Access Bank Plc across the world and provide them with comprehensive solutions.

While Corporate Banking is a well-established offering within Access Bank Plc, the South African unit was established only in late 2021 with the appointment of the Head: Corporate Banking and is already showing some promising results at the onset of the current financial year. The team is currently servicing its clients based from Access Bank South Africa's head office in Gauteng and has plans to expand its geographical footprint further within the next 18 months. Two experienced bankers from Access Bank Plc have been assigned to the South African Corporate and Commercial Banking teams for the next two years. They will support the local teams to grow and bring new perspectives to the business while assisting with international integration.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none"> Established the Corporate Banking unit and appointed key employees Signed on first corporate customers and approved loan transactions 	<ul style="list-style-type: none"> Increase capacity by recruiting additional relationship managers and strengthening customer offering Expand presence beyond Gauteng Strong focus to grow its risk assets, investments and trade finance business 	<ul style="list-style-type: none"> Focus on a combination of South African and international corporate businesses to grow our Corporate Banking business on a sustainable basis to be a highly profitable within the larger Access Bank Plc international offering to this segment Develop sector specialisation with an enhanced customer value proposition for its target market including for example the introduction of derivatives product offerings, project finance solutions, and enhanced digital banking solutions

Commercial and Business Banking

Our approach

We distinguish between Commercial Banking, which we define as companies with a turnover of between R50 and R750 million, and Business Banking for companies with a turnover between R5 and R50 million. We understand that business owners need a mixture of personal advice on financial matters and efficient banking systems to manage their finances. Commercial and Business Banking is the most established and developed of our operations as it has been a core element of the Bank's strategy for more than a decade. Our operational model is based on a relationship-centred approach where customers have direct access to relationship managers. However, this must be supported by appropriate technology, and we have embarked on a process to replace and update our systems to provide a more efficient experience for our customers.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none"> As a result of the liquidity constraints in the first half of the year, the loan book reduced by R400 million from R2,058 million in 2020 to R1,676 million Integrated systems and procedures to align to the Access Bank Plc requirements Refined the segmentation and value proposition for the customer segments 	<ul style="list-style-type: none"> Restructure the team to better service Commercial and Business Banking customers as separate sub-segments Continue growing risk assets and maintain efforts to be self-funded by raising deposits Fill product gaps through partnerships and development 	<ul style="list-style-type: none"> Develop specialisation in certain business areas where we have existing capabilities and knowledge and offer more than banking services to this segment Embed a model to service the business banking segment effectively through digital channels

Trade and Foreign Exchange

Our approach

The African continent has a history dating back thousands of years of trading within itself and across the world. South Africa is both a large exporter and importers and South African companies exchange goods and services with many other companies across the globe. Trade Finance and Foreign Exchange dealing enable these activities and are important to our Corporate, Commercial and Business customers. In a country with approximately 5 million migrants from the rest of the continent and elsewhere, the ability to remit earnings to their families at home is also an important service requirement. Trade and Foreign Exchange are therefore considered key pillars of our strategy to operate in conjunction with the other business units.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none"> Structured and grew our foreign exchange sales team and invested in back-office capacity to support increased volumes Appointed a Head: Foreign Exchange who joined at the start of 2022 	<ul style="list-style-type: none"> Establish the trade team including back office capabilities Offer a foreign exchange execution platform to business, commercial and corporate clients Improve operational efficiencies in the back office 	<ul style="list-style-type: none"> Develop trade finance and foreign exchange to contribute significantly to revenue and provide value-added services to customers across the Bank

D. Develop Alliance Banking into a partnership driven, digitally led ecosystem

Our approach

We are the leading provider of alliance banking services in the South African financial industry with 15 years' experience in partnering to provide financial solutions to our alliance banking partners. We enable non-banks and Fintech enterprises to develop and provide payment and transactional solutions to their own client base through bespoke solutions. We offer white-labelling and co-branded banking products including account hosting, pre-paid card issuing, payments and collections aggregation and other value-added services.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none">Acquired two new payments partners and five alliancesAppointed a new Head: Alliance Banking	<ul style="list-style-type: none">Improve our back-office processes and automation to manage volumes and maintain the levels of control expected by regulatorsAcquire priority clients with an immediate impact on revenueEstablish lending as a product offering which will enable Access Bank South Africa to offer lending to some of its own client base where it does not have the risk appetite to extend credit directly	<ul style="list-style-type: none">Develop Alliance Banking to become the fintech hub for banking in South AfricaCreate a centre of excellence for fintech within Access Bank Plc's aspirationsProvide a standardised systems offering to partners to speed up onboarding and improve controls

E. Build a strong digitally led retail franchise by leveraging communities not serviced by competitors and supplemented by inorganic growth

Our approach

Access to financial services is an important element of people's daily lives and we want to provide products and services that offer value for money to individual clients irrespective of income level. We also understand that people want to access financial services within their communities where they can experience the impact of growth themselves.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none">Launched our retail offering in October 2021 and now offer transactional banking aimed at low-income and high net worth individualsEnhanced our physical presence in three new branches and through a new banking app	<ul style="list-style-type: none">Address several product gaps through in-house development and partnerships to offer customers a comprehensive range of servicesOpen a limited number of additional branches in strategic locations to support the brand, but investment in digital and other channels will be the main focus	<ul style="list-style-type: none">By 2027 we would like to reach 4 million individual customers through our Retail and Alliance Banking units

F. Offer correspondent banking services to non-South African banks in the Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA) region

Our approach

We offer correspondent and respondent banking services across Africa to banks requiring Rand settlement facilities. This is aligned to our approach of managing our reach through the wider Access Bank Plc footprint.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none">Developed correspondent banking capability and launched ZAR cash management and liquidity offerings to banks across the continent	<ul style="list-style-type: none">Implement technology to improve processing times and manage larger volumes of transactionsExpand the number of correspondent banks	<ul style="list-style-type: none">Serve banks across the world aligned to the Access Bank Plc footprint

G. 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 center of excellence for Alliance Banking and the associated technologies

Our approach

At Access Bank South Africa we regard technology as an important enabler of our business which allows us to provide bespoke solutions to our clients, manage our business processes efficiently, analyse and apply organisational data optimally and monitor the effectiveness of our activities.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none"> Main projects entailed replacing our core banking system and introducing a mobile app Continued development of regulatory projects and investment in our data analytics technology 	<ul style="list-style-type: none"> The expansion of products will require additional investment in banking systems Automation of back-office processes are a priority to manage larger volumes and manage risk We will continue to invest in management reporting and data analytics while meeting regulatory requirements 	<ul style="list-style-type: none"> Technology is a key enabler of banking services in a safe and effective manner and the competitive landscape changes constantly with new developments rapidly becoming the consumer standard. We want to provide customers with a digital service aligned to the sophisticated expectations of the local market

H. 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

Our approach

We recognise the importance of a cohesive employee culture to execute our strategy and integrated the South African team within the larger Access Bank Plc operation. Technology enables us to communicate our values and priorities. However, to achieve our goals it must be enhanced by performance management against targets and the talented employees to achieve our goals.

The expected scale of employee growth and large number of strategic projects implemented simultaneously will require constant interaction to communicate priorities and ensure values are embedded.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none"> Our focus centred on communicating and integrating the Access Bank Plc values and our updated strategy in the South African operations in a structured manner through town halls and similar events We believe in growing our employee pool through development and 16 Bank SETA learners were employed with a stated goal to permanently retain most of them which we will repeat in coming years 	<ul style="list-style-type: none"> As many new employees will be joining us, we will focus on creating a cohesive local team aligned to our values and mission through town halls, workshops and digital communication We are tracking performance to monitor and communicate progress against stated goals 	<ul style="list-style-type: none"> Fostering a culture of high achievement focused on generating acceptable shareholder returns and incorporating sustainable business practices through shared values within a global operation

I. Manage the balance sheet (equity capital and debt funding) effectively, optimising pricing and flexibility. Leverage existing strong Access Bank Plc relationships with development finance institutions and asset managers

Our approach

We understand that our first priority is to safeguard our depositors' interests and at the start of 2021 our priority was to conserve capital until conclusion of the shareholder transaction. Ongoing financial losses continue to erode our capital base and it is therefore imperative that profitability be reached to grow the balance sheet. The main concerns expressed by the ratings agency and potential investors relate to the history of financial losses and our non-performing loan ratio, both of which we are aiming to address in 2022 through sustainable asset and revenue growth.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none"> Received R400 million capital from the shareholder which increased shareholders equity to R361.340 million (2020: R175.645 million) 	<ul style="list-style-type: none"> Raise R375 million in new equity capital in March 2022 through a rights offer to all existing shareholders Plan to raise R450 million in AT1 capital through the issue of debenture note instruments to increase our capital position and long-term liquidity Improve the non-performing loan ratio to less than 5% through a combination of asset growth and non-performing loan recoveries 	<ul style="list-style-type: none"> Create a financially sustainable bank which is not wholly dependent on its shareholder for capital but able to cultivate and reward a diverse investor and funder base

J. Strong risk management and compliance practices and focus on sustainability in line with Access Bank Plc leadership position

Enterprise risk management

Our approach

The Bank's approach to risk management is based on established governance processes and relies both on individual responsibility and collective oversight, supported by comprehensive reporting. This approach balances strong corporate oversight at senior management level with independent risk management structures in the business.

The Board is responsible and accountable for risk management. There are clear reporting lines and the allocation of responsibilities and authority in the Bank as described by the Enterprise Risk Management Framework which involve board and management committees as well as all employees who are expected to identify and mitigate risks. Since 2020 there has been an ongoing focus on strengthening our lines of defence and assurance.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none"> Reviewed and updated the Enterprise Risk Management Policy and Strategy as well as the Operational risk framework Approved the Risk Appetite Statement and various financial risk management policies including capital, liquidity and interest rate Continuous review and adjustments of strategic and operational risk registers to take into consideration changes in context Completed risk assessments of two new Alliance Partners Integration of structure, processes and policies within Access Bank Plc 	<ul style="list-style-type: none"> Update the risk champion model to create a more responsive risk management process Embed the risk policies, strategies and framework to move the risk model to a repeatable level Reviewed and updated the Recovery Plan for submission to the regulator Undertake risk assessments on new Alliance Partners Prepare for Operational Risk Review to be conducted by the Prudential Authority 	<ul style="list-style-type: none"> Create an agile risk management culture that enables the Bank to identify and assess risks pro-actively to manage and mitigate their effects

Credit risk management

Our approach

A core function of the Bank is to provide loans to customers to grow their businesses, invest in their households and contribute to the South African economy. We understand that credit extension implies financial risk and strive to manage the inherent risk through our credit policy and ongoing monitoring. In 2021 we reviewed our credit policy and developed lending programmes for specific credit products.

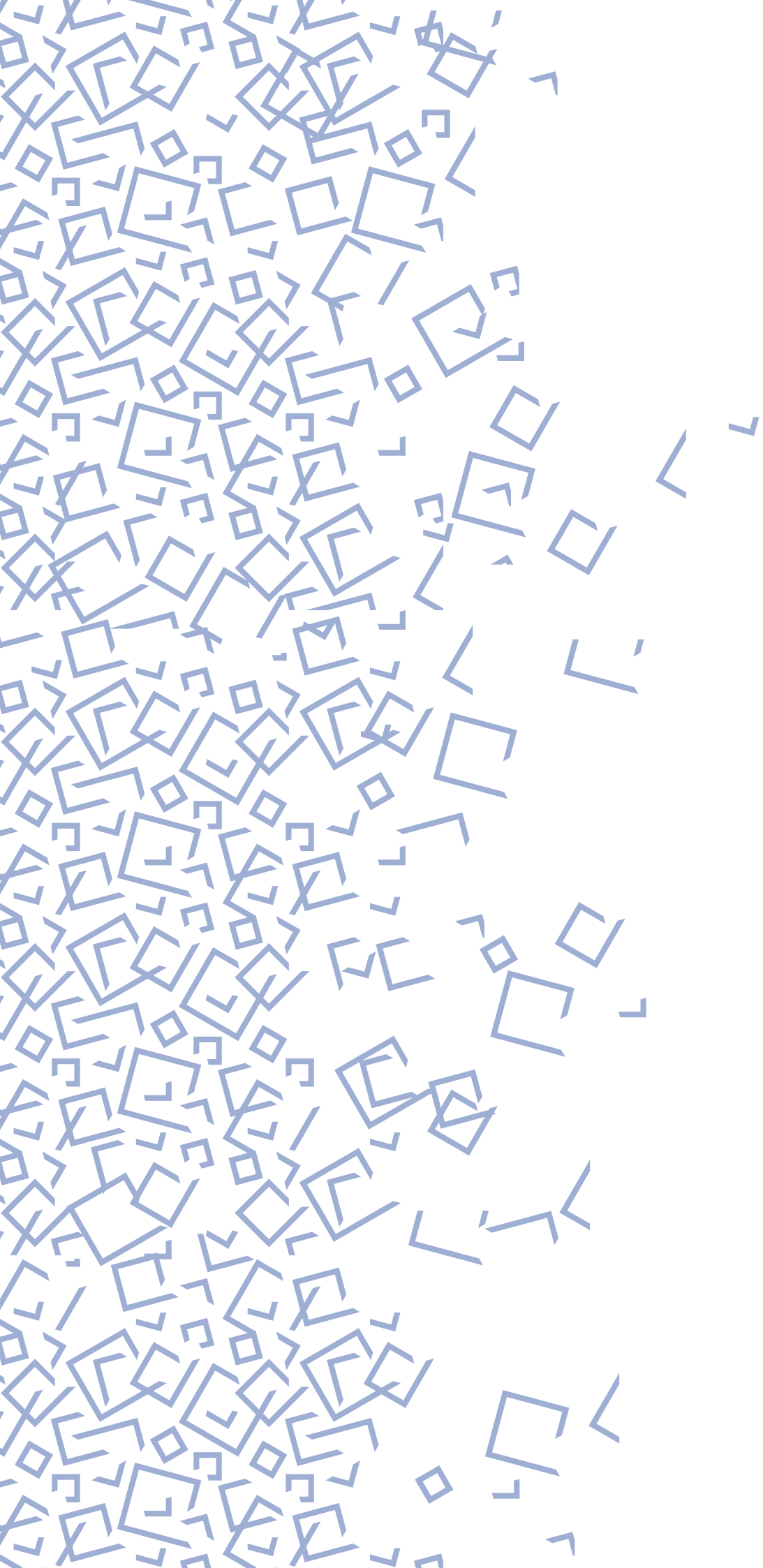
Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none">Started corporate lending teamReviewed all credit policies and created lending programmes for standard product lending	<ul style="list-style-type: none">Introduce credit models to enable retail lendingExpand the credit team to provide retail lendingAutomate the workflow of credit processes	<ul style="list-style-type: none">Ensure that risk assets grow in a sustainable manner with a risk appetite commensurate to the balance sheet size and non-performing loan ratio of less than 5%

Compliance

Our approach

We are committed to comply in the letter and the spirit of the regulatory requirements and to act with due care, skills and diligence. We aim to ensure that the Compliance team play an enabling role to support business growth and not following a mere checking route.

Progress 2021	Actions for 2022	Long-term intention
<ul style="list-style-type: none">Implemented the policy and controls required to give effect to its responsibilities in terms of the Protection of Personal Information Act 4 of 2013Executed the annual Compliance plan and engaged with various statutory bodies on behalf of the BankActively engaged, monitored and trained various Alliance Partners to ensure consistent application of regulatory requirementsWe received no requests in term of the Promotion of Access of Information Act during the year	<ul style="list-style-type: none">Documentation and automation of compliance processes that allow the Compliance team to focus on enabling the business.Review all compliance related policies, methodologies and controls to ensure that the full regulatory universe is included.Effectively provide second-line assurance and advisory servicesFinalise and embed the compliance structure to be responsive to the envisaged business growth	<ul style="list-style-type: none">Develop a Compliance function that is effective in ensuring regulatory conformity while enabling business growth and pro-actively preparing the Bank for regulatory changes



06 Corporate governance

Creating value through good governance

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Our Board of Directors

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Creating value through good governance

Our Board and executive team strive to practice good corporate governance consistently 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 ensure that the Bank retains the flexibility to adapt quickly to the changing 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 and innovation.

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.

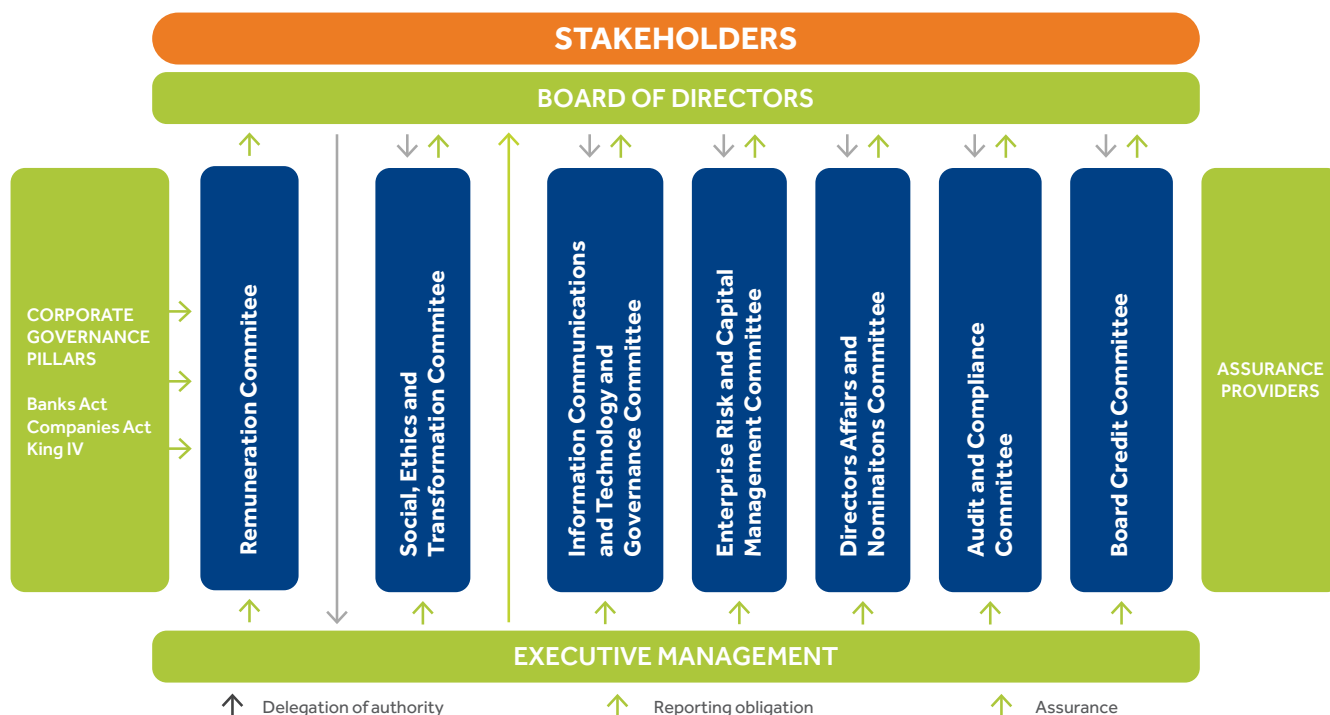
We assess whether we have made good progress towards continuously achieving effective leadership through effective control and legitimacy through our application of the King IV principles to our corporate governance.

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, the separation and clearly defined roles and responsibilities of the Chairman and Chief Executive Officer, Access Bank South Africa has established a balance of power and authority at Board level. The Chief Executive Officer in turn delegates authority to the executive team, who are provided with explicit responsibilities and accountabilities.

Our executives' performance is measured against agreed key performance indicators and the Bank's performance is used as input to determine their compensation. 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.



Remuneration Committee

Majority 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

Majority members are independent 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.

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 Access Bank PLC strategy and direction, and that the IT systems are efficient and effective.

Enterprise Risk and Capital Management Committee

Majority members are non-executive directors. The Committee assists the Board in evaluating the adequacy and efficiency of risk policies, procedures, practices and controls.

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.

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 South Africa. It also highlights measures to enhance the credibility and objectivity of financial statements and reports.

Board Credit Committee

Majority members are non-executive directors. The Committee approves Access Bank South Africa'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.

Leading effectively

The Board 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 was approved by the Board in June 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 South Africa. 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. Moreover, 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 South Africa's corporate social investment policy frameworks, approve a corporate social investment strategy and monitor 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 Bank's gender and race transformation commitments and targets, and monitors gender and race transformation against these commitments and targets. In 2021 the Committee approved the Human Rights Policy which extends its oversight on matters related to this policy which covers employees, supplier, customers, investors and society.

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 enhance our engagement with stakeholders during 2022. 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. A formal Stakeholder Engagement Policy was approved to formalise the identification of stakeholders and guide interactions on relevant matters.

Evaluating performance

Board and committee performance

Our Board and Committee assessments are usually conducted in the first half of the following year and the results tabled at the following Board and Committee meetings. Internal Board and Board Committee assessments were concluded in 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 2021 performance evaluation, following the shareholder transaction and Covid-19 environment to take into consideration changes in strategy.

Board committees

Access Bank South Africa'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 2021.



Our Board of Directors

Independent non-executive directors



Patrick Mathidi

Non-Executive Chairman

Age: 51

Appointed: 27 August 2019

Appointed: Chairman: 01 April 2022

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

Significant directorships:

- Aluwani Capital Partners
- Aluwani Management Partners
- Industrial Development Corporation

Committee membership: Enterprise, Risk and Capital Management Committee (Chairman), 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; Enterprise, Risk and Capital Management Committee; Audit and Compliance Committee (Chairperson), Social Ethics and Transformation Committee



Phakamani Hadebe

Age: 53

Qualifications: MA Economics, MA Rural Development

Appointed: 18 February 2020

Resigned: 31 March 2022

Committee membership: Directors' Affairs and Nominations Committee; Audit and Compliance Committee, Board Credit Committee (Chairman)



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:

- Arise BV
- Empact Group

Committee membership: Directors' Affairs and Nominations Committee, Information, Communication and Technology Governance Committee (Chairman), Social, Ethics and Transformation Committee; Remuneration Committee



Edwyn O'Neill

Age: 56

Qualifications: BCom (Hons) CA (SA)

Appointed: 5 February 2020

Significant directorships:

- 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
- Chairman Afgri Holdings

Committee membership: Directors' Affairs and Nominations Committee; Information, Communication and Technology Governance Committee; Audit and Compliance Committee



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 Kenya
- Airtel Money Malawi

Committee membership: Directors' Affairs and Nominations Committee, Remuneration Committee (Chairperson); Social, Ethics and Transformation Committee (Chairperson); Audit and Compliance Committee

Non-executive directors



Roosevelt Ogbonna

Age: 47

Qualifications: Fellow of the Institute of Chartered Accountants of Nigeria, a Senior Executive Fellow of Harvard Kennedy School, an alumnus of Harvard Business School and a CFA charter holder. Holds a Master's degree in Business Administration from IMD Business School, Switzerland; a Master's degree (LL.M) in International Corporate and Commercial Law from King's College, London; an Executive Master's degree in Business Administration from Cheung Kong Graduate School of Business; and a Bachelor's degree in Banking and Finance from University of Nigeria, Nsukka. Selected in 2015 as one of the Institute of International Finance (IIF) Future Global Leaders.

Appointed: 27 April 2021

Significant directorships:

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

Committee membership: Directors' Affairs and Nominations Committee, Remuneration Committee (Chairperson); Board Credit Committee; Enterprise, Risk and Capital Management Committee



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)

Appointed: 27 April 2021

Committee membership: Directors' Affairs and Nominations Committee, Remuneration Committee; Board Credit Committee; Enterprise, Risk and Capital Management Committee



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

Committee membership: Directors' Affairs and Nominations Committee, Information, Communication and Technology Governance Committee; Social, Ethics and Transformation Committee

Executive directors



Sugendhree Reddy

Chief Executive Officer

Age: 52

Qualifications: Advanced Management Program (AMP) (Certificate); Associated Certified Public Accountant - Australia (Certificate); Master of Business Administration (MBA); Higher Diploma in Taxation; Bachelor of Commerce

Appointed: 19 January 2022

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



Chrisanthi Michaelides

Chief Financial Officer

Age: 48

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

Appointed: 17 July 2013

Resigned: (with effect) 31 May 2022

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

Resignations in 2021

Independent non-executive directors



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

Resigned: 28 June 2021

Significant directorships:

- 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



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

Resigned: 28 June 2021

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

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

Resigned: 31 August 2021

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





07 Remuneration review

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Remuneration review

Background statement

Access Bank South Africa'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.

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 South Africa. 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, which is an integral part of our employment ethos, 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 where remuneration must be 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 South Africa 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 South Africa'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 South Africa, 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 South Africa 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 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 a moderating committee determined by the Chief Executive Officers, for moderation. For senior management, the Chief Executive Officer 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 noted at the Remuneration Committee annually.

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 2022.

Notes



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