

## **Statement of Continued Support**

From the General Manager of AccessBank Azerbaijan – Michael Hoffmann

AccessBank's mission is to provide financial services for Azerbaijan's micro and small businesses and low and middle income households. AccessBank focuses on micro and small business because this sector is vital for the development and diversification of Azerbaijan's economy, the creation of jobs and the elimination of poverty. During 2014, the Azerbaijani economy continued its growth path whereby in the second half it lost momentum due to the oil price decline and the weakening of neighboring CIS economies. The Azerbaijani banking market has to a large extent mirrored this trend by showing strong growth in lending volumes during the first half of the year whereby demand started to weaken after summer.

### **Continued Growth**

In 2014, AccessBank has been able to further increase its exposure to business clients, in particular in the SME segment which grew around 35% followed by the Micro segment with 25% growth. For the first time in the Bank's history the total loan portfolio has hit the threshold of USD 1bn ending the year with USD 1,05bn. The Bank's commitment to the principle of responsible lending implemented by our well-trained staff has been crucial to maintaining strong portfolio quality. As a result we are enjoying the trust of our clients and investors by proving year by year the ability to conduct lending in a sound and responsible manner

AccessBank continued to further extend its strong foothold in the regions of Azerbaijan where farming plays a crucial role in the development of the local economies. Small agricultural businesses remain an important target clientele of AccessBank and demand for our unique agro-loan product has remained strong. We are remaining among the largest lenders to rural businesses and also an important employer in the regions. The Bank is committed to continue developing the network of regional branches in order to further improve the outreach to our regional and rural clients

With this strong development mission and AccessBank's achievements to date, the goals of AccessBank are aligned with the Global Compact. As such, AccessBank became one of Azerbaijan's first signatories to the Global Compact at the end of 2008 and remains committed to the Global Compact.

Development of transparent and fair business practices is essential to Azerbaijan and we constantly strive to raise the standard for both our clients and our employees. In 2014, AccessBank disbursed almost 138,000 loans to businesses while meeting the highest standards of transparency, responsibility and environmental protection. The provision of these loans, along with the savings and other products offered was supported by more than 2000 highly motivated and fairly-compensated staff. Indeed, AccessBank was named the most transparent bank by Standard & Poor's Transparency and Disclosure Survey of Azerbaijan's Banks, led the market in disclosing interest rates to MFTransparency, and was the first institution in Azerbaijan to be independently audited for client protection by the SMART campaign. For the five years in a row, AccessBank has been named the "Best Bank in Azerbaijan" by Euromoney and twice "The Bank of the Year in Azerbaijan" by The Banker. Furthermore, Global Finance announced that AccessBank is the "Best Emerging Market Bank Azerbaijan" in 2013 and 2015. In terms of environmental protection, AccessBank continues to meet stringent international standards in regards to acceptable clients and their practices. Our status as a top-tier employer was cemented in 2010 when we were named "The Best Microfinance Institution to Work for" by the independent Azerbaijan Microfinance Association. AccessBank remains the largest employer in the banking sector with a unique incentive system valued by its staff members.

With poverty reduction human rights are improved, labour standards improve, and countries focus on environmental preservation. As such, the mission and goals of AccessBank are aligned with the Global Compact. By supporting the Global Compact from a leading position in Azerbaijan's banking market, AccessBank displays its dedication to Azerbaijan's development on all fronts and offers an example for others to follow.

### **Actions Taken:**

AccessBank aims to meet all of the principles outlined in the Global Compact to the extent it is able to and market allows.

AccessBank's dedication to Human Rights includes actions aimed at benefiting the underprivileged, including providing training and employment opportunities for the disabled and via the numerous corporate social responsibility projects undertaken by staff and the Bank to support orphanages, homes for the elderly and disabled, and provide business and leadership training for women and young girls.

AccessBank, sharing the Global Compact's commitment to labour protection, is committed to fair and equal opportunity recruitment, treatment, and promotion of staff, irrespective of gender, race, nationality or religion. This is set out within the staff and gender policies and within the Global Compact and includes a code of conduct providing guidance to staff on professional behaviour. The Bank's HR approach creates an environment in which people are able to develop and gain the qualifications required in order to maintain top professional level in the long run. The Bank has set up its specific people management systems to ensure that personal goals contribute to the Bank's overarching goals. AccessBank leads the sector with the provision of staff training and provides additional private health insurance as well as highly competitive remuneration.

During the last five years, the overall number of employees has increased by 80% triggered by the strong growth in the Bank's business volume and the development of branches in the regions. AccessBank is currently the largest employer in the Azerbaijani banking sector with 2,184 employees. In 2014, the Bank hired 325 new staff.

AccessBank is considered an attractive employer in the country's banking sector which is reflected in its high staff loyalty and low staff turnover rate (7.4%). The Bank cooperates with a number of experienced internal and external trainers who are offering tailor-made programs according to the Bank's educational needs. In 2014, AccessBank also invested in the training infrastructure: a new Training Center at the Head Office providing capacity for nearly 100 employees to participate simultaneously in trainings

Additional focus is paid by AccessBank to environmental standards. A strict exclusion list provided by the shareholders forbids a range of environmentally harmful activities from being financed. As AccessBank shares the Global Compact's conviction that the best way to deal with environmental damage is to prevent it in the first place – the commitment to avoiding the financing of such projects is extremely important to the bank and its shareholders. The Bank continuously updates its social and environmental management policy to comply with the best standards of its shareholders and large IFIs. The importance of this has been imparted on our staff through inclusion in trainings on the subject. AccessBank considers transparency to be the primary tool to fight corruption and to that end has been recognized by numerous sources in 2011 and 2012. By meeting international corporate governance standards and going beyond normal disclosure, AccessBank has been able to demonstrate its commitment to transparency to all stakeholders. This has, in turn, led to better interest rates on borrowings and international recognition, setting an example for the market.

### **Systems:**

The specially dedicated Social and Environmental Compliance Officer provides an annual environmental report to stakeholders, with an assessment of the usage of AccessBank loans in

regards to their potential environmental impact. The gender breakdown of staff is being reported on a quarterly basis to shareholders and the Supervisory Board of the bank. The bank also strives to be a leader in the provision of information regarding pricing of loans in Azerbaijan as done through the MFTtransparency website and reaffirmed via a SMART Client Protection Assessment Audit and Report produced by the SMART Campaign for Client Protection.

**Activities:**

Relevant to Principle 6 of the Global Compact: AccessBank has implemented a Gender Policy and Plan, including the creation of a separate Loan Officer track for staff who may feel uncomfortable in the standard role. This path has made it easier for women to enter a non-traditional position, increasing the number of female staff working as Loan Officers.

Relevant to Principle 7: AccessBank does not finance businesses involved in a strict exclusion list, in agreement with the Global Compact's belief that the best measures to protect the environment are those that prevent damage in the first place.

Relevant to Principles 1 and 8: During past years, the Bank made a comprehensive contribution to the development of society and people's welfare. AccessBank was awarded the AMCHAM CSR 2014 Excellence Award, after being nominated in the categories "Corporate philanthropy" and "Culture". The Bank is supporting health, sport, education, culture and arts. In 2014, the Bank conducted multiple projects in order to support veterans' organizations, people with physical deficiencies, children's homes and schools providing stationeries and school utilities for children, and wheelchairs and necessary equipment for disabled members of community. The Bank also engages in promoting financial literacy as the market of financial services develops.

Relevant to Principle 10: AccessBank takes a strong stand against corruption in forms affecting the bank.

**Outcomes:**

AccessBank's continued commitment to transparency has been recognized by numerous sources. AccessBank was named as the most transparent bank in Azerbaijan by Standard & Poor's in their inaugural Transparency and Disclosure Survey of Banks in Azerbaijan. By reporting interest rates to MFTtransparency, an online source, AccessBank has allowed their effective rates to be compared to local competitors and by international standards. Also during 2011, AccessBank reasserted their commitment to transparency and client protection by being the first institution to be audited by the SMART Campaign for Client Protection. The Bank has taken the results seriously and is in the process of producing more complete policies and procedures to further ensure the protection of clients.

The Bank remains the highest rated bank in the Azerbaijani banking sector and one of only few financial institutions in the wider CIS region with investment grade rating. Fitch Ratings upgraded AccessBank to Investment Grade 'BBB-'outlook stable – the highest rating in the country (reaffirmed in April 2015).