RISK MANAGEMENT

An Overview of Our Risk Management Activities

05

The global economy remained resilient through 2025 despite the pressures of restrictive trade policies, geopolitical tensions and heightened policy uncertainty. Activity was supported by favourable financial conditions, steady consumer spending, stable global trade and sustained investment in technology-driven sectors, helping maintain momentum even as regional conditions differed.

Increased investment in artificial intelligence, digital infrastructure and advanced manufacturing helped cushion the impact of trade-related disruptions. Fiscal and monetary policies were generally supportive, and continued adjustments in global supply chains strengthened the ability of firms to respond to shifting conditions. Inflation eased across many markets and became more stable, although progress was uneven.

Advanced economies experienced mixed performance. Policy uncertainty and trade friction created a cautious operating environment, but some markets still outperformed expectations due to stronger domestic conditions and the adaptability of businesses to shifting global demand. Variations across economies reflected differences in their industrial structures and exposure to global trade patterns.

Emerging markets continued to adjust effectively to a changing global landscape. Sub-Saharan Africa saw a firmer recovery, supported by policy reforms that improved commodity output and strengthened macroeconomic stability. Nonetheless, persistent structural challenges, tight financing conditions and climate-related risks continue to weigh on the region's mediumterm outlook.

Nigeria's economy recorded notable improvement in 2025. Higher oil production and continued growth in manufacturing, agriculture and services supported stronger overall activity. Reforms across monetary, fiscal and foreignexchange management helped restore investor confidence and reinforce macroeconomic stability. Inflation eased significantly as food supply improved, the exchangerate environment stabilised, and the effects of earlier monetary tightening became more visible.

At Access Holdings Plc, we view the shifting economic landscape as an opportunity to strengthen our capabilities and reinforce resilience across the Group. Our confidence is anchored in our disciplined risk management approach, continued investment in digital and technological innovation, the strength of our people, and our presence across diversified markets with favourable outlooks. These pillars position us to capture emerging opportunities and maintain our competitive advantage as we deepen our footprint across regions.

We take pride in the talent we have developed over the years and in our proactive, integrated approach to risk, an approach that enables agility, foresight, and responsiveness in a rapidly evolving environment. Our strategy remains rooted in our purpose: to create a positive impact in Africa.

ENTERPRISE-WIDE RISK MANAGEMENT

With our promise to be the world's most respected African Financial Services Group, our Enterprise-Wide Risk Management (ERM) Policy is hinged on establishing risk oversight, monitoring, and reporting that fosters enterprise-wide risk integration. The ERM policy ensures that Access Holdings Plc (The Company) strives for sustainable financial success while strengthening its relationship with diverse stakeholders.

We apply a bespoke risk management framework in identifying, assessing, monitoring, controlling, and reporting the inherent and residual risks associated with the pursuit of these ambitions and ensuring they are achieved optimally.

Risk strategies and policies are set and approved by the Board of Directors of the Company. These policies, which define acceptable levels of risk for day-to-day operations as well as the willingness of the Company to assume risk, weighed against the expected rewards, are detailed in the Enterprise-Wide Risk Management (ERM) Policy. ERM is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities, and actively managing these risks. Specific policies are also in place for managing risks in the different core risk areas, including credit, compliance, market, operational, liquidity, strategic, reputational risks, Information and cybersecurity, payment system risks, and investment risks.

The Company's overall risk tolerance is established in the context of our earning power, capital, and diversified business model. On the other hand, the organisational structure and business strategy are aligned with our risk management philosophy.

The Company regularly reviews risk exposure limits, risk control, and self-assessment and conducts scenario analysis to position itself against adverse events. These are invaluable tools that are used to predict and successfully manage both local and global shocks. To manage market volatility and economic uncertainties, the company regularly subjects its exposures to stress tests across various products, currencies, portfolios, and customer segments.

The Risk Management Division is part of the second line of defence. It supports the Company's risk policy through oversight of the subsidiaries by constantly monitoring risk to identify and quantify significant risk exposures and acting upon such exposures as necessary.

Our Risk Management practices are also cascaded across the Company. Each Subsidiary has unique risks and an overall governance framework to manage these risks.

Access Holdings Plc approaches risk, capital, and value management in a comprehensive and integrated manner, and we believe that our initiatives and practices have positioned us at the leading edge of risk management.

RISK MANAGEMENT PHILOSOPHY, CULTURE, APPETITE, AND OBJECTIVES

Access Holdings Risk Management's philosophy and culture remain fundamental to delivering our strategic objectives and are at the core of the Company's operating structure. We seek to limit adverse variations in earnings and capital by managing risk exposures within our moderate risk appetite. Our risk management approach includes minimising undue exposure concentrations, limiting potential losses from stress events, and prudent liquidity management.

The Company's risk-conscious management process across all the subsidiaries will continue to achieve desired results as evidenced by improved risk ratios and independent risk ratings. Also, in line with our core value of excellence, the Risk Management groups are continuously evolving and improving, given the context that all market developments, including those of extreme nature, need to be anticipated and planned for.

Executive Management has remained closely involved with significant risk management initiatives, which have focused on preserving appropriate levels of asset quality, liquidity, and capital while optimising the risk portfolios.

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

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

The Company believes that enterprise-wide risk management provides superior capabilities to identify and assess the full spectrum of risks and enables staff at all levels to better understand and manage risks. Enterprise-wide risk management ensures that:

- Risk acceptance is done in a responsible manner.
- Uncertain outcomes are better anticipated.
- Accountability is strengthened.
- Stewardship is enhanced.

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

a. Management and staff:

- Consider all forms of risks in decision-making
- Work with the subsidiaries to create and evaluate their risk profiles to consider what is best for each business and what is optimal for the Company.
- Adopt a portfolio view of risk in addition to understanding individual risk elements.
- Retain ownership and accountability for risk and risk management at the business unit or other points of influence.
- Accept that enterprise-wide risk management is mandatory and not optional.
- Document and report all significant risks and enterprise-wide risk management deficiencies.
- Adopt a holistic and integrated approach to risk management and bring all risk reporting together under a simple point of truth.
- Empower risk officers to perform their duties professionally and independently without undue interference.
- Ensure a clearly defined risk management governance structure
- Strive to maintain a conservative balance between risk and profit considerations
- Continue to demonstrate appropriate standards of behaviour in the development of strategy and pursuit of objectives.

b. Risk officers partner with other stakeholders within and outside the company in each entity and are guided in exercising their powers by a deep sense of responsibility, professionalism, and respect for other parties.

c. The Company ensures the entities partner with their customers to improve their attitude to risk management and encourage them to build a corporate governance culture into their business management.

d. Risk management is governed by well-defined policies, which are communicated across the Company.

e. Equal attention is paid to both quantifiable and non-quantifiable risks.

f. The Company avoids products and businesses it does not understand.

GROUP RISK OVERSIGHT APPROACH

Managing risk is a fundamental part of all businesses. Access Holdings Plc operates risk as part of a long-term resilience strategy. Risk management is embedded in all levels of the Company and is part of the daily business activities and strategic planning to have a sustainable competitive advantage.

Each year, the Company identifies and sets its key risk priorities, starting from the Board and cascading through Management. As part of our risk culture, we take a close and deliberate look at the most significant risks, examining how severe they are, the potential impact they may have on our business, and the strength of the mitigation measures in place. This ensures we stay proactive and protect the organisation from potential losses.

To achieve our risk management objectives, the Company relies on a risk management framework comprising risk policies and procedures formulated for assessing, measuring, monitoring, and reporting risks, including limits set to manage the exposure to quantifiable risks. The Company recognises that effective risk management is based on a sound risk culture, which is characterised, amongst others, by a high level of awareness concerning the organisation's risk management.

Our risk governance framework, of which the risk appetite framework is a significant element, ensures the appropriate oversight and accountability for effectively managing risk. Our oversight starts with the strategy setting and business planning process. These plans help us articulate our risk appetite, which is set as risk appetite limits for each subsidiary.

We actively promote a strong risk culture where employees are encouraged to be accountable for identifying and escalating risks.

Expectations for risk culture are regularly communicated by senior management, reinforced through policies and training, and considered in the performance assessment and compensation processes.

The Risk function coordinates the monitoring and reporting of risks across the Company and its subsidiaries.

Internal Audit is responsible for auditing the functions of risk management and control structures to ensure that all units charged with risk management (both first and second lines of defense) perform their roles effectively. They also test the adequacy of internal control and make appropriate recommendations where necessary.

RISK APPETITE

Considering all relevant risks and those of its Subsidiaries, the Company's risk appetite, which the Board of Directors owns, expresses the aggregate level of risk that we are willing to assume in the context of achieving our strategic objectives.

Risk appetite is derived using both quantitative and qualitative criteria. Risk appetite concerning the major risks the Company is exposed to is regulated by limits and thresholds. These metrics aid in reaching our financial targets and guiding the Bank's profitability profile.

Following the Company's risk appetite, we are firmly committed to maintaining a moderate risk profile, which has been defined and cascaded measurably. The risk profile is managed based on an integrated risk management framework. This framework identifies all types of risks to provide an integrated view of the risk profile for all the business entities.

RISK MANAGEMENT OBJECTIVES

The broad risk management objectives of Access Holdings Plc are:

- To achieve leading financial stability indicator metrics such as cost of risk, asset quality, capital, and liquidity ratios.
- To enhance credit ratings, as well as depositor, analyst, investor, and regulator perception.
- To protect against unforeseen losses and ensure the stability of earnings across the subsidiaries.
- To minimise adverse reputation risk issues as well as regulatory compliance issues.
- To identify and manage existing and new risks in a planned and coordinated manner with minimal disruption and cost.
- To maximise earnings potential and opportunities.
- To maximise share price and stakeholder protection.
- To develop a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost-effective actions.

Scope of risks

The Company identifies the following key risk categories within its risk management framework, among others.

- Credit Risk
- Operational Risk
- Market and Liquidity Risk
- Capital Risk Management
- Legal and Compliance Risk
- Information and Cyber Security Risk
- Environmental and Social Risk
- Digital and Technology Risks
- Reputational Risk
- Strategic Risk
- Investment Risk
- Pension Risks
- Payment System Risks
- Fraud Risk
- Settlement Risks
- Compliance Risks etc.

THE BOARD AND MANAGEMENT COMMITTEES

The Board is responsible for the Company's risk organisation and ensuring satisfactory internal control. It carries out its oversight function through its standing committees. Each charter clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board.

In line with best practice, the Chairman of the Board does not sit on any of the Committees. The Board has seven standing committees: The Board Risk Management Committee, the Board Audit Committee, the Board Remuneration Committee, the Board Governance and Nomination Committee, the Board Digital and IT Committee, and the Board Finance and Investment Committee.

The management committees that exist in the company and its Subsidiaries include:

- Group Committee of CEOs of Subsidiaries.
- The Management Committee meeting of the company (MANCO).
- Group Risk Management Committee (GRMC).
- Executive Committee (EXCO) at the various subsidiaries.
- Risk committees at the various Subsidiaries.
- Management Credit Committee (MCC) and Group Asset & Liability Committee (Group ALCO) at the Banking group.
- Digital Steering Committee (DSC), Information Security Council (ISC), and Operational Risk Management Committee (ORMC) at the Banking group, among others.

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

The Company uses consistent risk terminology as best as possible to enable alignment in risk aggregation and measurement across its Subsidiaries. The Banking Group forms a major part of its risk.

The following are the risks across the company:

CREDIT RISK MANAGEMENT

In Access Holdings Plc and its Subsidiaries, everyone is involved in Risk Management, with ultimate responsibility residing with the Board. We operate the three (3) lines of the defense model, which enhance the understanding of risk management and control by clarifying roles and responsibilities. The risk management process of the Subsidiaries is well fortified to mitigate and/or eliminate any risk events in their business.

The banking group consistently takes a proactive approach to protect the loan book from economic shocks, leveraging scenario planning and stress test exercises. This has enabled our understanding of the customers' challenges and outlook, and the steps to ensure loan repayment of our borrowers and preserve the risk asset quality of the bank, working within regulatory guidance.

The Risk Management function of each subsidiary is encouraged to take advantage of advancements and innovations in the technology space to automate the management of risk. Credit and analytics tools are used to enhance the credit decision-making and monitoring process in various businesses. The Risk Dashboard has been enhanced with innovation to present measurable risk metrics for ease of decision-making. These dashboards exist at the individual business and aggregate at the Company level to ensure adequate and timely tracking of risks.

PRINCIPAL CREDIT POLICIES

The following are some of the principal credit policies across the relevant businesses of the Company:

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

CREDIT PROCESS

The credit process in the lending subsidiaries starts with portfolio planning and target market identification. Within identified target markets, credits are initiated by relationship managers. The proposed credits are reviewed and approved by the relevant credit approval authorities. After appropriate approvals, loans are disbursed to beneficiaries.

Both relationship management teams and the Credit Risk Management Group undertake ongoing monitoring and management of loans.

A loan request is initiated by the relationship officer and reviewed by the relationship manager/Sector Head/Group Head of the respective business teams, or through a digital platform after fulfilling all the required KYC and documentation and required risk assessment. Further detailed review is carried out by Credit Risk Management. The concurrence of Credit Risk Management must be obtained for any credit extension. If the loan application goes through the detailed analysis, it is submitted to the appropriate approval authority based on the size and risk rating of the facility.

The standard credit evaluation process is based both on quantitative figures from the Financial Statements and on an array of qualitative factors such as the PESTLE analysis, SWOT analysis, Porter's five forces, etc. Information on the borrower and pertinent macroeconomic data is collected, such as an outlook for the relevant sector. These factors are assessed by the analyst and all individuals involved in the credit approval process, relying not only on quantitative factors but also on extensive knowledge of the company in question, its management, industry, the country of operation, and the impact of globalisation.

CREDIT RISK CONTROL AND MITIGATION

AUTHORITY LIMITS ON CREDIT IN THE BANKING GROUP

The highest credit approval authority is the Board of Directors, supported by the Board Credit Committee and followed by the Management Credit Committee in the banking group. Individuals are also assigned credit approval authorities in line with the Banking group's criteria for such delegation set out in its Credit Risk and Portfolio Management Plan.

The approval and exposure limits for the banking group are based on internal Obligor Risk Ratings that have been approved by the Board for the relevant approving authorities and credit committees.

OPERATIONAL RISK MANAGEMENT

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

It also includes the reputation and franchise risk associated with business practices or market conduct in which all the subsidiaries of Access Holdings Plc are involved. Operational risk is inherent in the business activities across the subsidiaries and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management.

This framework across the company and its subsidiaries reflects:

- Recognition of risk ownership by the businesses.
- Oversight by independent risk management.
- Independent review by Internal Audit.

Access Holdings Plc and all its subsidiaries have a Business Continuity Plan that defines how it manages incidents in case of a disaster or other disruptive incidents and how to recover its activities within set deadlines.

The purpose of the plan is to:

- Predefine the resources and specify actions required to minimise losses that might otherwise result from a business interruption, irrespective of the cause
- Ensure a business-as-usual level of performance while in contingency mode
- Ensure the timely and orderly restoration of business activities across all its subsidiaries.

The Business Continuity Plan (BCP) activities carried out have also been documented in the necessary policies.

We seek to minimise exposure to operational risk, subject to cost trade-offs. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control, and monitoring. Our operational risk strategy seeks to minimise the impact that operational risk can have on stakeholder value. The strategy is to:

- Reduce the likelihood of expected events and related costs by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation in earnings across the subsidiaries.
- Minimise the impact of unexpected and catastrophic events and related costs through risk financing strategies supporting long-term growth, cash flow management, and balance sheet protection.
- Eliminate inefficiencies, improve productivity, optimise capital requirements, and improve overall performance within the Company through well-designed and implemented internal controls

To create and promote a culture that emphasises effective operational risk management and adherence to operating controls, there are three distinct levels of operational risk governance structure across the company and its subsidiaries:

Level 3 refers to the oversight function carried out by the Board of Directors, the Board Risk Management Committee, and the Executive Management. Responsibilities at this level include ensuring effective management of operational risk and adherence to the approved operational risk policies.

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

Level 1 refers to the operational risk ownership carried out by all the business units and support functions across Access Holdings Plc and its subsidiaries. These units/functions are fully responsible and accountable for the management of operational risk in their units. They work in liaison with Risk Management to define and review controls to mitigate identified risks.

The Internal Audit function across the company and its subsidiaries provides an independent assessment and evaluation of the Bank's operational risk management framework. This periodic confirmation to test controls and compliance with approved policies and procedures assures the effectiveness of the company's operational risk management framework as well as its Subsidiaries.

Some of the tools being used to assess, measure and monitor operational risks include a loss database of operational risk events; an effective risk and control self-assessment process that helps to analyse business activities and identify operational risks that could affect the achievement of business objectives; and key risk indicators which are used to monitor operational risks on an ongoing basis.

MARKET RISK MANAGEMENT

Market risk refers to the potential for loss due to adverse movements in market variables such as interest rates, foreign exchange rates, and equity prices. These movements can impact on the value of our holdings, our projected earnings, and future cash flows.

To safeguard the company's capital and earnings, we maintain a comprehensive enterprise risk framework which covers market risk. Our objective is to ensure that all exposures, whether from our trading book or banking book, remain within the Board's defined risk appetite and tolerance limits.

FRAMEWORK AND GOVERNANCE

The Board of Directors across the Company bear the ultimate responsibility for market risk, setting strategic direction and approving risk appetite and policies. This oversight is delegated to the Board of Risk Management Committee (BRMC), which reports back to the board. The Risk Committees in the relevant subsidiaries monitor market risk, ensuring exposures align with our risk appetite.

Trading Book

The Banking group, which is a significant part of the Group's Market risk, has a trading book that contains financial instruments held for trading activities. All such activities are centralised within the Treasury operations, with market risk functions operating independently to provide objective oversight into market risk. Board-approved market risk limits are monitored daily to identify potential deviations and enable quick corrective action poactively.

Market risk within the trading book is assessed and monitored through using riskmeasurement techniques. These include Value at Risk (VaR), back testing, sensitivity analysis, stop-loss thresholds, and stress-testing.

Value-at-Risk (VaR): The Banking Group uses the historical simulation approach in computing Value at Risk (VaR). Recognising the method's inherent limitations, the Group does not rely on it in isolation. To ensure the ongoing reliability and accuracy of its risk estimates, the Banking Group conducts regular backtesting to validate the model's predictive performance.

Sensitivity Analysis: The Banking Group uses scenario and sensitivity analysis to evaluate its exposures per time. The Present Value of Basis Point (PV01), one of the metrics, is used to measure the portfolio's sensitivity to small interest rate movements and support daily limit monitoring

Stop-Loss Triggers: This limit sets predefined loss thresholds that prompt position reviews and proactive intervention, which will trigger the closing or reduction of a position to avoid any further loss based on existing exposures.

Stress Testing: Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. This helps evaluate potential losses under severe yet plausible market conditions, providing an important complement to our VaR analysis.

Supplementary Measures: Including Net Open Position limits for fixed income, money market and FX positions, ensure comprehensive oversight of all trading exposures. These limits are set with adequate buffers to enable timely interventions where necessary,

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

IRRBB is the risk to our earnings and economic value from adverse interest rate movements affecting the banking book. Changes in rates impact both our Net Interest Income (NII) and the Economic Value of Equity (EVE).

To measure EVE, the Banking Group employs behavioural models for non-maturity deposits and loans with prepayment features. The analysis uses multiple interest rate scenarios (parallel shifts, twists, internal forecasts) to project NII over a 12-month horizon and to calculate EVE sensitivity under six standard shock scenarios. These measures are integral to the Internal Capital Adequacy Assessment Process (ICAAP).

The Asset and Liability Management Committee (ALCO) in the Banking Group monitors the interest rate risk profile, supported by strong governance processes to ensure accurate measurement and effective risk management.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is inherent in our business. The Group maintains a robust framework to ensure we can meet all payment obligations under both normal and stressful conditions, thereby protecting earnings, capital, and ongoing viability.

The group assesses its liquidity profile using several metrics where relevant:

Regulatory Metrics: The Group closely monitors the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and a regulatory Liquidity Ratio (LR), consistently maintaining buffers well above minimum requirements.

Funding Structure Analysis: This includes Loan-to-Deposit Ratios in the lending subsidiaries (for both local and foreign currency) and Interbank Funding Limits to ensure a stable, diversified funding base.

Forward-Looking Analysis: Liquidity stress tests are conducted using multiple scenarios, including daily Liquidity Gap Analysis (In the Banking Group), Survival Horizon analysis.

LIQUIDITY RISK GOVERNANCE

Liquidity risk is defined as the risk that the Group may not have sufficient liquid financial assets to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Board and Executive Management treat liquidity as a critical priority. The Board, through its Risk Management Committee, oversees the liquidity strategy, while relevant management committees monitor compliance and liquidity metrics on an ongoing basis.

CONTINGENCY FUNDING PLAN (CFP)

The Banking Group has a documented CFP that provides a clear action plan for liquidity stress. It outlines early warning indicators, escalation procedures, and available contingent funding sources to ensure a structured, proactive response to potential disruptions, thereby preserving financial stability.

CAPITAL RISK MANAGEMENT

Capital risk is the risk of possible erosion of Access Holdings Plc and its subsidiaries' capital base due to poor capital management.

Capital management objectives:

The capital management objectives include:

- To meet the capital ratios required by its regulators and the Board.
- To maintain an adequate level of available capital resources as cover for the economic capital (EC) requirements.
- To generate enough capital to support asset growth.
- To ensure optimisation of capital through adequate risk-adjusted returns.
- To have adequate buffers to withstand periods of stress.

CAPITAL MANAGEMENT STRATEGY:

The capital management strategy is focused on maximising shareholder value by optimising the level and mix of capital resources. Decisions on the allocation of capital resources are based on several factors, including return on economic capital (EC) and regulatory capital (RC) and are part of the internal capital adequacy assessment process (ICAAP).

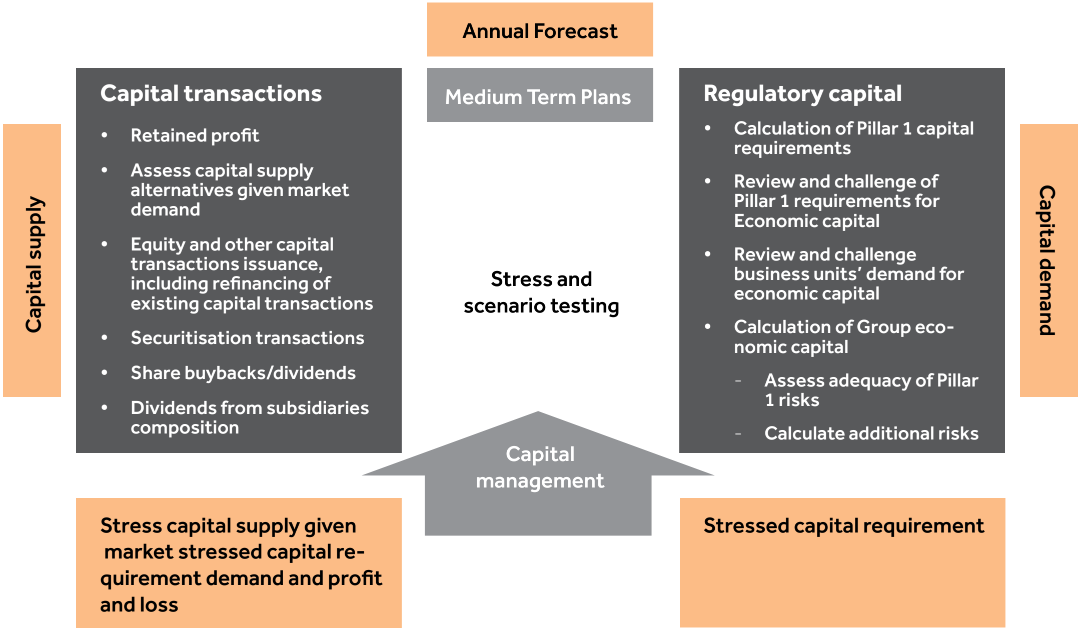
The Group views Capital using three lenses, viz., Sufficiency, efficiency and Quality.

Capital Sufficiency: The group ensures sufficient capital to absorb potential losses and meet regulatory requirements across all jurisdictions in which we operate.

Capital Efficiency: As part of our strategy, we strive to ensure that capital is deployed in a way that delivers strong and sustainable returns. We focus on optimising capital while maintaining sound risk discipline. We also prioritise investing in strategic initiatives and ensuring that resources are directed where they create the most value.

Capital Quality: To ensure capital quality, we test the strength and resilience of the Group's capital base to ensure it can continue to support our activities and absorb potential losses.

Capital Management Process



CAPITAL MANAGEMENT AND GOVERNANCE

Capital management is critical to survival. Hence, capital is managed as a board-level priority. The Board is responsible for assessing and approving the Group's capital management policy, capital target levels, and capital strategy. A capital management framework provides effective capital planning, capital issuance, alignment with the Basel accord, EC utilisation and economic profit (EP) performance measurement criteria. The diagram above illustrates the process to ensure end-to-end integration of strategy, risk management, and financial processes into the capital management process. The purpose is to ensure that capital consumption in the businesses is planned for and reflected in their performance measurement, which in turn translates into management performance assessment, product pricing requirements, and achievement of the overall strategy within the company's risk appetite.

COMPLIANCE RISK MANAGEMENT

The compliance functions organise and set priorities for the management of its compliance risk in a way that is consistent with the company's low risk appetite.

The integrated compliance function works closely with Internal Audit and Risk Management to achieve risk convergence, providing the backbone for integrated assurance and higher visibility of risk management and control consciousness across the Company and its subsidiaries.

The compliance functions have continued to redefine, fine-tune its approach and improve on its advisory role with an intense focus on regulatory intelligence gathering, compliance monitoring, compliance testing, and closer cooperation with business units within the Group. The Compliance Officers and Quality Assurance desks across the company have further strengthened and deepened the cooperation with the first line of defence.

The company is implementing an enhanced transaction monitoring tool across the subsidiaries to enable online real-time review and prompt action on compliance concerns. Transaction alerts are set up using a risk-based approach by focusing on the high-risk areas, thereby spotting non-conformities on time.

MEASUREMENT, MONITORING, AND MANAGEMENT OF COMPLIANCE RISK

In the Subsidiaries and across the company, compliance is monitored by the following:

- A reference to identified metrics, incident assessments (whether affecting it or the wider industry), regulatory feedback, Compliance Testing and regulatory guideline compliance revews, and the judgment of our external assessors as it relates to AML/CFT and other compliance vulnerabilities
- Monitored against our compliance risk assessments and metrics, the results of the continuous monitoring and reporting activities of the compliance function, and the results of internal and external audits and regulatory inspections
- Managed by establishing and communicating appropriate policies and procedures, training employees on them, and monitoring activity to ensure their observance.

The effective convergence of risk management deepens the compliance risk management philosophy through the 'Three Lines of Defence model and all staff are committed to high standards of integrity and fair dealing in business conduct. The Company continues to recognise its accountability to all its stakeholders under the legal and regulatory requirements applicable to its business.

INFORMATION AND CYBERSECURITY RISK MANAGEMENT

The global cybersecurity landscape continues to evolve at an unprecedented pace, driven by rising geopolitical tensions, AI-powered cyber threats, and the increasing sophistication of cybercriminal syndicates. Since the pandemic, threat actors have leveraged digital connectivity to enhance collaboration, accelerating the rapid commercialisation of cybercrime. Ransomware-as-a-Service (RaaS), supply chain attacks, AI-driven phishing, and cloud vulnerabilities have now become persistent threats to financial institutions. To combat this, our multi-layered cybersecurity strategy remains proactive and intelligence-driven, combining a strong defensive foundation, advanced threat intelligence, and robust resilience capabilities to safeguard the Group and its stakeholders.

Strengthening Our Cybersecurity Framework

As part of our strategic initiatives, the Group has implemented a comprehensive cybersecurity framework, reinforced by a Defence-in-Depth (DiD) approach to protect our information & digital assets, workforce, and business operations. Our Security functions have also been expanded and modernised to include:

- Cybersecurity Governance & Compliance
- Third-Party Risk & API Security
- Advanced Incident Response & Threat Hunting

A major focus is on improving detection speed and response effectiveness to enable earlier containment, reduce business disruption, and measurably lower breach likelihood and impact.

Mitigating Digital Risks Amidst Growth

With the Group's expanding retail base and deepening digital footprint, our cybersecurity efforts remain critical. We are proactively reducing our attack surface to the barest minimum, ensuring zero financial loss exposure through continuous risk assessment and real-time anomaly detection across all digital interactions. At the core of this strategy is our world-class 24/7 Security Operations Center (SOC), which provides enhanced threat visibility, real-time monitoring, and AI-driven behavioural analytics to detect and neutralise threats before they escalate.

Compliance, Resilience & Cybersecurity Awareness

In alignment with global best practices and regulatory requirements, the Group has implemented top-tier security frameworks that undergo annual compliance reassessments. Additionally, our cyber governance model ensures ongoing risk assessments to adapt to evolving regulatory landscapes and security threats. Recognising that people remain the weakest cybersecurity link, we have embedded a strong human-centric security culture through continuous awareness training and phishing simulation exercises; by equipping employees with the skills to identify and disrupt cyber threats, we significantly reduce the risk of social engineering attacks, breaking the cyber-attack chain before damage occurs.

Navigating the Future: Digital Banking, Fintech, and Cloud Security

As the Group advances its Digital Banking, Fintech Integration, and Cloud Adoption strategy, cybersecurity remains a key enabler. We are embedding security-by-design principles into these innovations to minimise risks while maximizing operational efficiency. Leveraging adaptive security controls, zero-trust frameworks, and AI-powered risk mitigation, we ensure that business expansion aligns with robust cybersecurity safeguards.

Our commitment is unwavering, as we maintain a "moderate overall cyber risk appetite" while driving a resilient, compliant, and digitally secure banking ecosystem. As we continue to strengthen our defenses, our focus remains on staying ahead of emerging threats, protecting our customers, and ensuring business continuity in an increasingly complex cyber world.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

The main objective of our environmental and social ("E&S") risk management strategy is to reduce the negative impacts of climate change and harness the opportunities inherent in portfolio transition towards a near-zero economy on our business. We recognise that our customers' activities and operations can impact the environment and communities around them. We have developed, implemented, and refined our approach to working with our customers to understand and manage these issues. Our robust governance framework, policies, and procedures have ensured that we remain resilient in our E&S risk management commitments, particularly as the Banking group has acquired new markets in Africa and globally. The key to managing environmental risk is creating partnerships with our customers across the Subsidiaries in the Company, aligning activities on our transition path to more sustainable environmental practices. More importantly, our Environmental, Social, and Governance (ESG) systems have evolved from environmental and social risks into environmental and social opportunities. This continuous evolution has ensured that we strive towards attaining a more refined ESG risk management structure, thus building on our E&S pedigree, including embedding and automation of our E&S lending risk review processes, and pioneering corporate-certified green bonds amongst others.

Responding to Climate Change

We consider climate change to be one of the greatest challenges facing the world today. We are dedicated to achieving the commitments of the Paris Agreement on carbon emissions reductions, whilst ensuring that we stay focused on managing the potential environmental issues. With the increasing awareness around financed emissions and the impact of climate change potential within our portfolio, we have taken strategic steps towards understanding these potential exposures, their implications and incorporating requisite mitigating measures to manage these risks. We have therefore taken forward-looking measures by becoming a core participating member of internationally recognised climate risk initiatives. These initiatives include:

UNEP FI's Taskforce on Climate-related Financial Disclosures (TCFD) was adopted by leading global financial institutions and aimed at identifying and managing the impact of climate risks in the portfolio of Financial Institutions. The banking group became a member of the working group in 2019 and has been working on aligning the emissions from both our operations and our financing activities to the Paris Goal of below two degrees of global warming.

Partnership for Carbon Accounting Financials (PCAF) is a global partnership aimed at harmonising the approach to accessing and disclosing greenhouse gas (GHG) emissions associated with loans and investments. The Banking group became a member of the steering group in June 2020. We have built capacity around data collection and incorporating the PCAF methodology to measure our financed emissions.

We have also further developed our climate risk strategy by expanding our portfolio of green assets. We have designed a system to identify, measure, track and report on the progress made in developing a diversified green loan portfolio. We recognise the critical role green product development plays in achieving this objective, and we are at an advanced stage in developing a bouquet of green products to catalyse more green loans into our loan portfolio. We have set targets for reducing the carbon emissions from our operations and have taken strong steps toward achieving this goal.

REPUTATIONAL RISK MANAGEMENT

Reputational risk arises when the reputation of one of the Company's or its subsidiaries is marred by one or more reputational events from negative publicity about the organisation's business practices, conduct or financial condition. Reputational Risk Management is mandated to protect the company from potential threats to its reputation. The risk management function continuously uses proactive means in minimising the effects of reputational events, thereby averting the likelihood of major reputational crises to ultimately ensure the survival of the organisation. The company and its subsidiaries have put in place a framework to properly articulate, analyse and manage reputational risk factors.

The management of reputational risk is taken seriously because of its far-reaching implications, which are buttressed by the fact that most of the subsidiaries operate under:

- A highly regulated industry with high visibility and vulnerability to regulatory actions that may adversely impact its reputation. (e.g. corporate governance crises)
- Keen competition and largely homogeneous products and services have led customers not to perceive significant differences between financial service providers
- Given the nature of the products and services provided, the reputation risk exposure also includes third parties and clients.
- Increasing use of social media platforms for the dissemination of news, where it is difficult to manage and control negative news, even if it is false.

The Company's Subsidiaries operate in a global environment; hence, risks emerge from a host of different sources and locations that are difficult to keep up with and to know how best to respond if they occur. The effects of the occurrence of a reputational risk event include, but are not limited to, the following:

- Erosion of Customer Trust: The loss of both existing and prospective customers, with direct implications for revenue growth and market share.
- Diminished Public Confidence: Negative perceptions that weaken brand equity, reduce stakeholder goodwill and undermine competitive positioning.
- Talent Drain: An impaired reputation can discourage top talent from joining, increase hiring and retention costs, and disrupt workforce productivity.
- Weakening Business Partnerships: Reputational challenges may erode investor confidence, reduce access to strategic alliances and trigger contract cancellations.
- Loss of Strategic Opportunities: Reputational damage can limit the Bank's ability to pursue mergers, acquisitions, or expansion opportunities in new markets.
- Reduced Customer Advocacy: A negative reputation can discourage customers from recommending the Bank's services, weakening its brand presence and growth prospects.
- Increased Cost of Capital: A tarnished reputation can result in higher borrowing costs across credit and equity markets.
- Regulatory Penalties: Breaches in compliance may attract fines, legal liabilities, and heightened supervisory oversight.
- License Revocation: In extreme circumstances, persistent reputational crises may lead to the suspension or revocation of banking licenses, constraining operations.

The reputational risk framework provides for the preservation of reputation. Reputational risk will arise from the failure to effectively mitigate any or a combination of country, credit, liquidity, market, regulatory and operational risks. It may also arise from the failure to comply with social, environmental, governance and ethical standards. All employees are responsible for the day-to-day identification and management of reputational risk.

COMPILATION OF TRIGGER EVENTS

To assist in the identification of key reputational risk events, triggers that would set off the risk drivers are compiled through regular workshops with participants across the Company, which include Negative Mentions, Staff expertise, Regulatory Compliance deviations, Corporate Culture, Risk Management and Control Environment, Financial Soundness and Business Viability, amongst others.

APPROACH TO MANAGING REPUTATION RISK EVENTS

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

Key elements of the Company's approach include:

- **Strategic Governance:** A well-documented framework that defines clear responsibilities for managing reputational risk across all levels of the organisation.
- **Continuous Monitoring & Early Detection:** Leveraging advanced analytics, media tracking, and stakeholder engagement to identify emerging risks before they escalate.
- **Crisis Response & Mitigation:** A proactive and coordinated response strategy to manage reputational threats, including crisis communication protocols and contingency planning.
- **Transparent Communication:** Ensuring all relevant personnel are well-informed about reputational risk management policies, with clear guidelines on escalation procedures and response mechanisms.

- **Regular Policy Updates:** The Bank remains agile by regularly updating its risk management policies to reflect changes in the regulatory environment, market conditions, and stakeholder expectations.

POST-REPUTATION EVENT REVIEWS

After a reputational event, the post-event review is conducted by the Internal Audit and Risk Management Division to identify any lessons learnt, or problems and weaknesses revealed, from the event. Such reviews are useful for providing feedback and recommendations for enhancing the reputation across the Company's reputation risk management process and are conducted on any major event affecting any of the Subsidiaries. The Board and senior management are informed of the results of any such review conducted to take appropriate actions to enhance their capacity to manage reputational risk.

STRATEGIC RISK MANAGEMENT

Strategic Risk Management is defined as the process of identifying, assessing and managing risks and uncertainties affected by internal and external events or scenarios that could inhibit the ability to achieve strategic objectives to create and protect shareholder and stakeholder value. It is a primary component and necessary foundation of our Enterprise Risk Management.

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

The following principles govern strategic risk management across the Company:

The Board and Senior Management are responsible for Strategic Risk Management and oversee the effective functioning of the strategic risk management framework.

The functional units (i.e. the units which carry out business or operational functions) assist the Board and Senior Management in formulating and implementing strategies, providing input to the strategic planning and management processes, as well as implementing the strategic risk management framework.

The risk management function supports the Board and senior management in managing strategic risks and other related processes.

To strengthen the effectiveness of strategic risk management, the company has instituted a comprehensive set of measures and controls designed to ensure resilience, alignment and accountability across its operations. These include:

- **Board-Approved Strategic Plans:** All strategic initiatives are subject to rigorous evaluation and approval by the Board of Directors, with ongoing monitoring to track progress, execution quality, and overall impact.

ECONOMIC INTELLIGENCE

The Economic Intelligence (EI) team provides economic, business, and financial analysis supporting the Company to achieve its strategic objectives. Its value propositions include assisting the Company in realising the respective targeted moderate risk appetite, price competitiveness, improvement to business intelligence, and brand enhancement.

Some of the Unit's roles and responsibilities include:

- **Industry & Investment Analysis:** Evaluating global market opportunities, sectoral developments and investment trends that drive sustainable growth. This includes rigorous assessments of sovereign creditworthiness, structural reforms and geopolitical exposures shaping cross-border banking activity.
- **Policy Research & Interpretation:** Conducting forward-looking analysis of fiscal, monetary, regulatory and trade policy developments worldwide, with a strong focus on their implications for the subsidiaries, international expansion and operational efficiency.
- **Strategic Risk & Vulnerability Assessment:** Leveraging the proprietary Composite Index to assess sovereign fragilities, geopolitical uncertainties and country-level exposures. This enables the company to proactively mitigate vulnerabilities associated with its diversified operations while positioning itself to capture opportunities in higher-rated sovereign markets.
- **Strategic Partnerships & Intelligence Sharing:** Collaborating with multilateral institutions, international research organisations, and global data providers to enhance forecasting accuracy, scenario modeling and risk intelligence. These partnerships reinforce the Bank's ability to navigate volatility and support evidence-based strategic decision-making.