

»»» CEO'S STATEMENT

Dear Stakeholder,

Year 2008 will remain indelibly etched in the minds of financial services sector stakeholders for several years to come, it will be remembered as the period during which the world's economy felt the full impact of a global financial crisis of monumental proportions. The effects of this crisis have been likened to natural disasters such as Hurricanes and Tsunamis largely because it has so far defied the several interventions which have been introduced to stem its tide; its effects have swept over the world financial system with scant regard for regional or national boundaries and has sent a number of developed economies into recession. Nigeria a major sphere of operations for our Bank also felt the brunt of its impact mainly due to the over 50% fall in the price of crude oil a key driver of gross national production with linkages to several other aspects of the nation's economy, prior to this the global crisis had triggered unrest in our equity and Forex markets ultimately resulting in:

- Sharp increase in non performing loans and advances
- Financial System Illiquidity and Volatility.
- Sharp decline in market value of several classes of assets

Of all economic sectors, the global financial services industry has thus far been most visibly affected by this crisis, raising significant concerns in the minds of stakeholders as to the health of Banks and other financial institutions. The question, "How safe are our Banks?" has dominated the thoughts and actions of policy makers world wide prompting calls for government and regulatory intervention to restore confidence.

For Nigeria whose financial markets are still at a developmental stage of maturity and sophistication Information Asymmetry arising from the combination of poor disclosure on the part of industry operators and uncoordinated action on the part of policy makers triggered a panic in the minds of the public who took the unfortunate view that a number of Nigerian banks were on the verge of a calamitous reversal of fortunes. The Nigerian Banking industry found itself caught in a confidence trap wherein the risk factor ascribed to Nigerian Banks by investors steeply discounted the value of Bank stocks irrespective of their underlying fundamentals. It is therefore not surprising that just like our international counterparts; Nigerian banks have been faced with the dual challenges of implementing necessary short term actions to limit the impact of this economic down turn on their business whilst addressing the concerns and expectations of

nervous investors, stricter regulators and wary analysts.

We are thankful to God for the foresight as far back as March 2002 to pursue a transformation agenda driven by the Quest for Excellence in all facets of our operations. A journey it must be said which we embarked on not just for altruistic reasons, but because of our realisation that great organisations who outlast successive cycles of harsh economic conditions and remain in leadership positions over the long term all have one thing in common. They are Built to Last on values and standards that are founded on excellence. I always take the opportunity of my annual CEO statement to reinforce stakeholder understanding of our corporate values. This year I will go beyond our values and introduce the standards we have adopted to guide the way and manner by which we conduct our business,

They are:

- Excellent Governance
- Strong Capital
- First Class Risk Management
- Highly skilled, customer driven employees

Day by day and year by year we continue to strengthen and elevate these standards sometimes attaining levels of excellence that become the reference point for Banks in Africa. We have built a lean, disciplined and focused organisation that has proven highly capable of overcoming the challenges Banks face given any set of circumstances;

During the second half of the year we chose to alter our hitherto aggressive balance sheet grow posture, driven by the rationale that the quality and sustainability of our earnings and franchise took precedence over market share growth considerations. From September 2008 we commenced steps to derisk and deleverage our balance sheet thereby insulating ourselves from the systemic risks which had begun to emerge within our domestic market, between December 2008 and March 31st 2009, we paid down \$1.1 Billion of our foreign currency trade facilities through internally generated liquidity from our regular deposit generation activities. These proactive actions have ensured that we were able to record a strong financial performance, whilst still maintaining the conservative risk management practices associated with First Class Financial Institutions. Indeed throughout last year and up till today, we have had no cause to approach the CBN expanded discount window nor did we resort to rescheduling our margin loan exposures without recognising impairments on them as required by the prudential guidelines.

The Annual Price Waterhouse Coopers Global

CEO Survey captures the thoughts and opinions of hundreds of leading company CEO's operating in countries around the world. The 12th edition published in 2009 reveals that CEO's today are focused on overcoming the short term challenges imposed by the ongoing global financial crisis; however they are almost unanimous regarding the fact that the qualities companies must possess to thrive during tough times are the same as those required for long term sustainable growth. More than 90% of CEO's polled believe that Agility, Customer Service, Talent and Reputation top the list of qualities that companies must possess if they are built to last. It does not take a detailed analysis of Access Bank to discover that these four qualities dominate the Business Model we have operated since 2002. We also give thanks to the Almighty for giving us the discipline and focus to stick to these qualities even when others choose to follow "easier paths".

We have started the new financial year with actions designed to elevate our four 'standards' to higher levels of excellence and have set our organisational priorities accordingly. We have adopted the International Financial Reporting Standards 'IFRS' in addition to the required Nigerian GAAP standards for the purpose of auditing our financial statements. Going forward you will therefore be able to review our performance both by Nigerian GAAP and IFRS standards. We have also commenced a bank wide Basel II Implementation project which will ensure that by 2011 most aspects of our Risk Operations are Basel II compliant. We have adopted the Equator Principles to guide our lending and financing activities, and we have introduced for the first time in the Nigerian Banking Industry an Ombudsman service to ensure that consumers of our Banks products and services have a fair and timely resolution of any issue they may encounter with our services.

I am especially proud to report these excellent results achieved across all of our business lines and in the face of extremely challenging market conditions. This year as we mark our 20th Anniversary of business operations we will continue to entrench the spirit of excellence in our businesses across Africa and the United Kingdom and everything we do will remain rooted in prudent risk management and our uncompromising commitment to excellent client service.

God bless.

AIGBOJE AIG-IMOUKHUEDE
GROUP MANAGING DIRECTOR
& CHIEF EXECUTIVE OFFICER