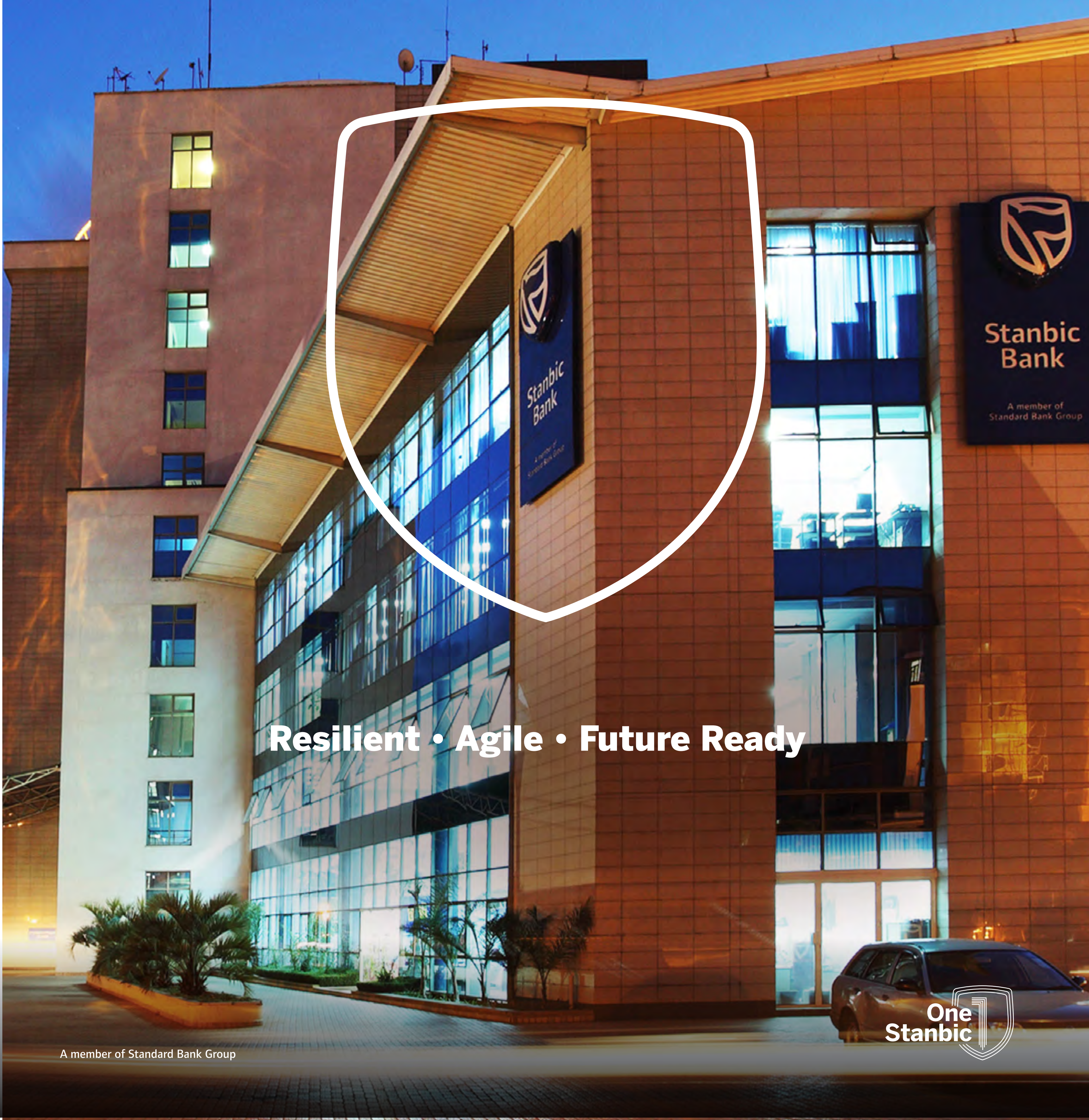
STANBIC HOLDINGS PLC

ANNUAL INTEGRATED REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024



Resilient • Agile • Future Ready

A member of Standard Bank Group

One Stanbic


2024
HIGHLIGHTS

Empowering our people

Gender Equity
We are committed to fostering a safe, inclusive workforce. Male: 51%, Female: 49%

Learning & Development
We invested in learning and development, with 55.2% of training focused on future-ready skills

Training Hours
Average training hours per employee: 97.2 (Target: 60)

Breaking Barriers
We provide career opportunities for differently-abled staff (0.7% of workforce)

Youth Employment
We empower our youth by offering employment opportunities. 33% of our staff are below 35 years

Board Diversity
The Board is 57% female and 43% male. In 2024 the Board had 4 female and 3 male members

Fueling Economic Growth

Mitigation of Soverign Risk
Successfully facilitated a $1.5 billion Eurobond refinancing

Launch of Asset Management Business
KShs 2.45 billion in Assets Under Management within the first four months

Supported oil importation with USD 170 million in loan exposure under the Government-to-Government (G2G) framework

Facilitated the historic cross-border acquisition of the largest cement company in Kenya by a Tanzanian company

Asset Finance Dealership
Signed six Vehicle & Asset Finance dealership agreements, financing 1,065 cars worth KShs 6 billion

Trade Support
Disbursed KShs 76 billion in trade loans

Building stronger Communities

KShs 1.8 billion lent under affordable housing, enabling 250 new homeowners

Over 8,000 individuals trained in financial literacy

KShs 40.5 billion in loans to women entrepreneurs under the D.A.D.A program since inception

Driving Financial Inclusion & Sustainability

99.92% of waste recycled

KShs 9 billion in loans for infrastructure development

8,000 trees planted

Inclusive Sourcing We had a 10% spend on Women-owned businesses against a target of 7%

Over KShs 500 million in solar financing

266 customers screened for Environmental & Social (E&S) risks (All facilities > USD 1 million)

Bottleless water solution We have scaled up our bottleless water solution to ensure that 100% of our Point of Representation (PORs) are covered

Innovating for excellence

Enhanced a digital scoring model to assess customer creditworthiness based on transaction history

Upgraded Core Banking System for an improved client experience

Enhanced Omni-Channel Revamped and relaunched the Stanbic Mobile app to improve client experience

22 API integrations driving collections

Revamped the SBG Securities app for equities and fixed-income trading

Robotics Automation We deployed robots and automated the reconcilliation process

2024 FINANCIAL HIGHLIGHTS

Total Revenue

2024: **KShs 39.7 billion**
2023: **KShs 41.3 billion**
3.8% drop

Net Interest Income

2024: **KShs 24.34 billion**
2023: **KShs 25.65 billion**
5.1% drop

Profit After Tax

2024: **KShs 13.7 billion**
2023: **KShs 12.2 billion**
12.8% increase

Cost to Income Ratio

2024: **44.5%**
2023: **43.5%**
2.1% increase

Total Equity

2024: **KShs 75.4 billion**
2023: **KShs 68.6 billion**
10% increase

Earnings per Share

2024: **KShs 34.70**
2023: **KShs 30.75**
12.85% increase

Dividend Per Share

2024: **KShs 20.74**
2023: **KShs 15.35**
35% increase

Total Assets

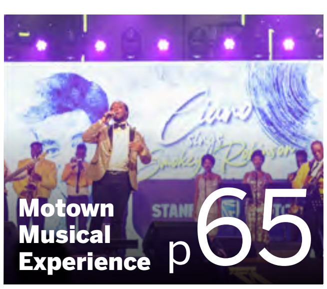
2024: **KShs 454.8 billion**
2023: **KShs 459.3 billion**
1% drop

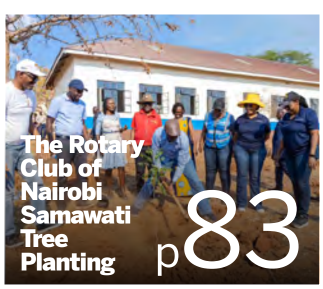
Loans and advances to Customers

2024: **KShs 230.2 billion**
2023: **KShs 260.5 billion**
11.6% drop

CONTENTS

Launch of the Asset Management Business p59


Motown Musical Experience p65


The Rotary Club of Nairobi Samawati Tree Planting p83


Digital Upskilling p81


Stanbic Bank
Private
#No1PrivateBank
Elevate your ambition
with Stanbic Private Banking
It's more than banking;
Bank
Easily
Live
Joyfully
Invest
Skillfully
Plan
Wisely
stanbicbank.co.ke
Stanbic Bank Kenya Limited is licensed and regulated by the Central Bank of Kenya

ABOUT THIS REPORT

OUR REPORTING SUITE

Our Integrated Report is our primary disclosure to stakeholders, including shareholders, customers, staff, regulators, and partners. It comprehensively details our financial and non-financial performance, progress on executing our strategy, report of the directors, risk assessment, and the value created for stakeholders. This report briefly covers our sustainability priorities and Corporate Social Investment activities.

This report is supplemented by various periodic publications and online disclosures to meet the diverse information needs of our stakeholders. These include:

- Sustainability Report
- Quarterly Financial statements and other disclosures
- Quarterly Investor Discussion Deck
- SBG Securities 2024 Full-Year Results

Theme Concept:

Resilient • Agile • Future Ready

Our 2024 theme, Resilient. Agile. Future-Ready, reflects the spirit with which we navigated a year marked by complexity, uncertainty, and transformation. It is grounded in the insights from our materiality assessment and shaped by the realities of our operating environment in Kenya and South Sudan.

In the face of economic headwinds, regulatory shifts, and evolving stakeholder expectations, we remained steadfast—demonstrating resilience in our performance, agility in adapting to change, and a clear focus on building a future-ready institution. This theme is more than a reflection of the past year; it is a reaffirmation of our long-term commitment to the markets we serve and the stakeholders who depend on us.

Over the years, we have continued to evolve our reporting approach to align with global best practices, comply with updated legislation, and respond meaningfully to feedback from our stakeholders.

Our financial statements were audited by Deloitte Kenya and prepared in full compliance with International Financial Reporting Standards (IFRS).

ABOUT THIS REPORT

Our integrated report is the primary report of Stanbic Holdings Plc, which together with its subsidiaries is known as the Group. It provides material information that our stakeholders need to assess the opportunities, risks and relationships influencing the Group's ability to create and preserve sustainable value. It describes the progress the Group is making in executing its strategy and its performance in the past year, as measured by the leading and lagging indicators associated with its strategic value drivers. It also explains the Group's governance and risk approach and the work the Group does to guard against value erosion.

This Report is to be read in conjunction with our Sustainability Report 2024 and other sustainability-related disclosures on our website. It has been prepared in accordance with, or with reference to the following regulations, standards, and guidelines:

- International Integrated Reporting Council (IIRC) guidelines
- Companies Act, 2015
- Nairobi Securities Exchange (NSE) Listing Manuals
- Capital Markets Authority guidelines
- Central Bank of Kenya (CBK) prudential guidelines
- The Task Force on Climate-related Financial Disclosures (TCFD) recommendations by the Financial Stability Board.
- The Global Reporting Initiative (GRI) Standards 2021.
- The International Integrated Reporting Framework by the International Integrated Reporting Council.
- The Sustainability Accounting Standards Board (SASB) standards based on the three SICS industries within the Financials sector most aligned with our mix of businesses.

ABOUT THIS REPORT

The reporting boundary includes the strategic narrative pertaining to the Group's business model, strategy, performance, and prospects. The risks, opportunities, and outcomes arising from entities and stakeholders over which the Group does not have control or significant influence are included where they affect the Group's ability to create and preserve value and mitigate its erosion.

Our reporting landscape

The Integrated Report and Financial Statements 2024 covers the period from January 1, 2024, to December 31, 2024. It presents both financial and non-financial information related to Stanbic Holdings Group as the reporting entity, including all entities under its control or significant influence. Certain metrics apply only to specific entities and are explicitly noted.

The reporting boundary includes the strategic narrative pertaining to the Group's business model, strategy, performance, and prospects. The risks, opportunities, and outcomes arising from entities and stakeholders over which the Group does not have control or significant influence are included where they affect the Group's ability to create and preserve value and mitigate its erosion. Financial information has been prepared on an IFRS basis, unless otherwise specified, and therefore includes the consolidation of all entities in the Group.

Director's Statement of Responsibility

The Board of Directors (the Board), supported by the Board Committee (BAC), acknowledges its responsibility for overseeing the preparation and presentation of this Integrated Report, ensuring that it provides a balanced and transparent account of the organization's financial and non-financial performance.

The Board further confirms that the report has been prepared in accordance with the relevant regulatory requirements, corporate governance principles, and reporting standards, including IIRC and IFRC frameworks. It reflects the material issues, risks, and opportunities that impact our ability to create sustainable value for our stakeholders.

The Board is satisfied that appropriate internal controls and governance processes are in place to ensure the integrity of the information presented. To the best of our knowledge, the report fairly represents the group's strategy, performance, and outlook.

Feedback

To help us continue reporting on what matters most to you, we welcome your feedback and questions. Please contact our Investor relations team at **investorsrelationsKenya@stanbic.com** with your feedback or **visit www.stanbicbank.co.ke/investor relations**

Stanbic Bank
Open a **Pamoja account** & access an **Unsecured Loan** of up to **Kes 5M**
Unlock New Horizons
with the SME Bank that believes in you.
Stanbic Bank Kenya Limited is licensed and regulated by the Central Bank of Kenya

OUR BUSINESS

ABOUT US

Stanbic Holdings Plc is a leading financial services group with a rich legacy spanning over a century. Headquartered in Nairobi, Kenya, the Group operates through key subsidiaries in Kenya and branch operations in South Sudan and is a member of the Standard Bank Group, Africa's largest bank by assets, which is headquartered in South Africa.

The Group wholly owns three subsidiaries: Stanbic Bank Kenya Ltd, SBG Securities Ltd, and Stanbic Bancassurance Intermediary Ltd. It also operates the Stanbic Kenya Foundation Ltd, the philanthropic arm of Stanbic Bank Kenya.

Stanbic is one of Kenya's leading banking groups and also maintains a branch in Juba, South Sudan, demonstrating its commitment to socio-economic growth in the region. The Group serves individuals, businesses, and commercial clients through an extensive branch network across Kenya.

Stanbic Holdings Plc is listed on the Nairobi Securities Exchange (NSE).

Kenya and South Sudan is our home, we drive her growth.

WHO WE ARE

Our Purpose
Kenya/South Sudan is our home, we drive her growth.

Our Vision
To be a leading financial services organization in Kenya and South Sudan, delivering exceptional client experiences and superior value.

Standard Bank Group Limited (South Africa)*
100%

Stanbic Africa Holdings Limited (UK)
74.92%

Other Shareholders
25.08%

Stanbic Holdings Plc Kenya**
100%

Stanbic Bank Kenya Ltd (Including South Sudan branch)
100%

Stanbic Nominees Ltd
100%

Stanbic Kenya Foundation Ltd
100%

Stanbic Bancassurance Intermediary Ltd
100%

SBG Securities Ltd
100%

SBG Securities Nominee Ltd
100%

Our Footprint

Branches	ATMs	Cash Deposits Machines	Agent Outlets
30	57	138	740

* Listed on the Johannesburg Stock Exchange.
** Listed on the Nairobi Securities Exchange.

Stanbic Holding Subsidiaries

We are a one stop shop operating under three subsidiaries, namely Stanbic Bank Kenya Limited (including South Sudan), Stanbic Bancassurance Intermediary Limited (SBIL) and SBG Securities Limited, which make up Stanbic Holdings PLC. Our business model is organised around four units: Personal and Private Banking (PPB), Business and Commercial Banking (BCB), Corporate and Investment Banking (CIB) and Insurance and Asset Management (IAM).

A. Stanbic Bank Kenya Limited

1. Personal and Private Banking (PPB)

We provide a comprehensive suite of personalized financial services to meet the evolving needs of our Personal and Private Banking clients. From home ownership and wealth growth to everyday banking solutions, we are committed to supporting their financial goals at every stage of life.

What we offer:

Seamless Transactions: Enjoy accounts designed for easy and convenient access to your funds.

Wealth Growth: Secure your savings in an investment account that offers competitive interest.

24/7 Banking Service: Manage your finances anytime, anywhere with our online banking services.

24/7

Flexible Financing: Access tailored lending solutions to help you achieve your goals.

2. Business and Commercial Banking (BCB)

We take pride in our long-standing commitment to supporting Kenyan businesses, including Small and medium-sized enterprises (SMEs) and commercial clients with a comprehensive range of banking services.

What we offer:

Business Current Account: Account for businesses of all sizes, offering more than just payment and fund receipt capabilities.

Business Overdraft: We provide financing to cover working capital shortfalls during temporary cash flow gaps.

SME Bizna Loan: Our loans are tailored for small business owners, offering short-term financing to meet working capital requirements.

Corporate and Business Insurance: We have a broad range of insurance solutions, including business, commercial motor, stock, and stock-in-transit coverage.

Bill Avalisation: A commitment on behalf of importers to ensure payment of Bills of Exchange for both domestic and international trade transactions.

3. Corporate and Investment Banking (CIB)

Market leader in corporate banking offering sector specific expertise.

What we offer:

Transaction Banking: We deliver a full range of innovative solutions focused on simplicity, processing efficiency, and creating sustainable value for our clients.

Global Markets: We provide structured, innovative solutions across multiple asset classes, offering comprehensive currency solutions and products to support the success of our clients' businesses across Africa and beyond.

Investment Banking: Leveraging our deep local market insights and global sector expertise, we offer long-term financing and value-driven solutions to support our clients' holistic growth ambitions.

Sector Expertise: We connect valuable insights and build lasting relationships by developing and implementing client strategies, continuously enhancing our capabilities and expertise in key sectors driving economic growth.

4. Insurance and Asset Management (IAM)

We offer non-banking financial solutions tailored to our clients' needs.

What we offer:

Insurance Solutions: We offer comprehensive life and general insurance products.

Investment Opportunities: Our customers have access to equities and fixed-income products for wealth growth.

Financial Literacy: Expert training through our Financial Fitness Academies (FFAs).

Chama Solutions: Tailored financial services for group and informal savings.

Asset Management: Through our Asset Management Business, we introduced two new unit trust products: The Stanbic Money Market Fund (KShs) and the Stanbic Fixed Income Fund (USD).

Stanbic Kenya Foundation

Stanbic Kenya Foundation is the corporate social investment arm of Stanbic Bank Kenya, dedicated to fostering inclusive socio-economic growth and environmental awareness in Kenya. The Foundation's mission is to accelerate the growth of entrepreneurship ecosystems, aligning with Sustainable Development Goals to create sustainable businesses.

Economic Empowerment: The Foundation supports Micro, Small, and Medium Enterprises (MSMEs) by providing training, financial literacy programs, and access to markets and affordable finance.

Education: The Foundation enters into strategic partnerships to enhance access to quality education and literacy. Through initiatives like the 'Future ni Digital' program, the Foundation aims to enhance digital literacy among the youth, equipping them with skills necessary for the modern job market.

Health: The Foundation emphasizes preventive healthcare by organizing cancer screening events and donating medical equipment. Additionally, it invests in sustainable health infrastructure and fostering partnerships for long-term health solutions.

Partnerships: The Foundation actively collaborates with a diverse range of strategic partners, including NGOs, government agencies, private sector players, and development organizations to amplify the impact of its social investment programs. It also fosters a strong culture of corporate volunteerism among staff.

B. SBG Securities Ltd (SBGS)

SBG Securities is a licensed investment company supporting our clients in their investment journey.

What we offer:

Equities and Fixed-income trading:
We help clients trade shares of listed companies and invest in fixed-income securities such as bonds.

Asset Management:
We help clients invest in short-term, high-quality, interest-earning assets.

Investment research:
Through research, we guide our clients to make informed investment decisions

Investment banking advisory services:
We help our clients secure funds in the capital markets

C. Stanbic Bancassurance Intermediary Limited (SBIL)

Stanbic Bancassurance Intermediary Limited (SBIL) is a distribution business for non-bank clients. Licensed and regulated by the Insurance Regulatory Authority (IRA), SBIL specializes in risk management by identifying client needs and matching them with appropriate insurance solutions. We partner with leading underwriters and insurance service providers to offer our clients a wide range of insurance solutions.

What we offer:

Short-term insurance solutions: Our coverage options include medical insurance, motor insurance, personal accident, marine insurance, fire, theft, liability covers, etc.

Life solutions: Individual life policies, Group life insurance, pension, and funeral expense cover.

Superior policy servicing and claims processing from our dedicated team.

OUR VALUES

1 **SERVING OUR CLIENTS**—At the heart of our value proposition is our commitment to addressing our clients' unique needs through a range of digital, client-first products and services.

2 **GROWING OUR PEOPLE** – By operating primarily online, leveraging cloud-based systems, and embracing open innovation driven by data and insights, we empower our people to grow and adapt.

3 **DELIVERING TO OUR SHAREHOLDERS** – Our shareholders are the foundation of our existence. We remain focused on delivering sustainable returns, meeting targets, and fulfilling our promises.

4 **BEING PROACTIVE** – Agility defines our ability to shape the future. We actively monitor trends and anticipate opportunities to stay ahead and act decisively.

5 **WORKING IN TEAMS** – Achieving our purpose requires collective effort. We believe teams outperform individuals, and we foster collaboration across all functions, units, and geographies.

6 **RESPECTING EACH OTHER** – We value the dignity of every individual. Respect for diversity and different working styles is a core part of our culture, along with the responsibilities that come with our rights.

7 **UPHOLDING THE HIGHEST LEVELS OF INTEGRITY** – Trust and integrity form the backbone of our business, shaping how we are perceived by our stakeholders, especially our clients.

8 **CONSTANTLY RAISING THE BAR** – While we take pride in reaching ambitious goals and celebrating milestones, we remain humble and continuously strive for better, avoiding complacency or arrogance.

Our Habits Framework

In 2024, we refined our cultural principles by transitioning from 5Cs and IDEWS (Innovate, Decide, Execute with speed, Work in teams and Share) to the Habits Framework.

Our Five Culture Principles (5Cs)

The new Habits Framework will guide on how we show up in the work that we do, as leaders, team members, and as part of the Standard Bank Group. It is made up of 3 principles, and under each principle is a set of 3 habits – daily practices that shape our culture.

Each of the principles and habits was carefully chosen, working with colleagues and partners from across the business, to improve on the things we can do better and to build on the strengths we have.

The role of the Habits Framework is to support us in achieving our strategic priorities, while always ensuring the wellbeing of our people, and empowering them to Act with Courage, Inspire Excellence and Deliver with Purpose.

With AID, our culture now centres on three key habits:

THE HABITS FRAMEWORK: 3 PRINCIPLE HABITS

ACT WITH COURAGE	INSPIRE EXCELLENCE	DELIVER WITH PURPOSE
Seek Solutions	Invite Perspectives	Focus on What Matters
Challenge the Status Quo	Create Shared Meaning	Do What's Right, Not What's Easy
Adapt and Grow	Celebrate Success	Make It Happen
This pillar is all about the **future.**	This pillar is all about the **people.**	This pillar is all about the **execution.**

OUR LEADERSHIP TEAM

Patrick Mweheire
Group Chief Executive

Dr. Joshua Oigara
Chief Executive (Bank)

Dennis Musau
Chief Financial and Value Officer

Edwin Mucai
Chief Risk Officer

Abraham Ongenge
Head, Personal and Private Banking

Florence Wanja
Head, Business and Commercial Banking

Maina Kigundu
Ag Head, Corporate and Investment Banking

Anjali Harkoo
Head, Insurance and Asset Management

Alex Siboe
Head, Technology

Charles Odawo
Head, Operations

Neema Onsongo
Head, People and Culture

Lilian Onyach
Head, Brand and Marketing

Janet Kabiru
Head, Legal

Mary Runana
Head, Compliance

Nancy Kiruki
Head, Governance

Joshua Ndung'u
Head, Internal Audit

OUR STRATEGY

2024–26 Strategy

In 2024, the Group began implementing its three-year strategy (2024–2026), dubbed "One Stanbic". This strategy builds on the progress and success of the previous strategic plan.

Under "One Stanbic" strategy, the Group aims to strengthen its position in the region by leveraging on its core strengths and focusing on several high-impact initiatives.

The strategy is anchored on three key priorities: enhancing the client experience, executing with excellence, and driving sustainable growth and value.

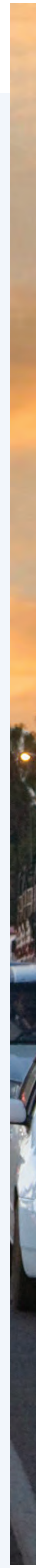
OUR PURPOSE	Kenya / South Sudan is our home, we drive her growth				
OUR VISION	To be a leading financial services organisation in Kenya and South Sudan, delivering exceptional client experiences and superior value				
STRATEGIC PRIORITIES	Transform Client Experience	Execute With Excellence	Drive Sustainable Growth and Value		
OUTCOMES	14 – 16% Revenue Growth CAGR	+50 NPS Score	41 – 43% Cost-to-Income Ratio	<9% NPL Ratio	23 – 25% Return on Equity

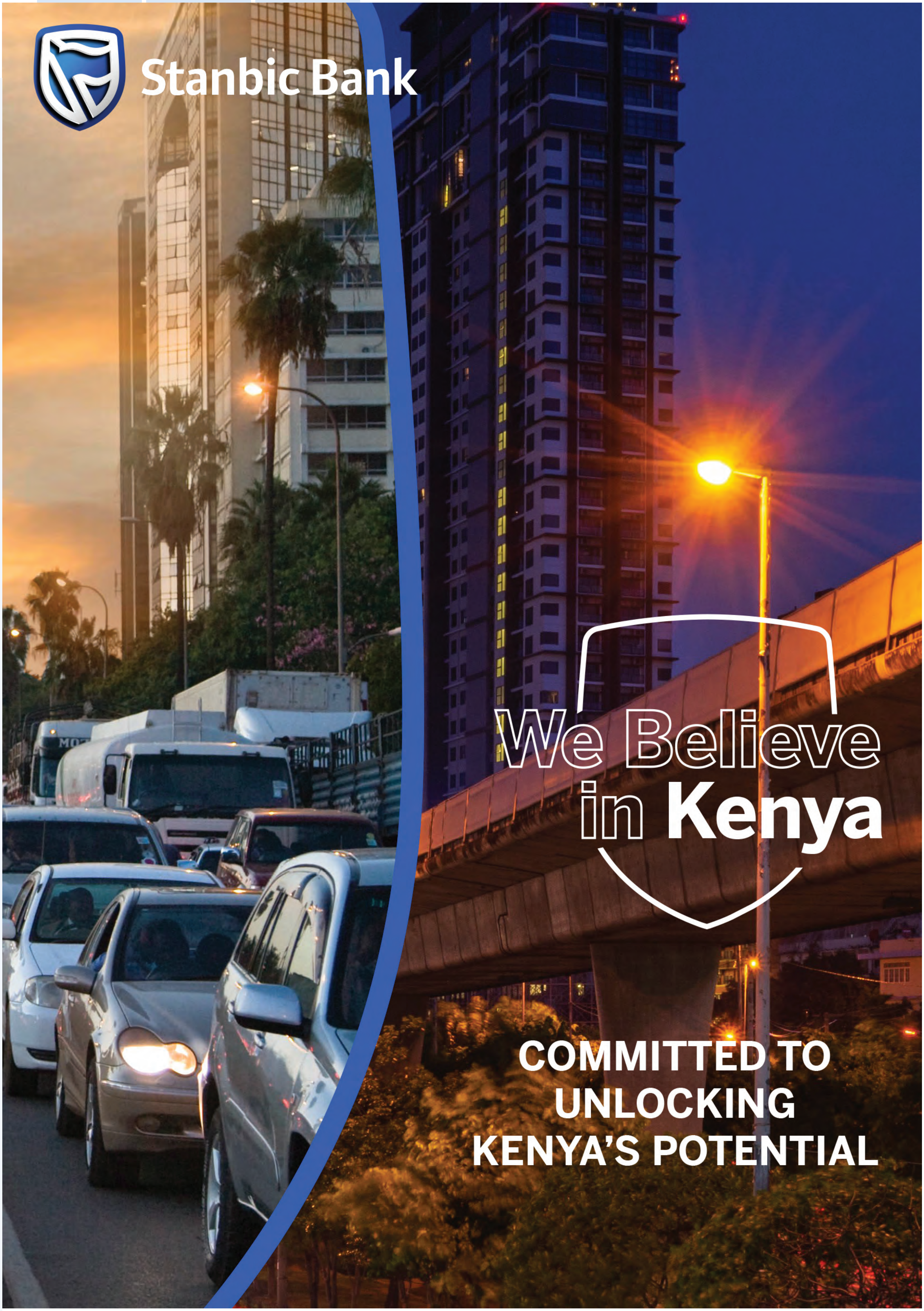
Well Positioned For The Future

Strong Growth Prospects	Skilled Workforce Robust Business Model	Trusted Brand
Healthy balance sheet	Banking, Insure, Invest and Beyond	Sustainable Community Engagement

SUCCESS OUTCOMES

CLIENT FOCUS + EMPLOYEE ENGAGEMENT + RISK AND CONDUCT + OPERATIONAL EXCELLENCE = FINANCIAL OUTCOME + POSITIVE IMPACT




Stanbic Bank
We Believe in Kenya
COMMITTED TO UNLOCKING KENYA'S POTENTIAL

OPERATING CONTEXT

Kenya

KENYA'S ECONOMIC LANDSCAPE

Kenya's Gross Domestic Product (GDP) grew at 4.6%, slower than the earlier projected 5.1% and lower than the 5.6% growth recorded in 2023. The economy was largely driven by agriculture following good rains, but also manufacturing, accommodation and food service, transport, and storage.

In 2024, the global economy navigated a complex landscape marked by widespread electioneering and significant trade disruptions stemming from ongoing geopolitical tensions, including the Russia-Ukraine war and the Middle East crisis. Despite these challenges, the global economy expanded by 3.1% and is projected to improve slightly to between 3.2% and 3.3% in 2025. However, geopolitical risks remain elevated amidst heightened tariff wars amongst key economies.

In Kenya, the business climate faced significant challenges in the first half of 2024; however, positive developments in the latter half of the year have generated a sense of cautious optimism into 2025. Early-year volatility, primarily driven by instability in exchange rates, eased through successfully issuance of a Eurobond extinguishing the looming sovereign risk and easing a significant pressure point.

The country encountered considerable challenges, particularly in the early months of the year. The catastrophic floods that occurred between March and May 2024 caused loss of life and inflicted extensive damage on crops, property, and infrastructure, disrupting production and supply chains. Furthermore, mid-year civil protests, ignited by public resistance to the tax proposals in the 2024 Finance Bill, imposed additional strain on the situation. These protests resulted in operational and logistical disruptions and contributed to Kenya's sovereign downgrade by international rating agencies in July and August 2024. Nevertheless, by the second half of the year, normalcy began to return

Kenya's GDP is projected to grow by 4.6% in 2024, 50bps lower than the previous projection of 5.1% and a decline from 5.6% in 2023. This slowdown reflects a deceleration in several key sectors of the economy, particularly manufacturing, construction, and real estate. However, agriculture and the service sectors continue to drive the economy, bolstered by favorable weather conditions and increased digitization.

The Kenyan Shilling recovered significantly, strengthening from a high of 161.36 to the US dollar (CBK) at the start of the year to settle at between 129-130 for the remainder of the year, buoyed by the government's effective Eurobond settlement restoring investor confidence.

In 2024, the banking sector mostly operated under a high-interest rate environment, with yields on government securities surpassing 18% and commercial lending rates climbing above 22%. This significantly increased the cost of credit, making borrowing unaffordable for many and contributing to a contraction in private sector credit, which ended the year at -1.4%. Non-performing loans (NPLs) also rose sharply, peaking at 16.7% in the third quarter before easing slightly to 16.4% by year-end.

Inflation eased to 3% by the end of 2024, down from an average of 6.6% in the previous year, underpinned by lower food and commodity prices, a stable Kenyan shilling, and reduced pump prices. Increased taxation and a downgrade of Kenya's credit rating further weighed on consumer spending and investor sentiment. In response, the Central Bank cut the benchmark rate by a cumulative 225 basis points between July 2024 and February 2025, bringing it down to 10.75%. Banks have started to reflect this easing in their lending, supporting renewed economic momentum.

Looking ahead, encouraging indicators such as Moody's upgrade of Kenya's outlook to "positive," in January 2025 the continued stability of the Shilling, and inflation staying within the Central Bank's target range (5% ± 2.5%) point to a strengthening economic trajectory. These developments suggest that Kenya's economy is on a path to recovery and gradually building resilience against the challenges that dominated much of 2024.

Regulatory environment

Regulatory activity remained subdued for most of the year, with few new frameworks introduced. However, significant developments emerged in the final quarter, including progress on Basel III liquidity standards and the introduction of guidelines for climate-related financial disclosures.

The Business Laws (Amendment) Act, enacted on December 27, 2024, introduces a phased increase in core capital requirements for banks—from KShs 1 billion to KShs 10 billion over five years. With a core capital of KShs 55 billion, Stanbic Bank remains well-capitalized and fully compliant. This change is likely to spur capital-raising efforts and sector consolidation, especially among smaller banks

In line with regulatory expectations, we continued to provide quarterly updates to the Central Bank of Kenya (CBK) on our compliance journey, particularly on climate risk integration.

South Sudan

SOUTH SUDAN'S ECONOMIC LANDSCAPE

The Bank of South Sudan plans to increase the level of capitalisation to $20 million for local banks and $30 million for foreign banks by 2027.

Business Environment

South Sudan faced a highly challenging business environment in 2024 as the country's economy underwent major disruptions. From February 2024, oil export volumes dropped by 70% after the government was unable to repair a damaged pipeline due to ongoing conflict in Sudan.

The rupture of this vital export pipeline had far-reaching consequences for South Sudan's economy, which is heavily dependent on oil. Compounding the economic uncertainty, the presidential election originally scheduled for December 2024 was postponed by two years to December 2026. This delay, largely due to the government's failure to meet key provisions of the Revitalized Peace Agreement further heightened political tension.

Due to these challenges, authorities have continued to make slow progress in implementing the Revitalized Peace Agreement, signed in September 2018. The Tumaini Initiative was meant to breathe new life into the implementation process of the agreement. The government continues to communicate that the elections scheduled for 2026 will take place.

Economic environment

The disruption of South Sudan's oil exports, which traditionally pass through Port Sudan, has had severe economic repercussions. Oil accounts for more than 90% of the country's Gross Domestic Product (GDP) and serves as the primary source of foreign exchange. It is basically the lifeline for the economy. Since February 2024, the inability to export the bulk of its oil has triggered a critical shortage of foreign currency, leading to a sharp depreciation of the South Sudanese Pound (SSP) against major global currencies.

This sharp currency depreciation has contributed to hyperinflation, further straining the economy.

Regulatory changes

There have been no significant regulatory changes during the period under review. Going forward, however, we anticipate some changes following recent pronouncements by the Bank of South Sudan.

The Bank of South Sudan plans to increase the level of capitalisation to $20 million for local banks and $30 million for foreign banks by 2027. There are also indications that the minimum reserve ratio requirement for foreign currency deposits may increase from 20% to 25%.

2025 outlook

Looking ahead, 2025 is expected to be even more challenging. Although South Sudan has recently resumed oil production, meaningful recovery is not expected until at least Q3,-2025. Additionally, the country's economic situation has been further strained by the United States government's decision to freeze foreign aid, a critical source of development funding. A significant portion of aid inflows into South Sudan originate from the US, making this move particularly impactful.

WHAT SETS US APART

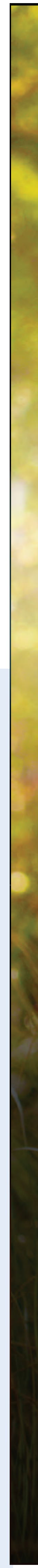
1. Customer centric approach
2. Continuous Innovation
3. Sustainability and positive impact
4. Commitment to an inclusive culture
5. Skilled workforce
6. Robust business model

AWARDS AND ACCOLADES

At Stanbic Bank Kenya and South Sudan, we are constantly innovating to meet and exceed our customers' needs. Our services not align with local expectations but also adhere to global best practices.

In 2024, our efforts were recognised both in Kenya and internationally, earning us 10 local and global awards —further cementing our reputation for innovation in banking and excellence in customer service.

- Best Investment Bank in Kenya **Euromoney**
- Best Bank to Borrow From **Think Business**
- Best Private Bank in Kenya **Global Finance**
- Best Sub-Custodian Bank **Global Finance**
- Best Trade Finance Bank in Kenya **Global Trade Review**
- Best Trade Finance Platform Initiative **Global Finance**
- Best Bank in Foreign Exchange **Euromoney**
- Best Real Estate Finance Bank **Think Business**




Stanbic Bank
Investing for a lasting legacy
It's possible, start today.
For as little as KES 1,000 invest in the Stanbic Bank Money Market Fund - KES
Dial *208#
Stanbic Unit Trust Funds are licensed and regulated by Capital Markets Authority

LEADERSHIP REFLECTIONS

MESSAGE FROM THE CHAIRMAN

Joseph Muganda

OPERATING ENVIRONMENT

Our ambition is to win in our strategic areas of dominance and become a significant player in the banking sector. Beyond financial performance, we are also focused on fostering the right organisational culture, driven by our shared values of serving our clients, growing our people, delivering to our shareholders, upholding the highest levels of integrity, and constantly raising the bar."

The operating landscape in 2024 was defined by both opportunities and challenges.

Globally, the economy continued to show signs of gradual recovery marked by easing inflation, tapered interest rates, improved supply chains, and accelerated shift toward sustainable business practices.

In Kenya, the economic climate remained dynamic, influenced by liquidity pressures, elevated funding costs, sluggish private sector credit growth, seasonal floods, and the ripple effects of global economic trends. Additionally, civil protests sparked by public opposition to the tax proposals included in the 2024 Finance Bill led to further strain on the economy.

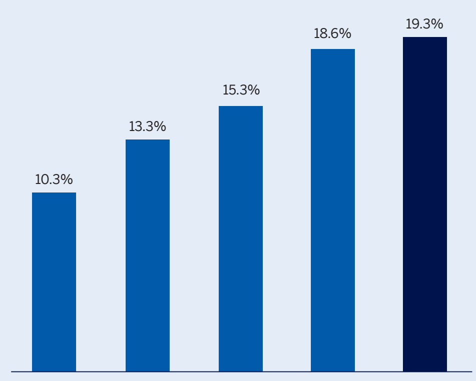
Despite these challenges, Kenya's GDP is expected to have grown by 4.6% in 2024, a commendable outcome. However, this is below the earlier projection of 5.1% and significantly lower than the growth recorded in 2023.

Performance

Stanbic Holdings Plc once again demonstrated exceptional resilience and adaptability in a challenging environment. Guided by our purpose "Kenya and South Sudan is our home, and we drive her growth", we registered a 13% year-on-year growth in profit after tax, sustaining our double-digit momentum and further cementing our foundation for future growth.

We are proud to report that our Return on Equity (ROE) has grown to an impressive 19.3%, up from 18.6%, a clear testament to our unwavering commitment to driving sustained value and rewarding our shareholders.

Return on Equity Evolution

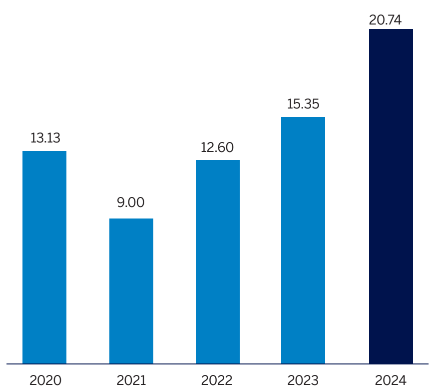


Dividend

The Board has recommended a total dividend of KShs 20.74 per share for the year ended 31 December 2024, being a 35% increase from the KShs 15.35 paid in 2023. This translates to a payout of KShs 8.19 billion, up from KShs 6.07 billion paid in 2023.

This decision reflects the Board's balanced approach to supporting growth, meeting regulatory capital requirements, and delivering strong shareholder returns. The payout is subject to shareholder approval.

Dividend per Share Evolution (KShs.)



Board's support for management to execute Stanbic strategy

The Board ensured that management had the support and resources needed to execute our "One Stanbic" Strategy (2024 – 2026), which aims to expand our market share through continuous improvement of client experience, enhancement of operational excellence, and delivery of sustainable growth and returns.

To ensure continued success, we set clear objectives for the business and leadership holding them accountable for delivery. The Board also played a key role in identifying and mitigating risks that could hinder progress.

In addition to our solid financial performance, we remain focused on nurturing a values-driven organizational culture. Our commitment is anchored in serving our clients with excellence, empowering and growing our people, delivering consistent value to shareholders while upholding the highest standards of integrity. We also maintain a robust compliance framework and a strong culture of accountability, ensuring full alignment with regulatory expectations and industry best practices.

Looking ahead, our long-term vision is to become a leading, digitally enabled financial institution driving innovation, expanding financial inclusion, and creating sustainable value for all our stakeholders.

Stanbic's role in shaping the future of financial services

We seek to entrench sustainable banking by prioritising eco-friendly lending and investment practices whilst embedding ESG factors in our risk assessments and investment decisions. Through the Stanbic Foundation and strategic partnerships, we continue to drive initiatives that foster enterprise growth and job creation, support infrastructure development, promote a just energy transition, and advance climate change mitigation and adaptation. Additionally, we remain focused on enhancing financial inclusion, ensuring more individuals and businesses have access to the financial resources they need to thrive.

Looking ahead

In January 2025, Moody's upgraded Kenya's credit outlook from negative to positive, citing a reduction in domestic interest rates and improved debt affordability. This is one of the many positive signals that anchor our optimism about the opportunities that lie ahead.

As we move forward, our strategic focus remains on enhancing exceptional client experience, expanding our market offerings with excellence, and leveraging technology to drive sustainable growth.

Recognising the evolving regulatory and macroeconomic environment, we are confident in Stanbic's ability to navigate these complexities and seize emerging opportunities with resilience and agility.

Appreciation

As we reflect on a year marked by progress and resilience, I would like to convey my deep appreciation to the Board of Directors for their steadfast leadership and strategic stewardship, which have been instrumental in guiding Stanbic Holdings forward.

My sincere thanks go to our exceptional leadership team, under the capable guidance of our Group Chief Executive, Mr. Patrick Mweheire, and the Stanbic Bank Chief Executive Dr. Joshua Oigara. Their dedication and execution of our strategic agenda have driven impactful results across our markets.

To our passionate and committed staff—thank you. Your daily dedication to excellence and to our clients continues to be the foundation of our success.

And to our valued shareholders, thank you for your ongoing trust and confidence. Your belief in our vision and governance strengthens our resolve to build a more resilient, innovative, and sustainable future for all.

GROUP CHIEF EXECUTIVE STATEMENT

Patrick Mweheire

We have established a resilient and sustainable business model that continues to deliver consistent growth in Return on Equity (ROE) over time. In 2024, our ROE improved by 70 basis points, reaching 19.3%, a testament to our disciplined execution and value-driven strategy.

KENYA'S ECONOMIC LANDSCAPE

The Economic and political landscape in 2024

The business environment remained challenging, shaped by heighted geopolitical tensions and regional conflicts, that disrupted trade and global supply chains. Within our region, countries such as the Democratic Republic of Congo and South Sudan faced unique economic and political headwinds that impacted businesses and livelihoods.

Kenya's economic landscape in the period presented mixed signals. On the positive side, the Kenyan Shilling showed signs of stabilization, interest rates trended downward, and inflation remained within Central Bank of Kenya's target range. However, private sector growth remained subdued, reflecting cautious lending and investor sentiments.

Strategy Execution in 2024

2024, being the first year of our new (2024-2026) strategic horizon, was critical in setting the pace of execution discipline. We leveraged the strong growth momentum built in (2021-2023) strategic cycle where we registered significant market share gains. Our focus on the three strategic pillars; transforming client experience, executing with excellence, and driving sustainable value, was instrumental in driving this growth.

Despite market headwinds on various growth drivers, especially core balance sheet metrics and muted general customer economic activity, which resulted in lower revenue generation, we responded with agility posting double-digit growth on the bottom line.

These results demonstrate our ability to adapt to market dynamics, leverage our deep market insights and expertise, a resilient balance sheet built over a long period and our deeply entrenched client relationships to deliver sustainable returns to our shareholders and other stakeholders.

I. Transforming client experience

Throughout the year, we innovated at pace and delivered propositions aimed at supporting our customers, built on resilient and agile systems. These market-leading propositions were enabled by the underlying technology infrastructure that we have invested in over the past decade, improving our core banking systems, technical capabilities, and capacity to speed up delivery. This provides the base for seamless and secure banking experiences that deliver better client outcomes and ultimately grow market share and profitability.

By living our purpose, "Kenya and South Sudan is our home, we drive her growth," we partnered with the Government on the successful issuance of a US$1.5 billion Eurobond which enabled the government to settle the 2024 maturity. Further, we supported importation of petroleum products into the country by participating in the government-led deferred settlement arrangement.

The conclusion and public announcement of these initiatives helped ease pressure on the local currency against world major currencies. In the months that followed, the Kenyan Shilling strengthened and stabilized within the KShs 129–KShs 130 range against the US Dollar.

This demonstrates our ability to provide expertise in complex financial situations, leveraging Stanbic's position as part of the largest financial institution in Africa. Beyond Kenya, Stanbic sister companies successfully raised capital for other East African countries, including Uganda and Tanzania, further cementing our leadership in this space.

II. Executing with excellence

Risk management remains a cornerstone of our operations, underpinning the stability and resilience of our business. Thanks to the proactive measures we have implemented and our ongoing assessment of the risk landscape, Fitch Ratings affirmed Stanbic Bank Kenya's Long-Term Issuer Default Rating (IDR) at 'B' with a stable outlook. This rating, positioned one notch above the sovereign Long-Term IDR, reflects the strength and effectiveness of our risk management framework.

In addition, our non-performing loan (NPL) ratio remained in the single digits, well below the industry average, demonstrating the success of our prudent credit risk management strategies, supported by robust client engagement and a disciplined lending approach

III. Driving sustainable value and growth

Under this third pillar of our strategy, we delivered significant growth in profitability and shareholder value despite headwinds on revenue generation and balance sheet growth. We also demonstrated our connectedness to the communities we serve. In 2024, we provided concessional funding for Small and medium-sized enterprises (SMEs), made significant disbursements for affordable housing, and supported bright, needy children in advancing their education. We also continued championing women entrepreneurs, reinforcing our commitment to inclusive economic growth.

Message to investors on Stanbic's long-term growth prospects

We have established a resilient and sustainable business model that continues to deliver consistent growth in Return on Equity (ROE) over time. In 2024, our ROE improved by 70 basis points, reaching 19.3%, a testament to our disciplined execution and value-driven strategy.

We remain firmly focused on East Africa as a key growth frontier, with a deliberate shift towards scaling our presence in the retail and SME segments. This strategy is designed to diversify our portfolio and reduce reliance on the corporate banking segment, which has experienced moderated growth in the region. East Africa continues to distinguish itself as the fastest-growing economic bloc on the continent, underpinned by improved infrastructure, increasing intra-regional trade, strong investment inflows, and advancements in agricultural value chains—all of which contribute to its robust long-term growth prospects.

Building on our strong position as a leading private bank in the region and our market leadership in Corporate and Investment Banking, we are now intensifying our focus on driving SME growth and developing integrated ecosystems to unlock new avenues for inclusive and scalable growth.

Our SBG Securities business continued to strengthen its standing as a leading strategic advisor, successfully executing several landmark and complex transactions over the past year. These achievements reflect our deep market expertise and commitment to delivering value-driven solutions to our clients. In parallel, Stanbic Bancassurance Intermediary Limited (SBIL) strengthened its market position through the rollout of innovative insurance products such as Flexi Protect, a fully digital offering that enhances customer access to insurance and elevates the overall client experience.

Looking ahead

Looking ahead to 2025 and beyond, our focus remains firmly on the effective execution of our strategic priorities, guided by our purpose and a commitment to delivering exceptional customer outcomes, operational excellence, and consistent financial returns for our shareholders.

As economic conditions continue to improve both globally and within Kenya, we are well-positioned to seize emerging opportunities, particularly in supporting SMEs and women-led enterprises. Through these efforts, we aim to foster inclusive growth and contribute meaningfully to the broader economic development of the communities we serve.

As a responsible corporate citizen, Stanbic Holdings Plc remains deeply committed to advancing the collective success of the economy and playing a pivotal role in Kenya's financial and economic transformation. With our diversified portfolio, strong global network, and resilient balance sheet, I am confident that we are well-positioned to continue delivering long-term value for our shareholders, empowering our people, and driving positive impact across the societies in which we operate.

Finally, I thank the teams at Stanbic Kenya and South Sudan for their commitment to supporting our customers, which has helped drive these positive results.

"Throughout the year, we innovated at pace and delivered propositions aimed at supporting our customers, built on resilient and agile systems. These market-leading propositions were enabled by underlying technology infrastructure that we have invested in over the past decade, improving our core banking systems, technical capabilities and capacity to speed up delivery."

STANBIC BANK CHIEF EXECUTIVE REPORT

Dr. Joshua Oigara

OUR PERFORMANCE IN 2024

Our vision is to reinforce our position as the leading corporate and private bank in the region, while expanding our insurance and asset management business. We are also increasing our emphasis on supporting SMEs and capitalizing on opportunities for ecosystem development to drive broader economic growth.

Stanbic Bank Kenya and South Sudan demonstrated remarkable agility and strength despite a global economy marked by persistent shocks in 2024. Our focus on strategic execution and prudent risk management enabled us to weather the challenges and deliver strong double-digit net earnings year-on-year.

Operating environment

In 2024, the global economy experienced instability: the ongoing Russia-Ukraine war, US-China tensions, and the escalating Israel-Hamas conflict all added to the lingering geopolitical uncertainties.

Despite these headwinds, the economy demonstrated remarkable resilience, outperforming expectations and avoiding the widely anticipated recession. Nevertheless, both global and local pressures contributed to a subdued economic performance across our markets

In Kenya, GDP growth moderated to 4.6%, below the earlier prediction of 5.4%. South Sudan's economy experienced a significant downturn, contracting by an estimated 26.4% largely due to disruptions in its oil production. However, our operations in Kenya and South Sudan delivered double-digit net earnings year-on-year, driven by disciplined risk management and capitalising on strategic opportunities.

Supporting Kenya's economy and financial inclusion

As a key driver of economic growth, the financial services sector plays an indispensable role in Kenya's development, channelling the capital needed to fuel the economy. At Stanbic, we are proud to be at the forefront of this transformation, empowering businesses and households with the capital they need while driving forward thinking approaches to foster long-term growth.

During the year under review, we partnered with one of our clients to develop Kargo Pay, revolutionising payment efficiency for port operations. We also advised the National Treasury on Kenya's successful 2024 Eurobond issuance—a testament to our strategic advisory expertise.

We also played a key role in significant advisory deals at the Nairobi Stock Exchange, offering our expertise in mergers and acquisitions. Our corporate and investment banking teams continue to provide bespoke solutions for clients, cementing our position as leaders in the market.

We strengthened our focus on sustainability by dedicating 13% of our lending book to sustainable finance, supporting renewable energy and infrastructure projects, with an additional 7% support to the agriculture sector.

Notably, we disbursed KShs 37.8 billion to empower over 20,000 women entrepreneurs through initiatives under our DADA programme. Additionally, we supported more than 250 families in Kenya in achieving homeownership, providing KShs 1.8 billion in financing. In partnership with the Kenya Mortgage Financing Company (KMRC), we offered tailored financing solutions to both developers and end-buyers, helping our customers realize their dreams of owning a home

In trade, we facilitated over KShs 76 billion in trade finance, playing a pivotal role in strengthening Africa's connectivity to global markets and enhancing regional commerce.

Digital transformation.
Technology is deeply entrenched into the core of our operations, driving efficiency and enhancing customer experiences. In 2024, we accelerated our digital transformation with a significant upgrade to our core banking system, positioning ourselves for future growth.

We also introduced our next-generation Omni Channel Mobile Banking app in July, which led to a 35% increase in client adoption and a 38% rise in user engagement, a testament to the value it delivers to our customers. Throughout this process, we actively incorporated customer feedback to refine the platform, ensuring seamless service delivery moving forward.

In addition, we forged strong partnerships within the tea industry, facilitating auctions and settlements at the Mombasa tea auction. These innovations reflect our unwavering commitment to digitizing key sectors of the Kenyan economy, enabling growth and driving sector-wide transformation.

One Stanbic strategy (2024–2026)
Under our 'One Stanbic' strategy, we are focused on solidifying our market leadership by harnessing our core strengths and executing high-impact initiatives. This strategy is built on three fundamental pillars: enhancing the client experience, driving operational excellence, and fostering sustainable growth and value.

Our vision is to reinforce our position as the leading corporate and private bank in the region, while expanding our insurance and asset management business. We are also increasing our emphasis on supporting SMEs and capitalizing on opportunities for ecosystem development to drive broader economic growth.

Regulatory environment
Regulatory activity remained subdued for most of the year, with few new frameworks introduced. However, significant developments emerged in the final quarter, including progress on Basel III liquidity standards and the introduction of guidelines for climate-related financial disclosures.

The Business Laws (Amendment) Act, enacted on December 27, 2024, introduces a phased increase in core capital requirements for banks—from KShs 1 billion to KShs 10 billion over five years. With a core capital of KShs 55 billion, Stanbic Bank remains well-capitalized and fully compliant. This change is likely to spur capital-raising efforts and sector consolidation, especially among smaller banks

In line with regulatory expectations, we continued to provide quarterly updates to the Central Bank of Kenya (CBK) on our compliance journey, particularly on climate risk integration.

Forging a sustainable future
At Stanbic, sustainability is deeply embedded in our strategy, shaping how we operate, serve our clients, and create long-term value for all stakeholders. It informs our decision-making, product development, risk management, and client engagement, ensuring that we deliver not only financial returns, but also social and environmental impact.

In 2024, we strengthened our commitment to responsible banking by applying rigorous Environmental, Social, and Governance (ESG) screening to all lending facilities exceeding USD 1 million. This ensures that our financing decisions are aligned with our sustainability principles and that we are actively supporting environmentally and socially responsible business practices.

We continue to assess compliance risks through a robust framework that reinforces our dedication to ethical conduct and good governance. Our sustainability approach extends beyond compliance to include decisive action on climate change, as well as a strong focus on diversity, equity, and inclusion. We have also taken deliberate steps to prioritize sectors that align with our values, ensuring that our investments support responsible economic development.

In our first year of implementation, we have experienced significant growth, reinforcing our confidence in the future. Moving forward, we will continue to enhance productivity by digitizing processes, improving customer experience, deepening employee engagement, and streamlining costs.

As we progress through 2025, our focus remains on accelerating growth and delivering meaningful support to our clients. While some macroeconomic pressures from 2024 persist, we are beginning to see signs of recovery, with gradual improvements emerging as we move into the second quarter. we anticipate a more stable macroeconomic landscape, presenting a more favourable backdrop for our clients and continued business momentum.

Our efforts remain firmly anchored on three strategic priorities: reimagining the client experience, delivering with operational excellence, and creating sustainable long-term value. At the same time, we are continuously optimizing our internal processes to improve efficiency, foster agility, and strengthen our organizational culture, positioning Stanbic as a future-ready business prepared to thrive in a dynamic environment

The anticipated resumption of oil exports in South Sudan is poised to provide a much-needed boost to the economy. However, this optimism is tempered by the potential impact of the United States' decision to suspend foreign aid, which may disrupt critical humanitarian programs and strain socio-economic conditions.

South Sudan's economic outlook
South Sudan's economic outlook for 2025 presents a mixed picture of opportunity and uncertainty. The anticipated resumption of oil exports is poised to provide a much-needed boost to the economy. However, this optimism is tempered by the potential impact of the United States' decision to suspend foreign aid, which may disrupt critical humanitarian programs and strain socio-economic conditions.

In response, we are taking a proactive and cautious approach, closely monitoring the evolving environment and implementing measures to safeguard our operations.

Our focus remains on ensuring resilience, maintaining operational stability, and adapting swiftly to emerging risks as we support our clients and communities through this dynamic period.

Acknowledgment
The remarkable progress and achievements of Stanbic Group over the past year have been made possible by the unwavering dedication of our employees, the steadfast guidance of our Board of Directors, and the continued trust and confidence of our customers and shareholders—all of whom inspire and empower us in our journey to become Africa's most preferred financial services provider.

CHIEF FINANCIAL AND VALUE OFFICER REPORT

Dennis Musau

Group Performance

At Stanbic Group, we remained agile in navigating macroeconomic shifts by staying deeply customer-centric, embracing innovation, and leveraging technological advancements. This adaptability, underpinned by a clear and consistent strategic vision (2024-2026), enabled us to deliver strong results, achieving a double-digit growth of 13% in 2024.

Our total assets remained broadly stable, underscoring a deliberate and strategic recalibration of our asset portfolio. The 1% marginal decline year-on-year was largely attributable to the early-year appreciation of the Kenya Shilling and our intentional shift toward short-term trade finance solutions, designed to proactively support our clients through a challenging economic landscape.

On the other hand, our deposit book demonstrated resilience with an average year-on-year growth of 13%, with a modest 1% decline by year end, reflecting market-driven interest rate dynamics towards lowering our funding costs.

Despite these challenges, the Group delivered a robust financial performance, posting a profit after tax of KShs 13.7 billion, representing a 13% year-over-year increase. This performance was underpinned by solid growth in interest income, disciplined cost management, and a reduction in impairment charges, driven by an improving loan book quality.

Statement of Profit and Loss

Our digital-led strategy continued to deliver strong results, driving higher transaction volumes which helped to offset margin compression, particularly within the foreign exchange business.

Gross interest income grew by 27% to KShs 48.2 billion, up from KShs 37.9 billion in 2023, supported by robust performance in short-term lending and expanded margins.

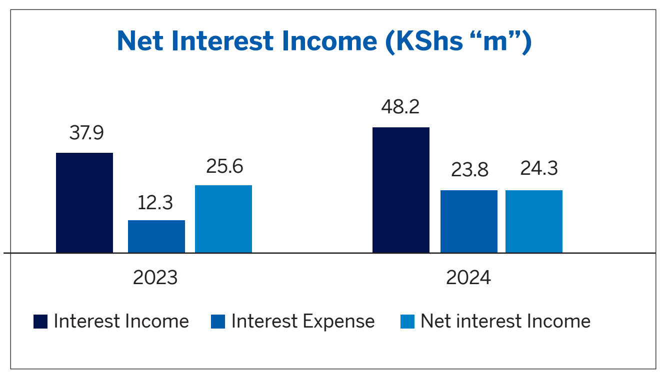
Non-interest income, another core revenue driver, held steady at KShs15.4 billion, slightly lower than the KShs 15.7 billion recorded in 2023, primarily due to tighter foreign exchange margins. Nevertheless, the contribution of non-interest income to total income rose from 38% to 39%, affirming its strategic role in our diversified revenue model.

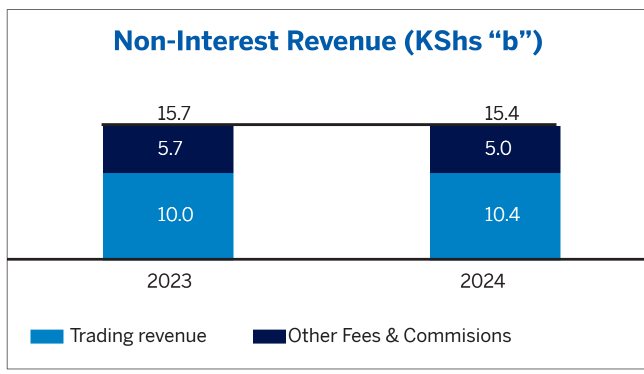
At Stanbic Group, we remained agile in navigating macroeconomic shifts by staying deeply customer-centric, embracing innovation, and leveraging technological advancements.

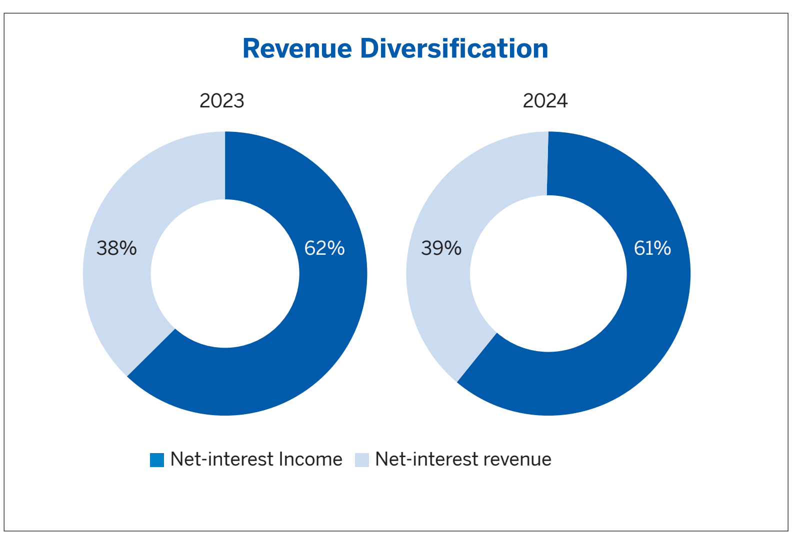
	FY 2024 KShs m	FY 2023 KShs m	% Change
Net interest income	24,337	25,648	(5.1)
Non-interest revenue	15,406	15,669	(1.7)
Total income	**39,743**	**41,317**	**(3.8)**
Operating expenses	(17,673)	(17,987)	1.7
Pre-provision profit	**22,070**	**23,330**	**(5.4)**
Credit impairment charges	(3,099)	(6,236)	50.3
Profit before tax	**18,971**	**17,094**	**11.0**
Tax	(5,255)	(4,936)	(6.5)
Profit after tax	**13,716**	**12,158**	**12.8**

Key Highlights

- Profit after tax of KShs 13.7b
- Net Interest Income – Increased cost of funding reflecting the high interest rates environment
- Non-Interest Revenue – Lower trading revenue and a one-off significant transaction in 2023, compensated by higher trading and transaction volumes
- Credit Impairment – Continuous customer engagements and currency appreciation impact
- Operating Costs – Base effects, currency appreciation, and management continued efforts towards operational efficiency





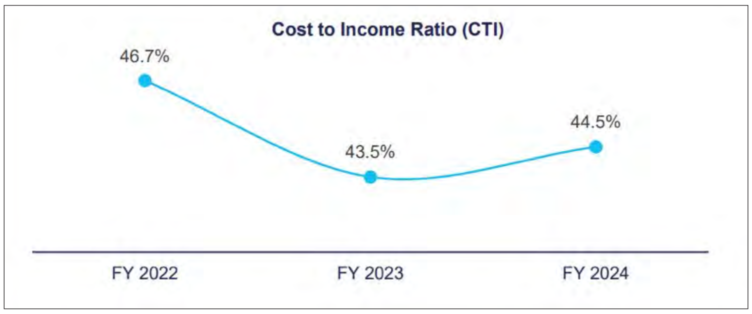


Operating expenses

Operating expenses declined slightly by 1.7% to KShs 17.67 billion in the 2024 financial year from KShs 17.99 billion in 2023 mainly as result of base effects from prior years, currency appreciation and increased focus on operational efficiency.

Cost-to-Income Ratio

The cost-to-income ratio rose to 44.5% from 43.5% in 2023 due to a steeper decline in revenue relative to the operational costs.



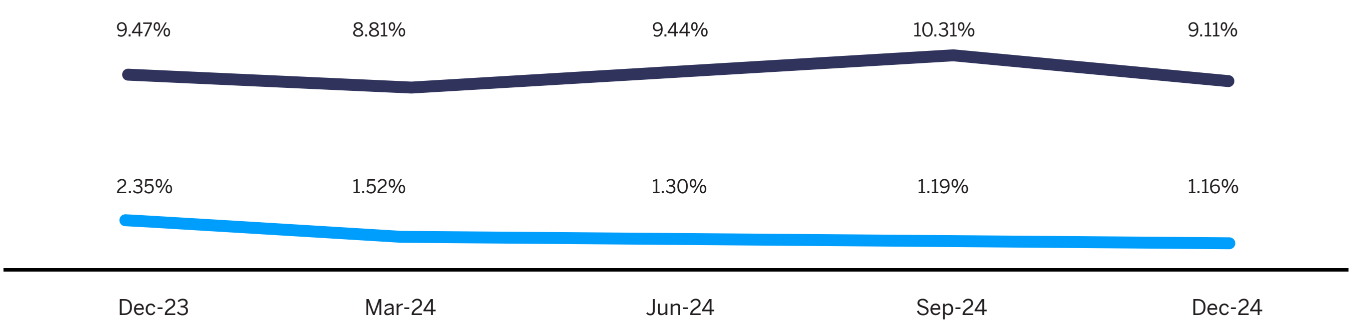
to-Income Ratio

Non-performing Loans (NPLS)

We effectively managed our credit quality, maintaining the Non-Performing Loans (NPL) ratio at below 10%, significantly lower than the industry average of circa 16%. This was achieved through thorough vetting of customers' credit quality at the onboarding stage, continuous monitoring post-disbursement and proactive collaborative engagement with customers to avoid or minimise the impact of credit quality deterioration.

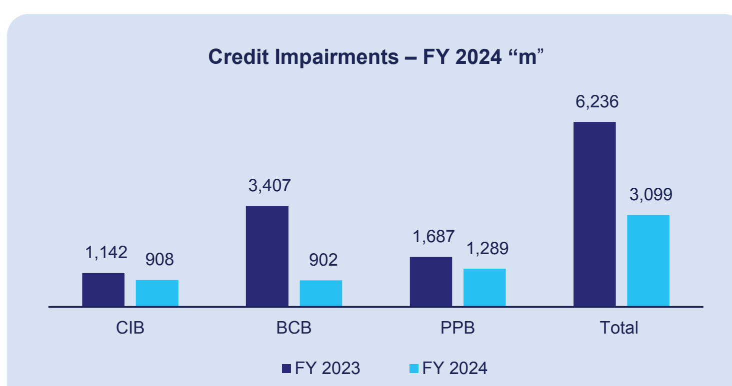
Notable pressures were registered in the construction, manufacturing, and real estate sectors. Our Credit Loss Ratio (CLR) remained the healthiest in the industry at 1.16% attributable to drop in our impairment charges as result of continued customer engagements for names under distress for quicker resolution.

NPL and CLR Trend



Credit Impairments

Credit impairments dropped year-on-year across all business segments. Credit impairment charges reduced significantly from KShs 6.2 billion in 2023 to KShs 3.1 billion, supported by continuous customer engagement efforts to mitigate default and favorable impact of the foreign exchange rate.



Statement of Financial Position

In 2024, our asset position remained solid and resilient, even as overall loan volumes adjusted in response to shifting macroeconomic conditions. Loans and advances to customers declined by 12%, from KShs 260.5 billion in 2023 to KShs 230.22 billion, largely reflecting the impact of the Kenya Shilling's appreciation and our strategic decision to focus more on short-term trade finance solutions, as most clients deferred long-term investment decisions.

Loans and advances to banks also decreased by approximately 33%, from KShs 95.7 billion to KShs 64.49 billion, reflecting changes in market liquidity conditions and reduced placement of excess liquidity in Group entities.

KShs millions	FY 2024	FY 2023	Change %
Assets			
Financial investments	99,190	45,345	118.7
Loans and advances to banks	64,486	95,705	(32.6)
Loans and advances to customers	230,218	260,509	(11.6)
Other assets	60,940	57,725	5.6
Total assets	**454,834**	**459,284**	**(1.0)**
Liabilities			
Deposits from banks	20,819	26,004	(19.9)
Deposits from customers	318,193	321,234	(0.9)
Borrowings	10,482	12,713	(17.5)
Other liabilities	29,940	30,778	(2.7)
Total liabilities	**379,434**	**390,729**	**(2.9)**
Equity			
Total equity	75,400	68,554	10.0
Liabilities and equity	**454,834**	**459,284**	**(1.0)**

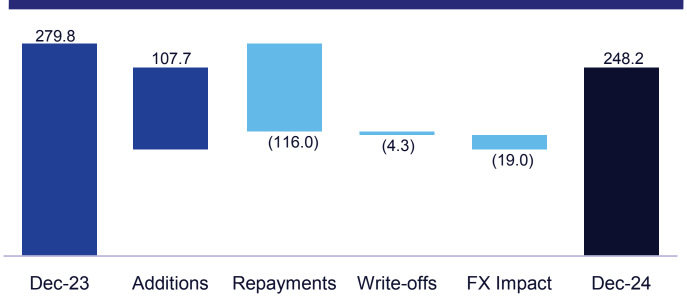
Key Highlights

- **Total assets -** stable through year end dates, but 13.3% up on average
- **Loans and advances –** 12% drop on appreciation of KShs and increased trade financing
- **Customer Deposits –** Largely stable through the period matching asset demand
- **Government securities –** Transitory investments awaiting redeployment to client franchises
- **Loans and Advances to banks -** decline in placement of excess liquidity with Group entities.

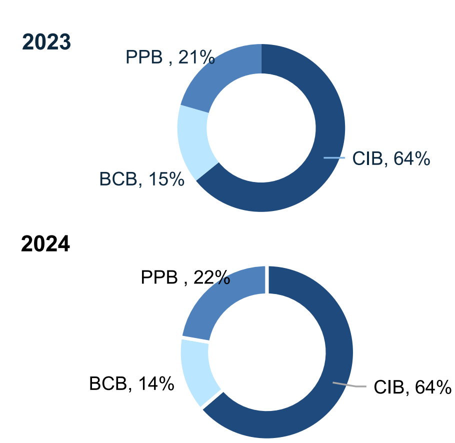
Sluggish private sector credit growth driven primarily by the high cost of credit, further impacted on the expansion of our loan book, compounded by increased customer repayments aimed at reducing their debt exposure. Customer Deposits remained largely stable throughout the period matching asset demand.

The increase in government securities was driven by the placement of transitional investments, intended for redeployment to client-focused lending once the operating environment stabilizes in 2025, supported by ongoing central bank rate cuts

Gross Loans movement schedule KShs "m"



Loans and Advances by Business Units



2025 Projections and Priorities

Kenya's economic growth prospects remain robust, underpinned by the regulator's commitment to lowering the cost of credit. This is expected to drive an increase in private sector growth, a key catalyst for broader economic expansion. At Stanbic Group, we are strategically positioned to support our customers' growth through customized solutions, backed by a dedicated and highly engaged relationship team focused on delivering value.

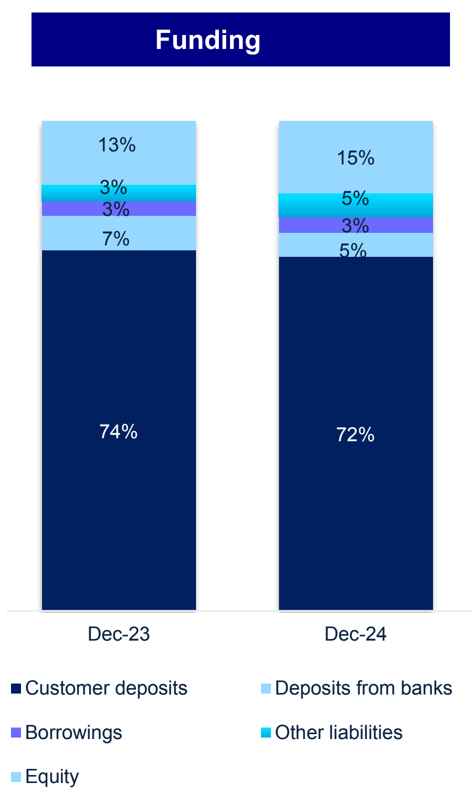
Our portfolio is well-positioned to capitalize on the opportunities presented by an evolving economic landscape. With a keen focus on adaptability and innovation, we are confident in our ability to navigate a dynamic environment and deliver exceptional results in the coming year.

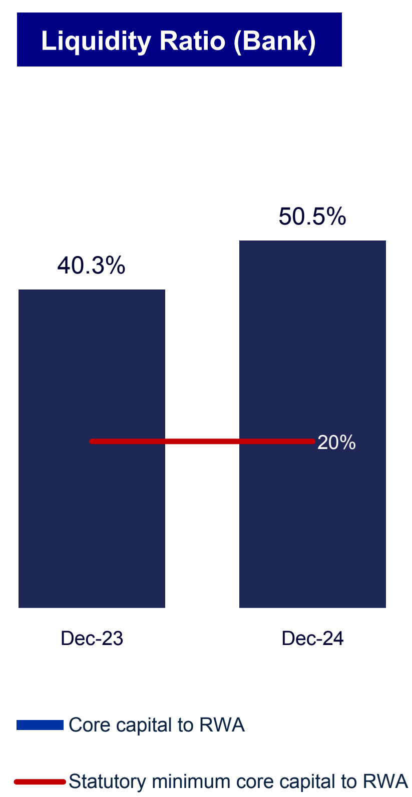
Funding and Liquidity Constraints

In an environment characterized by constrained funding and tight liquidity, the Group demonstrated strong financial resilience. Customer deposits remained stable year-on-year, reflecting continued client confidence and our ability to maintain a solid funding base despite market pressures.

The Group remained well capitalized and adequately funded to support both business growth and regulatory compliance. Notably, our liquidity ratio improved significantly, rising from 40.3% in 2023 to 50.5% in 2025, strengthening our ability to meet short-term obligations and enhance financial flexibility.

Through prudent financial management and strategic resource allocation, the Group effectively mitigated risks, maintained operational stability, and positioned itself to take advantage of future growth opportunities.






B01

DELIVERING OUR PURPOSE

CREATING VALUE FOR CLIENTS

At Stanbic Bank, our long-standing mission has been to drive sustainable growth and create lasting value for our clients across all segments; corporate, business, and personal banking. As the banking landscape continues to evolve, we remain steadfast in our commitment to enhancing the client experience through secure, always-on, and future-ready digital platforms.

We continue to strengthen and streamline our internal processes to ensure greater efficiency, responsiveness, and consistency in service delivery. Our people remain at the core of this vision, guided by our cultural priorities, they embody the values and purpose that drive us forward, delivering excellence, fostering meaningful relationships, and ensuring we consistently meet the needs of those we serve.

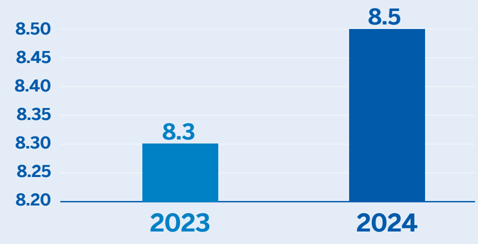
Seth Kibet
Head, Investor Relations

Active Customer Growth

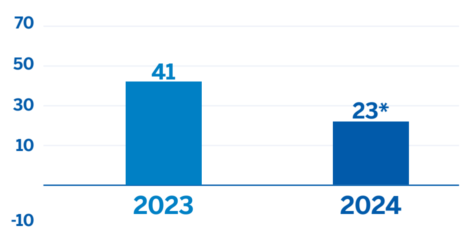
Up by 9%

Demonstrating increased engagement, trust in our services, and the effectiveness of our customer-focused initiatives.

Client Satisfaction Index (CSI)



Net Promoter Score (NPS)



*The 2024 upgrade of our online platform and core banking system temporarily impacted our Net Promoter Score in Personal and Private Banking. In response, we acted on customer feedback to ensure a more seamless and responsive banking experience.

HOW WE CREATE VALUE FOR CLIENTS

In line with our commitment to driving economic, social and environmental progress while delivering strong returns for our shareholders, we continue to support our customers across our four key business units: Personal and Private Banking, Business and Commercial Banking, Corporate and Investment Banking, and SBG Securities, Insurance, and Asset Management. Through these units, we offer a comprehensive suite of both financial and non-financial services tailored to meet the diverse needs of our clients.

In 2024, we continued to broaden our value proposition by expanding beyond traditional banking services to include sustainability initiatives, community support programs, and financial education. These efforts embody our holistic approach to banking, one that drives financial growth while also contributing meaningfully to social and environmental progress.

We remain committed to enhancing the client experience through ongoing investment in digital technologies, creating innovative offerings that respond to evolving customer expectations. In addition, we collaborate with partners across industries to deliver unique benefits and solutions, while effectively managing risk and providing long-term value through our lending and advisory services.

This integrated approach ensures we remain a trusted partner to our clients and a key contributor to sustainable development.

1. BUSINESS REVIEW

A. Personal and Private Banking

In 2024, Personal and Private Banking delivered a resilient performance amid a challenging macroeconomic environment characterized by elevated interest rates, subdued private sector credit growth, and increased taxation—factors that put pressure on household incomes and led to compressed margins.

To ensure sustainability, we made strategic investments in strengthening client relationships, enhancing internal capabilities, and advancing our digital platforms—particularly through Omni. These efforts improved client experience and supported growth. We also expanded purpose-led digital lending through enhanced customer scoring, revitalized our Private Banking with offshore services and advisory, and simplified our Middle Market offering with a more accessible, hybrid banking experience.

Together, these efforts have laid a strong foundation for delivering exceptional client experiences and positioning the business for sustainable, long-term growth.

Abraham Ongenge
Head, Personal and Private Banking

2024 Market Dynamics

For the most part of year 2024, loan demand remained muted as elevated interest rates prompted clients to delay borrowing decisions. Although rates began to ease toward the end of the year, we maintained a carefully balanced pricing strategy for our deposit and lending products to remain competitive, while supporting our clients to achieve their objectives.. Additionally, higher taxation further constrained household disposable incomes, influencing overall credit uptake.

Enhancing the Banking Experience

In 2024, we made meaningful progress in redefining the banking experience for our Personal and Private Banking clients, driven by innovation, operational excellence, and a strong focus on client experience.

A major milestone was the successful launch of our new mobile banking app in June. By October, we had fully migrated all clients to the enhanced platform, significantly improving convenience, security, and functionality. Today, over 91% of transactions are conducted through digital channels, underscoring the effectiveness of our digital transformation journey.

The platform also features real-time feedback capabilities, enabling us to continuously refine and personalize the client experience based on timely insights, further strengthening our relationship with customers and enhancing delivery service.

Over 91% of transactions are conducted through digital channels.

Operational Efficiency

In 2024, we placed strong emphasis on operational efficiency, achieving a 9-day reduction in turnaround times and a 38% improvement in overall process efficiency. These gains significantly boosted productivity and contributed to a more seamless client experience. Our enhanced service delivery, coupled with positive customer sentiment, fueled strong growth in new client acquisitions—exceeding our target by 140% and reinforcing the increasing appeal of our value proposition

9-day

reduction in turnaround times and a 38% improvement in overall process efficiency.

Credit Quality

In 2024, our disciplined risk management practices and proactive client engagement led to a 22% reduction in credit impairment charges. This notable improvement underscores the enhanced quality of our lending portfolio and reflects our strong commitment to responsible lending and financial prudence.

Partnership

In partnership with Kenya Mortgage Refinance Corporation (KMRC) , we enabled over 250 Kenyans to achieve homeownership through financing valued at KShs. 1.8 billion, underscoring our commitment to inclusive financial solutions.

Additionally, the launch of our enhanced Private Banking Client Value Proposition (CVP), along with the introduction of premium Mastercard offerings, led to the issuance of over 700 World Elite cards—reinforcing our leadership in serving the high-net-worth segment

We enabled over 250 Kenyans to achieve homeownership through financing valued at

KShs. 1.8Bn

Empowering Communities and Driving Inclusion

In 2024, our DADA proposition continued to make a meaningful impact, supporting over 60,000 women through tailored capacity-building programs that addressed both financial and non-financial needs. These initiatives helped unlock economic opportunities and foster long-term resilience. As a result, our DADA disbursements from inception grew to KSh40.5billion, reflecting the strength and relevance of our offering in empowering women across the country.

Deepening Relationships with our Clients

At the heart of our strategy is a steadfast commitment to building deeper, more meaningful relationships with our clients. In 2024, we continued to engage proactively with customers across all segments, gaining a clearer understanding of their evolving needs and delivering personalized solutions that create lasting value. By combining data-driven insights with personal interactions, we strengthened trust, enhanced loyalty, and positioned ourselves as a true partner in our clients' financial journeys.

B. Corporate and Investment Banking (CIB)

In 2024, Corporate and Investment Banking's (CIB) growth was fuelled by strong performance in energy and infrastructure, driven by our support for key projects. We also focused on supporting local businesses with lending and working capital, and helped clients manage financial risks.

Our success was driven by the execution of key deals, including the innovative Kargo Pay platform, our advisory role in the Eurobond issuance, and an advisory role to a regional tea company during a divestiture transaction. Through these efforts, we expanded our new client base, achieved high client satisfaction, maintained a strong risk profile, and invested in our team members. This solid performance, recognised with multiple awards, sets a positive stage as we focus on priority sectors for future growth.

Maina Kigundu
Ag. Head, Corporate and Investment Banking

Our performance

Low interest rates in Western countries reversed last year as the US and UK began cuts. Consequently, Kenya's higher rates attracted capital, especially around a major bond maturity. Despite initial concerns and currency swings, the successful redemption created investment opportunities, boosting local bonds and some equities, and increasing capital market activity.

Building on this environment, as our clients seized opportunities, so did we, despite market challenges. This was mainly driven by the energy and infrastructure, Telecommunication Media and Technology (TMT), diversified industries, and real estate sectors.

However, it's important to note that the banking industry faced liquidity issues due to slow private sector credit growth caused by high interest rates and a weak local currency early on. Banks also incurred higher liability costs and elevated borrowing costs, which limited asset growth as demand for loans at those prices was low. Despite this, we registered a 21% decline in year-on-year credit impairment.

We registered a 21% decline in year-on-year credit impairment.

Where we saw growth

The energy and infrastructure sectors' strong performance in 2024 was partly driven by our support for petroleum imports via the Open Tender System (OTS) and the Government-to-Government (G-to-G) oil import deal. For many of our clients in this sector, our main role was issuing letters of credit to facilitate their trade. Overall, the entire industry performed well.

Our strategy focused on supporting local corporates in the diversified industries and real estate sectors. We also provided these clients with traditional products, ensuring their term facilities met the specific needs of their operating environments.

CIB also assisted our clients with interest rate and foreign exchange risk mitigation through our global markets, particularly benefiting local corporates in the manufacturing sector. These businesses often face currency and interest rate volatility due to their reliance on imported manufacturing inputs while selling in local currency.

Furthermore, we completed a significant deal with one of our key clients in the energy sector. This positively impacted communities by enabling people in off-grid areas to access solar power products.

What worked for us

Execution of landmark deals:
We launched Kargo Pay, a platform providing real-time payment and reconciliation for the Kenya Ports Authority (KPA), enhancing efficiency and reducing fraud. This platform enables traders, logistics firms, and shipping companies to make instant payments to KPA using a digital wallet linked to virtual accounts.

We also advised the National Treasury on Kenya's successful 2024 Eurobond issuance, which is a testament to our strategic advisory expertise. Additionally, the Bank played a key role in several other advisory deals. For example, we provided significant transaction advisory services within the agriculture sector for the sale of its tea estates in Kenya, Tanzania, and Rwanda. This cross-border aspect presented a complex transaction, but we successfully guided our client through it.

CSI score:
Our Client Satisfaction Index (CSI) improved from 8.3 to 8.5, driven by our focus on deepening client relationships, enhancing service delivery, and executing high-impact transactions.

People focus:
As part of our talent development efforts, some of our employees gained international experience through secondments to the UK, Mauritius, and Nigeria.

Financial outcome:
We have noted a steady growth in key drivers and profitability.

Awards:
CIB scooped six awards, including Best Investment Bank, Best Sub-Custodian Bank, Best Trade Finance Platform Initiative, Best Bank for Cash Management, Best Bank in Foreign Exchange, and Best Real Estate Finance Bank.

Looking ahead

Looking ahead to 2025 and beyond, we have identified six broad priority areas for our focus. These are:

Energy and infrastructure:
We are looking to cement our position the energy and infrastructure projects.

Sovereign priorities:
We will continue supporting our client while taking advantage of emerging opportunities.

Agricultural value chain:
We see opportunities in agro-processing.

Manufacturing:
With the local sector focused on ramping up production, we are committed to supporting our clients in expanding their capacity and strengthening their competitiveness against imported products.

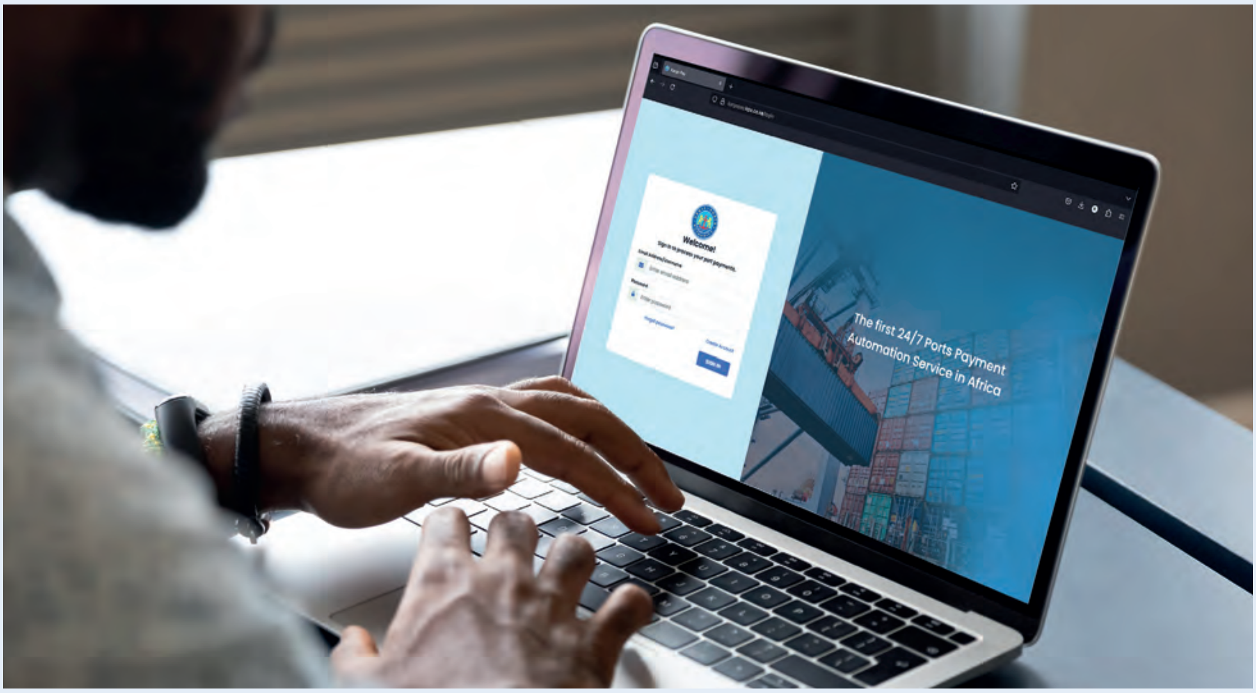
Technology and the digital space:
We are prioritizing support for this sector, whether led by telecommunications companies or emerging digital innovators, as a key area for growth and partnership.

Financial services sector:
We see significant opportunities across the financial sector. Within banking, we aim to support institutions by confirming instruments such as letters of credit and other trade-related tools. Beyond banking, we are also exploring ways to partner with players in the insurance industry and other non-bank financial services.

From these six priority areas, we have identified the three areas we will focus heavily on. These are energy and infrastructure, the public sector, and the consumer business. The latter is directly linked to agriculture and includes agro-processing.

CASE STUDY

KARGO PAY: TRANSFORMING CARGO PAYMENTS WITH REAL-TIME DIGITAL SOLUTIONS AT THE PORT OF MOMBASA



For traders importing goods into Kenya and the East African region, clearing cargo at the Port of Mombasa has been frustrating over the years due to the payment processes that have been in use. To solve this problem, we unveiled Kargo Pay, a real-time payment and reconciliation solution offered by Stanbic Bank and our partner Finsprint, a fintech solution provider.

The platform allows traders, logistics firms, and shipping companies to pay the Kenya Ports Authority (KPA) in real time using a digital wallet linked to virtual accounts. The key primary feature embedded in Kargo Pay is the ability for users, who could be corporates, businesses, or individuals, to open unique and specific account numbers in the platform. The capability supports KShs. or USD virtual accounts.

The virtual account has no transaction limits since value is held in the collection account, and the virtual account is only a mirror of individual payer credits into the collection account. The virtual accounts are 13-digit numbers, with the first six digits being alternate numbers to the collection account in T24 and the rest seven digits uniquely identifying the payer in Kargo Pay.

Kargo Pay is offered via the web and integrated with key billers, which are banked by Stanbic. It enables their customers to view their due invoices, create refund accounts, fund their virtual accounts using their preferred modes of payment, and make payments to the biller account at Stanbic using the inter-account transfer payment mode.

It automates the management of customer deposits by enabling a self-service capability where clients can manage their payments to KPA using digital wallets. The system allows payments round the clock, and any reconciliation is done in real time.

The platform's 24/7 availability is significant because it helps customers avoid demurrage costs. In the wider social context of an automated system, Kargo Pay also ensures there are few manual touchpoints, which means that you're also reducing the risks of fraud and corruption practices.

The system offers KPA the benefit of faster revenue collection, reduced administrative burden and improved cash flow visibility.

Kargo Pay is expected to play a part in deepening regional integration in East Africa through the facilitation of trade across different countries.

CASE STUDY

STANDARD BANK'S KEY ROLE IN LANDMARK US$1.5 BILLION EUROBOND FOR KENYA

Through Standard Bank Group, we acted as the joint lead manager and bookrunner for Kenya's new US$1.5 billion Eurobond and joint dealer manager for the concurrent tender offer of US$1.4 billion outstanding Eurobonds that were due to mature in June 2024.

In the year, the transaction was Kenya's first since 2021 as the country looked to diversify its funding sources and marked a triumphant return to the capital markets.

The Eurobond was priced at a yield of 10.375% with a 9.75% coupon. It will mature in 2031 and has a six-year weighted average life, as the principal will be amortised in equal installments in the final three years to maturity.

The proceeds of the Eurobond were used to fund the tender offer for the 2024 Notes, which settled on 21 February 2024.

The Eurobond saw strong demand from investors keen to support Kenya's strategies to manage its debt proactively. This enabled Kenya to tighten pricing and upsize the issuance, compared to initial guidance.

The transaction highlights Kenya's debt management strategy to capitalise on favourable market conditions, providing certainty to domestic and international investors that will help realise Kenya's economic and investment potential.

The tender offer was highly successful, with over 72% investor participation leaving just over US$550 million in bonds outstanding.

We are proud to have facilitated this Eurobond for Kenya. The significant demand we saw for the bond reflects investors' growing confidence in Kenya. We are enthusiastic about the renewed access to capital markets, the overall success of the transaction, and the growth this enables.

The transaction further establishes Standard Bank Group as an important advisor and partner to the Government of Kenya, and it is a testament to our trusted brand on the continent.

A deep understanding of Kenya's economy, regulations, and people are at the heart of everything we do at Standard Bank. It is encouraging to see the investor community take note of the opportunity the country represents.


Stanbic Bank
Ignite your SME growth in Kisii with Stanbic Bank.
Personal Loan | Car Loan | Home Loan | Business Loan
For more information visit our branch at Upper Ground Floor, Waumini Plaza Kisii
Stanbic Bank Kenya Limited is licensed and regulated by the Central Bank of Kenya

C. Business and Commercial Banking

Our performance in 2024

The Business and Commercial Banking (BCB) division delivered a significantly improved performance in 2024, despite a challenging macroeconomic environment.

We recorded a more than 100% year-on-year growth in profit after tax, supported by solid income growth. Impairments dropped by 73% compared to the previous year, reflecting the improved quality of our portfolio. On the cost front, we maintained a disciplined approach, with expenses growing by a modest 8% year-on-year.

100%
year-on-year growth in profit after tax

Drivers for our performance

During the year, we disbursed approximately KShs. 60 billion in loans across our managed segments and achieved a 40% year-on-year deposit growth. Our client base significantly grew, especially within the Small and Medium Enterprise (SME) segment, where we onboarded over 5,000 new customers across targeted subsectors.

Our strong trade finance capability was pivotal to our growth, which remains central to our value proposition. In 2024, we facilitated over 2,300 trade transactions worth approximately KShs. 17.6 billion, representing a significant increase from the prior year.

The sectors that showed resilience

As part of our three-year strategy launched in early 2024, we prioritized support for high-impact sectors. These are agribusiness, manufacturing, wholesale and trade, telecommunications, media and technology (TMT), SMEs and oil and gas.

These sectors remained resilient through economic turbulence, contributing to food security, employment, and sustained growth. SMEs, in particular, stood out. Of the KShs. 60 billion in loans disbursed, nearly KShs. 40 billion went to SMEs, many operating within our focus sectors, such as agribusiness and trade.

Florence Wanja
Head, Business and Commercial Banking

How Stanbic adapted solutions to meet SMEs

Kenya's high level of digital adoption, among the highest in sub-Saharan Africa, has informed how we design solutions for SMEs. We responded to this demand with tailored digital offerings, especially in lending.

Digital lending emerged as a key solution, driven by SMEs' need for convenient, mobile-first credit. We also enhanced our digital collections solution through mobile network operator (MNO) partnerships, enabling SMEs to receive payments directly into their bank accounts, helping many customers to clearly separate business from personal finances.

Recognizing the cash-intensive nature of many SMEs, we scaled up our deployment of Cash Deposit Machines (CDMs) in high-volume areas and strategic client locations. This improved convenience for customers who handle significant amounts of physical cash.

We also expanded our distributor finance solution, particularly in the oil and gas and MNO ecosystems. In parallel, our financial fitness academies and other capacity-building programs supported SMEs' journey toward becoming low-risk, bankable clients. Through partnerships with the Stanbic Foundation, we extended concessionary funding to micro and small enterprises that would otherwise not access formal credit.

The result has been that through this nurturing, some of them have grown and become businesses that can now be bank clients.

Digital banking, automation and use of AI in enhancing the experience of business and commercial clients

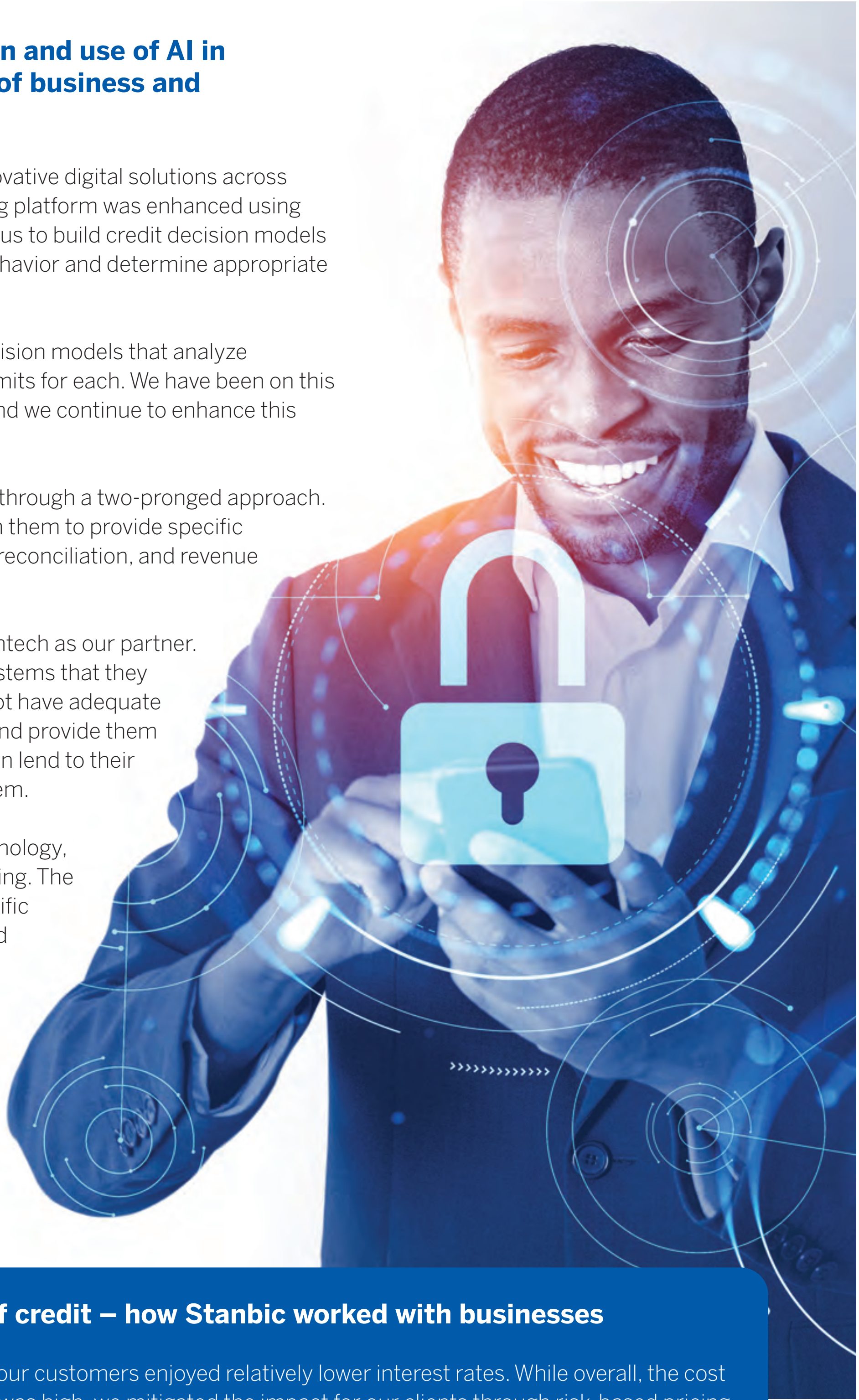
Throughout 2024, we deployed innovative digital solutions across our BCB portfolio. Our digital lending platform was enhanced using advanced analytics and AI, allowing us to build credit decision models that accurately assess customer behavior and determine appropriate credit limits.

Behind digital lending are credit decision models that analyze customers and assess the proper limits for each. We have been on this journey for about 18 months now, and we continue to enhance this capability to deploy more data.

We have been working with Fintech through a two-pronged approach. On one hand, we are partnering with them to provide specific solutions such as payment frames, reconciliation, and revenue collections solutions.

On the other hand, we have taken fintech as our partner. A number of them have huge ecosystems that they are banking, but at times, they do not have adequate liquidity. So, we partner with them and provide them with liquidity so that, in turn, they can lend to their customer base within their ecosystem.

The other way we have utilized technology, particularly data, is in decision-making. The data allow us to make sense of specific emerging patterns and trends based on customer behaviour, which then helps us anticipate market needs and develop the next solution for our customers. This way, we can cross-sell other solutions to these customers.



Cost of credit – how Stanbic worked with businesses

Many of our customers enjoyed relatively lower interest rates. While overall, the cost of credit was high, we mitigated the impact for our clients through risk-based pricing. As a result, different customers have different pricing depending on their level of risk.

Customers with lower risk profiles accessed more favorable rates, in line with our strategy to support high-growth and lower-risk sectors.

We also stood by customers facing temporary challenges, providing tailored support, including loan restructures to help them navigate recovery and remain on course.

Cross border trade

In line with our purpose, Africa is our home; we drive her growth, we have continued to support clients trading within East Africa and beyond.

In doing this, we have been facilitating cross-border trade, and our strategy is two-pronged. On one front, we support our clients' trading within the East African region, and on the other, we help them in their quest to do business across different African markets.

Our clients increasingly see the area as a single trading bloc in the highly integrated East African region. We enable seamless banking across borders, allowing clients to open accounts and transact as effortlessly as they would in their home markets.

Following the 2023 rollout of our borderless banking, which we continued to enhance in 2024, we have the capability of offering these facilities across the region.

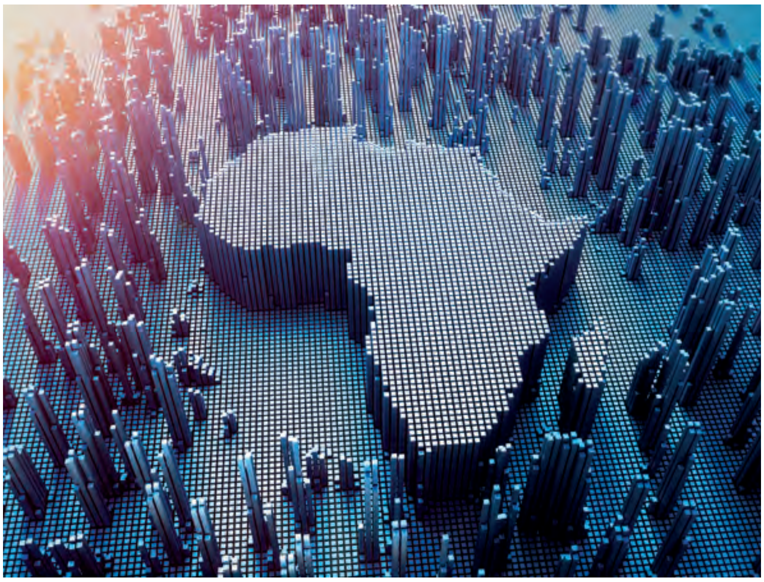
The solution enables customers to transact in the local currency in any of these markets, which eases challenges such as foreign exchange availability.

This means that customers will have the same capability in their home country even when operating in a different market.

On the other front, we are seeing customers having aspirations and want to expand beyond these markets. Whenever this happens, we endeavour to make that journey seamless.

More importantly, we also provide funding, such as working capital and other requirements, so that they have one credit process.

We are also excited about the African Continental Free Trade Area (AfCFTA) and its potential to unlock intra-African trade. Our pan-African presence positions us uniquely to support cross-border payments. We are preparing to pilot new payment solutions tailored to African markets later this year.



Looking ahead

This year, we will continue to focus on the key sectors that we identified in our three-year strategy where we see significant opportunities for growth. Core sectors will be agribusiness, manufacturing, wholesale and trade, telecommunications, media and technology (TMT), SMEs, and oil and gas.

We will also double down on our trade finance capabilities, providing clients with end-to-end solutions, including LPO financing, contract and supplier financing.

We will walk with our customers who are planning to expand to the region and enable them to transact in different countries. We are also keen to work with customers who are engaged in international trade. Here, we are well positioned to support clients in that area, especially because of our Africa and China proposition because of our strong ties with the Industrial and Commercial Bank of China (ICBC).

We see tremendous potential in SMEs, especially women-led and youth-owned enterprises. Our DADA proposition will remain instrumental in supporting female entrepreneurs, and we are actively exploring ways to deepen support for other underserved segments.

As always, we aim to walk alongside our customers, enabling their success, fostering resilience, and driving shared growth across Kenya and the continent.

D. Insurance & Asset Management

The Insurance and Asset Management (IAM) division commenced operations recently, with 2024 marking its inaugural full year of activity. The division provides non-banking financial solutions to existing and new clients, guided by our purpose: "Together, we Grow and Protect What Matters Most".

During this period, we reached a significant milestone with the launch of the Asset Management business in September 2024. This development, along with our Bancassurance intermediary and Investments business, has established three core business units within the division. Additionally, we introduced Flexi Protect, a fully digital last expense cover. This enables our clients to obtain an insurance policy in under 10 minutes and offers flexibility in selecting the desired benefits.

Anjali Harkoo
Head, Insurance and Asset Management

Performance and the key drivers

We set out with three strategic focus areas: scaling the Bancassurance business, resetting the Investments business and launching the Asset Management business. We made good progress across all three areas.

We registered a 4% revenue growth during the year. Additionally, we expanded our team by doubling the number of Insurance Direct Sales Agents to cover all bank branches.

The launch of the Asset Management business was followed by introducing two funds: a Kenya Shilling Money Market fund and a USD Fixed Income Fund. We attained KShs. 2.45 billion in Assets Under Management within four months of our official launch in September 2024. This achievement represented the fastest Q/Q growth, as reported in the Capital Markets Authority Collective Investments Schemes Q4 2024 report.

During the year, we booked KShs.
2.45Bn
in four months.

Investment opportunities that stood out

Interest rates remained elevated, presenting an opportunity to invest in the Asset Management business due to the attractive yields on the shilling and US dollar funds. At launch, the shilling money market fund delivered an annual return exceeding 15%, while the USD fund achieved a return of over 5%, offering compelling yields to our clients.

Stanbic Financial Fitness Academy

During the reporting period, the Financial Fitness Academy (FFA) impacted 8,269 lives through 75 interactive sessions. These sessions raised awareness of holistic financial principles and equipped participants with skills to manage their personal finances and achieve their financial goals. This initiative aligns with the UN's Sustainable Development Goals, promoting economic growth and reducing inequalities. We aim to expand our reach and enhance accessibility through digital tools while deepening community engagement to realize our target impact.

Navigating the insurance industry's challenges

We have also been undertaking insurance literacy lessons to increase uptake in the country, which has remained low. Through the Stanbic Financial Fitness Academy (FFA), we created awareness of the necessity of insurance products and other financial services.

In 2024, our clients faced various challenges, and whenever they suffered a loss, we processed their claims swiftly and paid them promptly. Some incidents were related to the climatic conditions following the floods. Clients who had taken relevant domestic and commercial packages were shielded from the adverse effects of flooding as we helped them recover. Customers who experienced loss and had taken out political violence and terrorism covers were also able to recover from the incurred loss.

In 2024, our clients faced various challenges, and whenever they suffered a loss, we processed their claims swiftly and paid them promptly.

Regulatory environment

There has been a recent change in regulatory requirements for the Asset Management business. The regulator introduced new rules requiring the three functions of fund management, trustee, and custody businesses to run independently. Accordingly, we have moved the custody business from Stanbic Bank to an unrelated party.

We also saw the Insurance Regulatory Authority (IRA) introduce risk-based capital requirements, impacting the sector. The industry is also implementing International Financial Reporting Standard (IFRS) 17, and the cost of compliance is relatively high for various insurance companies.

Additionally, the government is now implementing the new health coverage under the Social Health Authority (SHA) and the Social Health Insurance Fund (SHIF), where individuals contribute 2.75 % of their gross pay to the Fund. This has had a direct impact on disposable income in the market.

2025 priorities

We will continue partnering with our clients to grow and protect what matters most to them. We will further advance the One Stanbic Strategy by scaling Bancassurance and growing the Investments and Asset Management businesses.

We aim to integrate Insurance and Investments solutions across all digital platforms where clients engage with us. By strategically increasing the uptake of retail life insurance, we strive to provide comprehensive financial security for our clients and reinforce our commitment to customer-centricity.

E. SBG Securities

In 2024, SBG Securities solidified its standing as one of Kenya's leading brokerage firms, anchored by a strong core business in equities and fixed income. As a licensed trading participant on the Nairobi Securities Exchange (NSE), we continued to dominate market activity, leveraging our deep expertise to support both institutional and retail investors in navigating a dynamic trading environment.

Our leadership in market transactions was evident throughout the year, building on the momentum from the Diageo transaction involving East African Breweries Limited (EABL) in 2023, and culminating in our pivotal role as the sell-side broker in the landmark Holcim Group divestiture to Tanzania's Amsons Group from Bamburi Cement Plc. These high-profile deals highlighted our ability to deliver on complex mandates and reinforced our reputation as a trusted advisor in strategic transactions.

The local, Kenyan market activity was further supported by improved macroeconomic conditions, particularly the easing of foreign exchange pressures and the subsequent strengthening of the Kenyan Shilling against major currencies, especially the US dollar. These developments attracted increased participation from portfolio investors, resulting in enhanced liquidity across key counters.

Gregory Waweru
Chief Executive, SBG Securities

Driving Growth Across Our Core Brokerage Business

The strength of our core business, equities and fixed income, underpinned our performance in 2024. On the equities side, we closed the year with an impressive 19% market share, reflecting our active role in major transactions and a sustained increase in trading volumes driven by greater participation from portfolio investors.

On the fixed income side, our business experienced remarkable growth, with revenue more than doubling year-on-year. This performance was bolstered by the successful rollout of our online fixed income trading platform, a first in the Kenyan market, which broadened access and attracted a new segment of investors. Together, these achievements contributed to strong revenue growth across the brokerage business, reinforcing our market leadership.

On the equities side, we closed the year with an impressive

19%

market share

Pioneering Innovation in Retail and Fixed Income Trading

We made notable strides in technology and innovation in 2024. We launched a pioneering online fixed-income trading capability, the first of its kind in the Kenyan market, offering clients unprecedented access and convenience for trading fixed-income instruments digitally.

We also continued to enhance our digital platforms, including key upgrades to our existing iTrader platform and the rollout of a new, advanced trading platform tailored for high-net-worth individuals. In 2025 and beyond, we are developing a next-generation API-driven platform that will provide a seamless and intuitive user experience, real-time access to market data, and expanded training tools to support both novice and seasoned investors.

These innovations are not just about convenience, they are part of our broader ambition to reshape how clients interact with capital markets, especially as we move towards greater digitisation and financial inclusion.

Diversifying for Sustainable Growth

Our strong results in 2024 were supported by a deliberate diversification strategy across products and client segments. This approach enabled us to capture new growth opportunities, particularly in the fixed income space, where our revenue grew by over 200%, helping to offset the natural volatility and swings of equity markets.

By expanding our reach and deepening our capabilities across both asset classes, we have positioned SBG Securities for resilience and long-term growth, regardless of shifts in market sentiment or global monetary policy.

This strategy ensures that we remain steady in uncertain times and positions us for even stronger growth in the future.

Positioning for the Future

As we head into 2025, we are positioning for multifaceted growth. While increased trading volumes remain a target, our primary focus will be on deepening market share through the execution of well-defined strategies and continued innovation.

We are also entering the next phase of our technology journey, transitioning from development to the aggressive marketing and commercialization of our digital platforms.

Additionally, we remain committed to shaping the future of capital markets by engaging proactively with regulators, the NSE, and other stakeholders to introduce new products and drive market-wide innovation.

SBG Securities enters 2025 with renewed momentum, a strong technology foundation, and a clear vision to create long-term value for our clients and shareholders.

CASE STUDY

SBG SECURITIES EXECUTES LARGEST BLOCK SALE IN NSE HISTORY WITH BAMBURI CEMENT SHARE TRANSFER

When Swiss multinational company Holcim divested its business in Kenya via the sale of its entire 58.6% stake in Bamburi Cement Plc to Tanzania's Amsons Group, SBG Securities was the main stockbroker in the major transaction.

This follows SBG Securities' participation in the execution of the largest single Block Trade on the Nairobi Securities Exchange (NSE) in 2024 which saw the sale of Holcim's stake in Bamburi Cement to Amsons.

SBG traded US$107 million (KShs. 13.9 billion) worth of Bamburi Cement Plc shares in the US$180 million (about KShs. 23.3 billion) Takeover Offer by Amsons Industries (K) Limited.

Amsons was the successful offeror in the Bamburi Take-Over Offer, following the withdrawal of the competing offer by Savannah Clinker Ltd two days before the close of the offer period which ended on December 5, 2024.

SBG Securities acted as the broker to Holcim and to other accepting shareholders who are our clients for the transaction. Holcim held its stake in Bamburi Cement through Fincem Holding Ltd (29.3 %) and Kencem Holding Ltd (29.3 %), which are intermediate holding companies controlled by the Holcim Group.
The sale of Holcim's shares to Amsons resulted in the successful completion of the transaction, which received an overall 95.4% acceptance rate, as reported by Amsons at the conclusion of the transaction.

As Holcim's broker on the transaction, we were also able to position Stanbic Bank's banking capabilities to provide a holistic offering consisting of brokerage services for share settlement and banking services for cash settlement and concomitant opportunities.

This transaction marks another precedent-setting moment for SBGS following the transfer of a controlling stake in a listed company via the NSE.

This builds on the success of the Diageo transaction in 2023, when SBGS executed a US$170 million block trade on the NSE in respect of Diageo's tender offer to acquire a 15% stake in East African Breweries (EABL).

As a result of the Bamburi block trade, SBG Securities has gained market share from 16% to about 19%, which places it neck and neck alongside our closest competitor in market share terms to close the year in a strong competitive position.

F. Stanbic South Sudan Review

Fredrick Ouko,
Head of South Sudan Business

The year 2024 was extremely challenging for South Sudan's economy because of the oil pipeline shutdown in February 2024. The Bank's South Sudan operation is a significant player in the oil sector; thus, the challenges in the industry impacted the Bank's financial performance.

The result was that our financial performance was significantly behind 2023, as the economic performance affected both our trading income and fee income. Trading income declined sharply. Similarly, fee income also fell, leading to results below target and lower than the previous year.

Furthermore, the US government's aid freeze in the first quarter of 2025 has already had a severe impact, leading to staff retrenchments and funding gaps among Humanitarian Organizations operating in South Sudan, further exacerbating economic difficulties.

The Bank's South Sudan operation is a significant player in the oil sector; thus, the challenges in the industry impacted the Bank's financial performance.

The Bank is making efforts to restructure its balance sheet in line with the size of the opportunity. It is also exploring revenue diversification through various treasury management products. Key strategic priorities in the short to mid-term include, but are not limited to, the following:

- Expanding the customer base by banking employees of humanitarian organizations with significant operations in South Sudan.
- Introducing new financial products, including savings accounts and fixed-income accounts.
- Developing a global remittance solution to address the financial needs of South Sudanese workers whose families live outside the country.
- Enhancing corporate banking solutions by introducing bulk mobile payment services.

We are confident that implementing these measures will help the bank navigate the current economic difficulties while positioning itself for long-term sustainability in South Sudan.

2. OPERATIONS REVIEW

G. Brand and Marketing

Our Brand is one that embraces and inspires growth in people, businesses, and the community. In 2024, we continued to position our solutions and experiences across various customer touchpoints, and in a relevant manner.

Anchored on our growth strategy, we created meaningful connections with our stakeholders, connecting them to opportunities, resources, and platforms essential for growth. Whether through marketing campaigns, sponsorships, or curated experiences, we ensured that we stayed true to our ethos while fueling the ambitions of our clients, employees, shareholders, and partners.

Lilian Onyach
Head, Brand and Marketing

Delivering a superior client experience

Client relationships are at the heart of our business, and client experience remains a core focus area.

In 2024, we recorded the highest growth in our customer satisfaction Index, which reflects our continued focus on products and platforms that meet the needs of our customers. Notably, we upgraded our core banking system and remediated our omnichannel experience to make our banking experience seamless and intuitive.

We also delivered signature experiences, including a Motown musical experience where our clients got to meet, network, and curate memorable experiences amongst family and friends.

We also continued to have continuous, proactive client engagements delivered through in-person sessions or surveys, as a way of gaining real-time insights and feedback on our product or solution delivery.

Connecting clients to the right solutions

In 2024, we launched key campaigns aligned with our business segments. These campaigns, rooted in the Group's growth strategy, incorporated new marketing channels and leveraged emerging technologies for maximum impact. Leveraging big data and AI, we responded to shifting consumer dynamics, ensuring that our communication was inclusive, innovative, and responsible.

Fostering meaningful partnerships

As a Brand, we recognize the integral role partnerships play in enabling growth, connection, and sustainability in our market. In line with this, 2024 saw us collaborate with several partners to deliver positive experiences and foster meaningful connections.

For instance, we sponsored a team during the 2024 Rhino Charge fundraising competition, which raises funds for the conservation and protection of Kenya's mountain range ecosystems.

We also sponsored the 52nd Concours d'Elegance, which brought together car, fashion , and art enthusiasts for an immersive experience.

This was in addition to several golf tournaments and business event sponsorships that cut across various sectors.

Cementing Thought Leadership

As a key player in the financial services industry, we are committed to contributing to the industry's knowledge pool. In 2024, we lent our voice to key industry and market issues through traditional and digital media platforms, as well as events, helping to narrow the knowledge gap. Through opinion pieces, video content, interviews, and speaking engagements, we provided our stakeholders with relevant and timely information, fueling conversations and ideas for growth.

Brand Recognition

With over 160 years of operation, our brand is anchored on deep heritage, a robust network, and unrivalled capabilities. In 2024, we received several accolades from distinguished and reputable awarding organizations, including:

- Best Private Bank in Kenya, Global Finance
- Best Investment Bank in Kenya, Euromoney
- Best Trade Finance Bank in Kenya 2024, Global Trade Review
- Best Bank to borrow from, Think Business Awards

These awards, among others, point to our expertise, capabilities, and strong market positioning, while demonstrating why our clients, shareholders, and partners trust us.

Looking ahead

We will continue to foster meaningful connections between the Brand and our stakeholders. We will also continue to apply innovative, responsible, and inclusive marketing practices while exploring and responding to the needs of our stakeholders.

Critically, we will remain focused on being a trusted brand that delivers value for its stakeholders in an ethical, innovative, and positive manner.

H. Creating Value For Our People

Our People

Our employees are at the core of our success as a bank. We invest in their careers and build an inclusive and diverse workplace with strong leadership and growth opportunities.

We are future-proofing our people's skills to support careers and improve customer experience. By equipping our people with the necessary skills and capabilities, we can drive innovation, enhance service delivery, and create long-term value for our customers and communities.

Neema Onsongo
Head, People and Culture

How we measure progress

Employee engagement eNPS

Our main way of measuring staff engagement is our Employee Net Promoter Score (eNPS). This shows the likelihood of an employee recommending Stanbic as a good organisation for which to work. We measure eNPS annually by surveying our people's views across our business in Kenya and South Sudan.

Diversity and inclusion

We track the proportion of people from underrepresented groups across the organisation and examine their qualitative experience of the work environment through a detailed analysis of employee survey results.

Measuring our strategic progress

Everything we do is aimed at meeting our clients' needs. We strive to understand our clients as profoundly and as empathetically as possible. Using our people skills and digital capabilities, we help them meet their needs and achieve their objectives.

Employee retention

We measure staff turnover as the percentage of employees who left us during the year. We particularly focus on measuring regrettable turnover – the percentage of employees leaving who are rated as good performers.

Employee development

We measure our investment in our people by tracking the average number of hours employees spend on learning and the percentage spent honing skills that will ensure they remain ready for the future.

One priority we focused on was employee retention, which improved during the year under review. Our employee turnover was over 10% in 2023, but by the end of 2024, it was below 9%, which is acceptable. We have been working to ensure that our retention remains high. We also ensure we get the right people for the right jobs.

Key highlights for 2024

	2024	2023	2022	2021
Permanent Employees	**1160**	**1129**	**1045**	**1005**
Gender Parity	49% Female (552) 51% Male (584)	48% Female (546) 52% Male (583)	47% Female (500) 53% Male (545)	47% Female (469) 53% Male (537)
Contract & Commission Earners Employees	Contract: 32 Commission Earners: 54	Contract: 27 Commission Earners: 54	Contract: 29 Commission Earners: 78	Contract: 44 Commission Earners: 38
Gender Parity in Senior Management and above	97 Female 131 Male	34 Female 56 Male	36 Female 55 Male	36 Female 51 Male
Gender Parity in Board	3 Female 4 Male	3 Female 6 Male	3 Female 6 Male	5 Female 4 Male
Employees living with disability	4 Female 3 Male	3 Female 4 Male	3 Female 4 Male	5 Female 3 Male
Age Breakdown	Below 30 years – 14% 30-40 years – 48% Above 40 – 44%	Below 30 years – 11% 30-40 years – 52% Above 40 – 37%	Below 30 years – 11% 30-40 years – 57% Above 40 – 32%	Below 30 years – 6% 30-40 years – 62% Above 40 – 32%
Management (SBG 11 and above) Non-Management (SBG 5 – SBG 10)	Management 42% (487) Non-Management 64% (753)	Management 40% (448) Non-Management 60% (681)	Management 40% (423) Non-Management 60% (622)	Management 41% (408) Non-Management 59% (598)
New Hires	177	195	145	69
Exits	105	114	110	50
Amount invested	KShs. 47 Million	KShs. 58 million	KShs. 54 million	KShs. 43 million
No of hours training	Total: 110,200	Total: 65,593	Total: 61,412	Total: 72,757
Annual average Learning hours	97.2 hours per employee	56.5 hours per employee	56.4 hours per employee	70 hours per employee
Employees Trained	Instructor-led – 1,824 (an employee can attend more than one learning intervention in the year)	Instructor-led – 1,159 (an employee can attend more than one learning intervention in the year)	Instructor-led – 1,188 (an employee can attend more than one learning intervention in the year)	Instructor-led – 1,604 (an employee can attend more than one learning intervention in the year)

Key talent development initiatives

During the year, we worked on preparing our staff for the future through leadership effectiveness and development programmes. Our key initiative in 2024 was building their personal development plans (PDPs).

Our employees are provided with various digital learning platforms such as LinkedIn, Coursera, and the Degreed learning platform to allow them to learn and build their skills on the go.

Further, some of our staff participated in co-leadership programmes, where each individual was mapped into a leadership programme to accelerate their development.

We also implemented short-term assignments, whereby departments deployed individuals from a talent pool to other regions, including within the Standard Bank Group. During these postings, individuals were given short-term assignments to gain exposure and understand a different market and area, ultimately accelerating their leadership capability.

Furthermore, employees participated in training programmes relevant to their work. We provide them with programmes directly related to their day-to-day responsibilities. On average, we invested 95 hours of training per employee during the year to facilitate upskilling and future preparedness.

Some of the flagship programmes we run include Core Leadership Programmes, the Ignite Female Leadership Programme, the Advanced Management Programme, Daily Disciplines for Client Centricity, Core Credit Skills, the Relationship Management Academy, and Product Knowledge training.

Our employees are provided with various digital learning platforms such as LinkedIn, Coursera, and the Degreed learning platform to allow them to learn and build their skills on the go.

How the bank enhanced employee engagement, experience and well-being

Enabling our people to become the best version of themselves drives Kenya and South Sudan's growth. Employee experience is at the core of everything we do, which has continued to advance our ambition of being regarded as the best employer of choice in the market. We have achieved this by empowering our leaders at all levels to lead their teams, having a compelling employee value proposition (EVP), and continuously engaging with our staff.

Promoting occupational health and safety

Occupational Health and Safety (OHS) is crucial for creating a positive and safe work environment for our employees. As a result, we've continued to promote staff well-being, including through partnerships in the healthcare sector. A notable well-being initiative was Ear, Nose and Throat (ENT) care for employees in our call centres, who are more prone to ear problems due to the nature of their work. We work with industry partners to encourage employees to participate in regular physical activity and promote their health and well-being.

Operational resilience and business continuity

In 2024, business continuity planning remained a priority for the bank, especially in light of the civil protests witnessed in the second quarter. The bank continued to ensure that staff are well-prepared for potential eventualities and fostered a culture of resilience. Additionally, we have strengthened remote working capabilities in the aftermath of COVID-19. These remote working arrangements enable us to assure our clients of prompt execution and quick turnaround times in the event of unforeseen circumstances.

Sustainability goals

One of the things that we did to contribute to sustainability goals, including green banking initiatives, is the reduction in paper consumption as well as the general reduction in the time taken to process requests for our clients.

We will approach the landlords of every building we have a branch or have physical representation to develop solar power capability. We have also committed to be the first consumer of all solar power that will be generated at our branches under the framework. We expect that in 2025, more of our branches will start utilising solar electricity.

We are also updating our energy management policy to implement smart lighting in all our meeting rooms across all our facilities.

In 2024, we onboarded a new water vendor, who makes use of technology to provide more reliable, transparent, and traceable service. This initiative has resulted in close to 50% reduction in the water bill for our Kenyatta Avenue branch.

We have also scaled up our bottleless water solution to ensure that 100% of our Point of Representation **(PORs)** are covered.

Looking ahead

We will continue to enhance our processes and optimize our workflows. To ensure we achieve efficiencies and foster innovation, the Operations team will establish a new Operations Excellence team. This team will enhance governance and more importantly, drive innovation throughout our processes and systems, benefiting the entire bank. Throughout 2025, we will further bolster our resilience through robust business continuity plans and stringent regulatory compliance, which are integral to our operations.

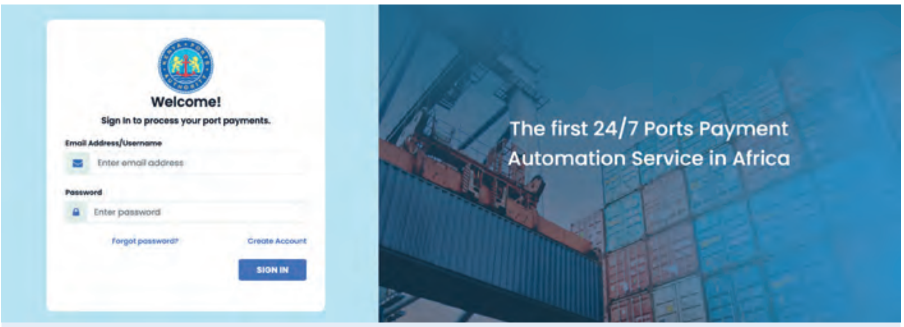
I. Technology Development

Technology Development and Innovation

In 2024, we continued to invest in transformative technologies to meet evolving customer needs and align with a rapidly digitizing world. These investments are enhancing operational efficiency, strengthening cybersecurity, and improving customer experiences across all channels.

We successfully upgraded our core banking system (On time, on budget and with nil incidents), resulting in improved performance, security, and operational agility. A major milestone was the launch of our new OmniChannel Mobile Banking App, offering seamless digital banking services, including account opening, instant payments, and financial management tools.

Artificial intelligence (AI) was integrated into key functions such as digital lending, enabling faster, more accurate decision-making. Our cybersecurity was further strengthened with AI-driven monitoring systems, which detected and resolved potential threats in real time. As a result, we experienced zero successful cyberattacks in 2024.



Driving Innovation Through Strategic Partnerships

Collaborating with the Kenya Ports Authority, we developed **Kargo Pay**, a 24/7 port payments app that enhances cargo clearance and enables continuous port operations. We also supported **SBG Securities** in launching a USSD-based digital asset management product, expanding access to investment services. To better serve customers during system downtimes, we implemented AI-based monitoring tools that identify and resolve pain points quickly, reinforcing our commitment to service reliability.

Improving digital access and financial inclusion

The introduction of our omnichannel digital platform significantly improved customer access to financial services. Currently, approximately 80% of all transactions—including payments, borrowing, and savings—are conducted digitally. We also refined our scoring models to facilitate quicker and safer salary advances.

Alex Siboe
Head, Technology

Challenges and Strategic Focus

Cybersecurity remains a top priority, and our proactive approach ensured that we experienced no breaches in 2024. Nonetheless, rising industry-wide threats require constant vigilance. Attracting and retaining skilled IT talent continues to be a challenge amid market competition, but we have implemented strategies to mitigate attrition.

We are also addressing technology obsolescence by continuously reinvesting in modern ICT infrastructure to future-proof our systems.

2025 Technology Priorities

In the year ahead, we will:

- Build API-driven ecosystems to support the Group's four business lines
- Strengthen cybersecurity through advanced access management
- Ensure 24/7 availability of digital services with rapid issue resolution
- Continue training our teams in emerging technologies to enhance delivery and innovation

Commitment to Data Privacy and Compliance

Our strengthened collaboration with the Office of the Data Protection Commissioner ensures all products comply with data protection regulations. We are also investing in staff training to uphold the highest standards in data privacy and security.

CASE STUDY

STANBIC BANK POWERS AHEAD WITH T24 UPGRADE

In 2024, Stanbic Bank Kenya upgraded its core banking system from Temenos R17 to Temenos R23 to enhance efficiency, security, and overall performance. This strategic move positions the Bank among global leading financial institutions, leveraging cutting-edge banking technology.

The upgrade enables the bank to deliver a superior client experience while equipping customer-facing teams with a high-performance system that simplifies process standardization, improves documentation, and streamlines issue resolution.
This milestone reflects the bank's dedication to innovation and ongoing commitment to enhancing client service standards.

The Temenos R23 platform offers advanced features, including enhanced security, automation capabilities, and pre-integrated banking functionalities that align with the bank's long-term digital transformation agenda.

The successful upgrade underscores our commitment to operational excellence and adherence to global financial technology standards. By embracing world-class digital infrastructure, the bank is positioning itself at the forefront of innovation—ready to adapt and thrive in an increasingly digital financial landscape.

J. Navigating Legal Compliance

In the rapidly evolving regulatory environment, we have over the years worked to ensure that we stay ahead of the curve. The Bank has implemented a proactive strategy, which combines impact assessments, strategic collaboration and forward-looking trends analysis.

Whenever there are new regulations, the Bank's legal team, and in many instances assisted by the compliance team, does an impact analysis in which it assesses what the bank needs to do to remain compliant, but also to mitigate adverse impacts of regulatrory changes or take advantage of opportunities presented by regulatory changes.

The legal department guides the bank on compliance. In instances where the regulations are in the draft stage, the team provides input into the shaping of regulations. This is also done in partnership with the Kenya Bankers Association (KBA) and the Kenya Private Sector Alliance (KEPSA) while in other cases, it is done directly through public participation and at times engagement with the Central Bank of Kenya (CBK).

We also look at trends not just in Kenya but also in Africa and internationally. These enable us to see the direction the industry is taking and where possible, start adopting certain measures ahead of regulation.

This has been the case with data protection, whereby borrowing from international best practices, we adopted more stringent standards that guarantee customer information is safeguarded.

Whenever there are new regulations, the Bank's legal team, and in many instances assisted by the compliance team, does an impact analysis in which it assesses what the bank needs to do to remain compliant.

Janet Kabiru
Head, Legal

Legal resilience

The legal department has also helped the Bank navigate contractual vulnerabilities as well as litigation and data privacy concerns.

Our role is to constantly review all the Bank's contracts to ensure that not only are we protected in our own contracting but also to ensure that we are complying with the provisions of the law.

During the review period, we actively managed litigation risks by addressing complaints and claims early, thus reducing costly legal battles and ensuring that cases do not spiral into protracted disputes.
We also employed alternative dispute resolution methods, offering a more amicable and less adversarial approach to resolving disputes with our stakeholders.

Strong emphasis on ESG

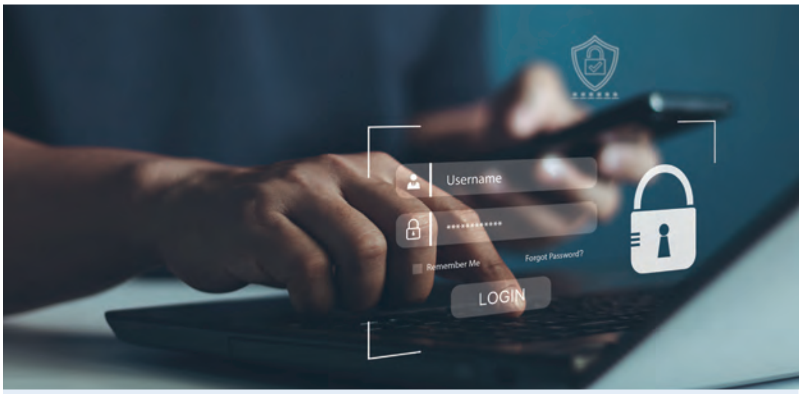
Adopting strong Environmental, Social and Governance (ESG) measures is one of the ways that Stanbic plays a role in ensuring sustainability. It also guarantees that we lend to projects that are delivered responsibly insofar as such matters as environmental sustainability and people welfare are concerned.

The legal department is tasked with undertaking due diligence to ensure that major projects that we finance comply with both environmental laws and international ESG standards. This scrutiny of projects has led to the Bank, in certain instances, opting out of projects that are not aligned to our commitments as a sustainable and responsible institution.

We will continue to ensure that not only are we in compliance but also are able to respond adequately to some of the ESG concerns that are raised around projects.

In 2024, the Bank continued to support SMEs and women-led businesses. Working together with Stanbic Kenya Foundation, the Bank not only provides financial services but also incorporates these groups into its procurement processes. Legal frameworks are being tailored to help SMEs put in place, for instance, internal governance frameworks to meet the necessary thresholds for borrowing or participating in big projects.

We will continue to ensure that not only are we in compliance but also are able to respond adequately to some of the ESG concerns that are raised around projects.



Cybersecurity remains a priority

For the legal team, cyber security remained a priority during 2024, with the recognition that as digital banking and fintech partnerships continue to grow, so do the challenges. We ensured that our digital platforms remained both secure and user-friendly through tightening contracts and customer identification protocols to mitigate fraud risks.

Looking Ahead

The legal team has laid out priorities that will be geared at enhancing customer experience through simplifying legal documentation and streamlining digital processes.

K. Risk Management

Major risks in 2024

Edwin Mucai
Chief Risk Officer

In 2024, we identified nine key risks that significantly influenced our strategic, operational, and reputational landscape as part of the Group's broader enterprise-wide risk assessment. These included geopolitical rivalry and polarisation, state capacity and local political tension, operational resilience challenges, fraud, regulatory changes and scrutiny, sovereign debt distress, extreme weather and climate, failure to innovate or meet customer needs, and technology exploitation, including cyber threats, AI disruption, and the spread of misinformation.

Each of these risks reflects an increasingly complex and interconnected global environment, and together they paint a picture of the strategic realities our business must navigate.

Geopolitical rivalry and polarisation, underscored by the escalation of conflict in the Middle East, disruptions in global oil markets, inflationary pressure on food prices, and constrained shipping routes, were dominant concerns across our markets, including Kenya and South Sudan.

Additionally, a potential shift in US leadership raised fears of renewed protectionist policies, trade wars, and reversal of climate commitments, including possible withdrawal from the Paris Accord.

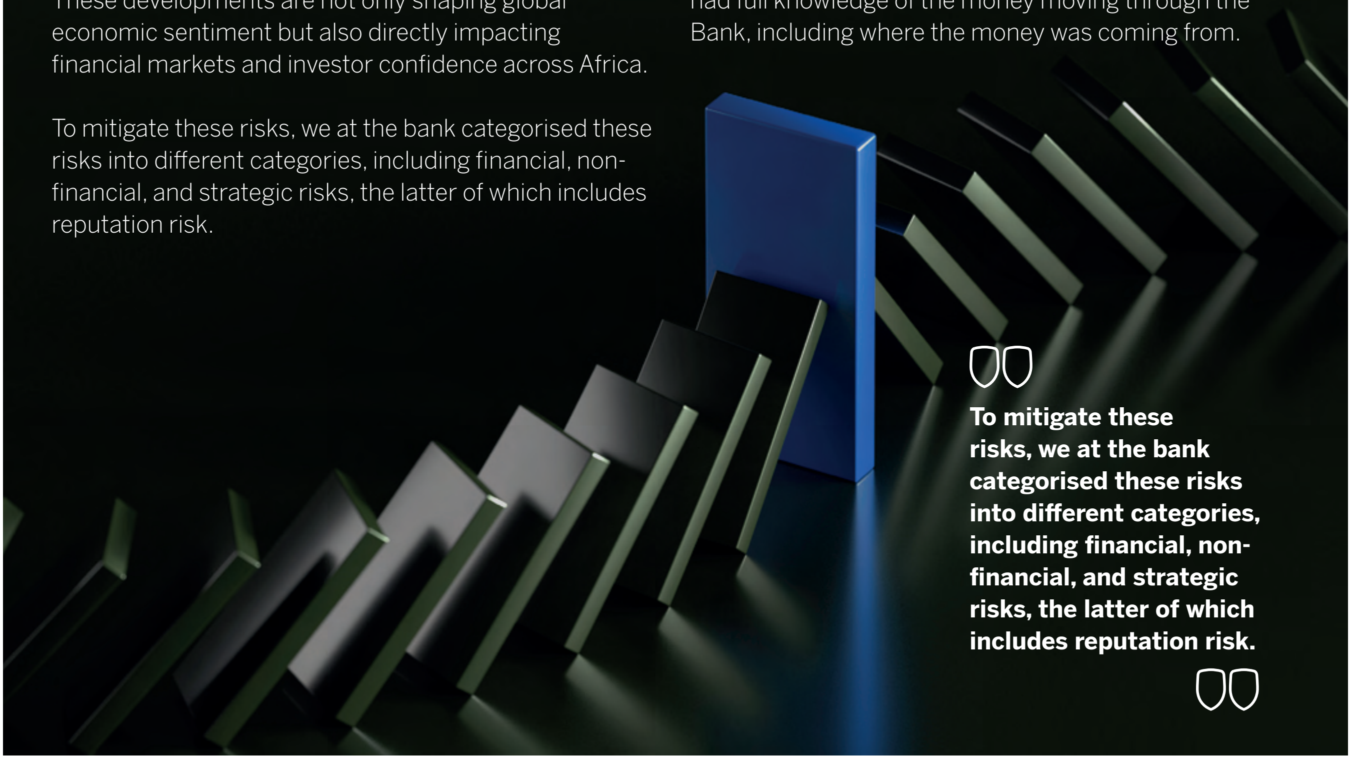
These developments are not only shaping global economic sentiment but also directly impacting financial markets and investor confidence across Africa.

To mitigate these risks, we at the bank categorised these risks into different categories, including financial, non-financial, and strategic risks, the latter of which includes reputation risk.

The major risk for the group during the year under review was the credit risk, which falls under the financial risk category. Credit risk was particularly heightened during the year due to the challenging macroeconomic environment, which affected some of our customers' ability to honour their obligations.

Key contributors include sustained inflationary pressures, rising costs of living and business operations, margin suppression, and increasing fee sensitivity among consumers and businesses. These economic headwinds underpin multiple risk categories, reinforcing the interconnected nature of today's risk landscape and requiring constant monitoring and adaptive responses.

Financial crime was also an elevated risk. We tightened our Know Your Customer (KYC) processes to ensure we had full knowledge of the money moving through the Bank, including where the money was coming from.



To mitigate these risks, we at the bank categorised these risks into different categories, including financial, non-financial, and strategic risks, the latter of which includes reputation risk.

How the bank mitigated risk in 2024

Throughout the year, we deployed a range of robust mechanisms to mitigate and minimize risks effectively. A key focus area was strengthening network security through strict access controls. We restricted network access to ensure only authorized individuals could connect at clearly defined access levels. Every user was assigned specific rights aligned with their responsibilities, and their access was revoked immediately after completing their tasks.

To support this, we enforced comprehensive controls around access management. Our systems also featured endpoint encryption, identifying and authenticating devices before they are allowed onto the network, ensuring only trusted devices are admitted.

In addition, we maintained up-to-date protection through proactive patch management. This process ensures all systems and software are continuously updated to the latest security versions, safeguarding the integrity of our network and digital infrastructure.

How we fostered a strong culture to ensure proactive risk identification and mitigation

In 2024, we prioritised building a strong risk culture by ensuring that our people, at all levels of the organisation, understood their role in identifying, managing, and proactively mitigating risk.

A key enabler of this culture was setting the right tone at the top. Risk management must be a leadership priority, consistently championed by the Bank's senior executives to embed it into everyday decision-making.

To ensure accountability, every risk owner is required to conduct regular Risk and Control Self-Assessments (RCSA). We helped them identify actions that they need to put in place to address the risk in their bank profile and respective areas.

In fostering a strong risk culture, we also institutionalised structured discussions through business unit risk forums. In these forums, risk owners discussed the risks they are managing and the mitigation measures they have in place. This was complemented by independent assurance from our internal audit function, which provides objective oversight to ensure adherence to established policies and procedures.

We also maintain a comprehensive incident logging process. For each incident, we record the cause and the corrective action to prevent recurrence.

Collectively, these efforts reinforce a risk-aware culture across the Group, ensuring that risks are clearly understood, appropriately owned, and effectively managed throughout the organisation.

To ensure accountability, every risk owner is required to conduct regular Risk and Control Self-Assessments (RCSA).

Artificial Intelligence (AI) is another emerging area that presents both opportunities and potential risks for the banking industry.

Emerging risks

Nonetheless, we continue to monitor and respond to emerging risks that could impact the Bank's operations and long-term resilience. One such area is climate risk, which has increasingly become a significant concern.

This has prompted us to reassess and review our approach, considering financial implications such as credit and investment exposure, and non-financial impacts, including reputational and regulatory risks.

Cybersecurity also remains a critical and evolving threat. ith the rapid pace of technological advancement and the increasing sophistication of cyber threats, we must continuously adapt to stay ahead. Protecting our systems and data is a top priority, given the potentially severe consequences of a breach not only for the Group but also for our customers. Therefore, ensuring the confidentiality, integrity, and availability of data is central to our risk management strategy.

Artificial Intelligence (AI) is another emerging area that presents both opportunities and potential risks for the banking industry. While AI has the potential to enhance efficiency, customer experience, and decision-making, it also introduces new challenges. These challenges range from ethical considerations and data privacy concerns to algorithmic bias and regulatory uncertainty. As adoption grows, it is essential for us to strike the right balance between innovation and responsible risk management to mitigate any unintended consequences.

2025 Top and Emerging Enterprise Risks

- Geopolitical Rivalry and Polarisation
- State Capacity and Local Political Tension
- Operation Resilience Challenges
- Fraud
- Regulatory Changes and Scrutiny
- Sovereign Debt Distress
- Extreme Weather and Climate
- Failure to Innovate or Meet Customer Needs
- Technology Exploitation (Incl. Cyber, AI and Spread of Misinformation)

Looking ahead and top risks in 2025

As we move into 2025, the Group remains committed to strengthening its risk frameworks, enhancing resilience, and aligning its strategic initiatives and priorities with the realities of an increasingly complex and volatile global landscape.

Although risk is traditionally an oversight function, we have been working closely with the different business units, who are the actual risk owners, define their risk priorities for the year. We also support them in developing mitigation plans, conducting assurance reviews, and embedding a proactive approach to risk management across the organisation.

In 2025, we will place particular emphasis on credit risk. This includes ensuring that controls across the entire credit lifecycle (from origination and approval to post-approval management) are functioning effectively. We will also continue to engage proactively with customers who are in, or at risk of, financial distress to manage credit exposure in a responsible and sustainable manner.

The top risks we will be closely monitoring in 2025 include financial crime and cybersecurity, both of which continue to evolve in complexity and scale. Additionally, we are paying close attention to information risk, with a strong focus on data privacy and protection. We are actively tracking regulatory developments and emerging trends to ensure we remain compliant and ahead of the curve.

The impact of geopolitical tensions also presents risks. We have implemented measures to understand what those geopolitical events mean for our customers, the sector, and the local economy.

The top risks we will be closely monitoring in 2025 include financial crime and cybersecurity.

We have implemented measures to understand what those geopolitical events mean for our customers, the sector, and the local economy.

L. Compliance

Navigating a Shifting Regulatory Landscape

The macroeconomic environment in 2024 remained challenging, with a heightened focus on access to credit. In response the National Treasury implemented various fiscal and monetary policies to stimulate economic growth. A key area of regulatory engagement in the year was on the implementation of the credit risk based pricing. We proactively collaborated with the regulator to provide transparency around our approach, and these engagements continue into 2025.

We have remained agile and responsive to the evolving regulatory landscape, aligning our compliance framework and practice with both local and international standards. This proactive posture has enabled us to anticipate and manage emerging themes effectively from a compliance standpoint.

Mary Runana
Head, Compliance

Compliance with data protection laws in 2024

In 2024, we maintained a strong focus on data privacy and protection, anchored by a dedicated Data Protection Officer and a robust Information Security team. Our governance framework plays a critical role in managing compliance risks, and any matters related to information security or data protection are subject to rigorous oversight through our established governance structures.

During the year under review, the Office of the Data Protection Commissioner (ODPC) conducted an audit review. We were pleased to note that the findings closely aligned with actions we had already initiated and were actively monitoring. Importantly, there were no material breaches of data protection laws in 2024, a testament to the proactive steps and investments we have made in governance and risk management.

To further entrench a culture of compliance, we launched a new e-learning platform through which all employees completed mandatory data protection training. This initiative supports our broader commitment to upskilling staff and building awareness across the organisation.

Compliance and AML/CFT Initiatives

We continued to enhance our Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) controls, with a strong focus on leveraging technology. Strengthening customer due diligence (CDD) processes was a key priority, encompassing improvements from on-boarding to the ongoing maintenance of customer relationships throughout their life-cycle.

A significant milestone was the integration of our CDD systems with the core banking system, creating a single source of truth and enhancing operational efficiency in continuous customer risk assessment .

We also increased our capacity by on-boarding additional resources and strengthening our internal policies and standards. Notably, we developed and secured Board approval for our first formal Customer Due Diligence Standard, effective from January 1, 2025.

We also made significant strides in digitizing compliance operations. The deployment of robotics process automation (RPA) streamlined the alert management process within our AML system, allowing alerts to be automatically routed to the appropriate reviewers without manual intervention. This has significantly improved the speed, accuracy, and efficiency of our compliance workflows.

During the year, we successfully underwent a joint inspection conducted by the South African Reserve Bank in collaboration with our primary regulator, the Central Bank of Kenya, focusing on the AML/CFT framework. The inspection yielded a positive outcome with some areas of improvement. Later in the year , an internal audit covering the implemented Customer Due Diligence technology concluded with strong performance and minimal remediation. These independent reviews affirm the robustness of our systems and controls.

Promoting strong ethical culture and governance practices

Our compliance function operates on a partnership model, with Business Compliance Partners embedded within key business units and critical corporate functions. This integration allows us to participate in strategic and operational discussions, identify emerging and crystallizing risks in a timely manner, and guide the business in proactively managing these risks.

We continuously promote the right compliance and ethical culture. In the highly regulated banking industry, it is essential that all employees understand and embrace their role in compliance. One of our key messages is that compliance is not solely the responsibility of the compliance function; it is everyone's responsibility. This message is reinforced by strong leadership from the Board and Executive Management, who set the tone at the top and champion a risk and compliance culture throughout the organization.

Ethical issues and actions taken

In 2024, we received and addressed a number of ethical concerns through our established reporting and escalation channels. These include whistleblowing platforms, line manager reporting, and direct engagement with the compliance and employee relations teams.

As part of our zero-tolerance approach to misconduct, several employees were relieved from the Group due to breaches of our code of conduct. Notable issues included undeclared conflicts of interest, misappropriation of assets, and instances of fraud. Each case was thoroughly investigated and resolved in accordance with our internal disciplinary processes and governance protocols.

Additionally, we continued to receive and address staff grievances through our Employee Relations team, ensuring every case was managed fairly and transparently. Our commitment to upholding ethical standards remains unwavering, with all incidents serving as key learning opportunities to strengthen our controls and reinforce a culture of integrity across the business.

Compliance and ESG

During the period under review, there were no breaches related to compliance with regulatory requirements, whether locally or internationally. Our operations continue to be guided by a robust framework that includes the Central Bank of Kenya (CBK) guidelines on climate risk and the Task Force on Climate-related Financial Disclosures (TCFD).

From a regional and global standpoint, the Bank remains committed to aligning with key international standards. These include the Global Reporting Initiative (GRI) standards, the United Nations Sustainable Development Goals (SDGs), and the recently introduced International Financial Reporting Standards (IFRS). Our proactive approach ensures that we stay ahead of emerging regulatory expectations while embedding sustainability and transparency across our operations.

Looking ahead: Compliance priorities

Financial crime remains a significant risk for both the industry and our bank. With the advent of digitization, we are witnessing a rapid increase in cyber-enabled financial crime risks. We remain vigilant and are committed to continuously enhancing our anti-financial crime capabilities in accordance with local regulatory requirements and global best practices.

Ensuring fair and transparent treatment of customers in our pricing, product suitability, and the safety of our products and channels will remain a key focus area. This commitment not only ensures compliance with regulatory requirements but also enhances the overall client experience. Managing conduct-related risks, especially with compliance implications, is crucial for maintaining trust and integrity. Therefore, we continue to closely monitor and proactively address these risks to ensure a strong culture of ethical behavior and accountability throughout the institution.

3. CORPORATE SOCIAL INVESTMENT

M. Creating Value For Our Communities

Corporate Social Investment

The Bank is committed to create a meaningful impact by supporting people, communities, organisations and social enterprises that are building a better Kenya. Through the Stanbic Foundation, we undertake various Corporate Social Investment (CSI) initiatives. Additionally, the staff members actively participate through their volunteer efforts, demonstrating a commitment that extends far beyond their daily professional roles. Through the corporate Rotary Club of Nairobi Samawati, our employees from various units volunteer their time, talents, and resources to promote socioeconomic changes in multiple communities. Departmental volunteer initiatives have also created channels for staff members to participate in various initiatives, whether education aimed at empowering the next generation or environmental conservation projects designed to protect our natural resources; their engagement creates meaningful change that resonates with the community.

Pauline Mbaya
Head - Stanbic Foundation

Key Milestones and Achievements

In February 2024, we launched the Women's Economic Empowerment Programme, in collaboration with other partners, to be implemented nationwide. The programme aims to support and graduate low-income, financially excluded women in groups, enabling them to access bank lending and build data-driven credit decision-making models that support their graduation.

Through the programme, we intend to provide financial literacy and entrepreneurship training, sensitise low-income women and women traders to the value of savings, and offer financial inclusion products to enable them to grow their income and ultimately improve their livelihoods.

Through the programme, we have reached over 20,000 women across various counties through capacity building and access to low-cost credit (loans). We have an ambitious plan to reach 5 million women in 7 years and are collaborating with different counties to make this a reality.

Another key initiative is our partnership with the United States Africa Development Foundation (USADF), through which we provide grants and technical assistance to qualified growth-stage Small and Medium Enterprises (SMEs). These SMEs undergo an application process, and shortlisted businesses proceed to a rigorous pitch competition and due diligence before being selected as grant recipients.

We have seen diverse industries represented, ranging from Health and Nutrition, Renewable Energy, Tech, and Education to Fashion. Participants have come from various counties, including Turkana, Makueni, Taita Taveta, Meru, Bungoma, Nakuru, and Nairobi, among others.

Through the programme, we have reached over
20,000
women across various counties through capacity building and access to low-cost credit (loans).

Digital skills

Under the digital skills initiatives, our goal is to equip and empower youth and women with skills that will enhance their businesses and improve their employability. By equipping them with online skills, we create opportunities for them to earn a living, which in turn contributes to the growth of our economy. To complement our efforts, we have partnered with Microsoft and the American Tower Company (ATC). During the year, we worked with nine counties in Kenya, trained trainers, donated 345 computers, and had 77,714 individuals trained through our online platform www.futurenidigital.org and in-class training in various TVETs across those counties.

Education

Nelson Mandela said, "Education is the most powerful weapon which you can use to change the world." We believe this statement to be true, and we continue to contribute to changing the world by investing in the lives of bright and needy students, as well as those who are vulnerable and from marginalised areas, by enabling them to complete high school education.

We have partnered with Palm House Foundation, Brigid Kosgei Foundation, Java Foundation, and the Samburu Rescue Center through the corporate Rotary Club of Nairobi Samawati, and we reached close to 2,000 students through school feeding programmes and sponsorships.

Financial literacy

Financial literacy remains a key area for the bank. Beyond basic literacy, we offer our own internal curriculum, the Financial Fitness Academy, where we train individuals not only on earning money but also on how to grow their wealth.

Within our SME training, we teach individuals to first appreciate that business funds are separate from personal funds. We also ensure businesses learn how to keep records. For example, we've introduced bookkeeping in places such as Kariobangi, where entrepreneurs previously kept their records in a book and now work with Excel sheets.

Looking ahead

In 2025, we aim to build on the partnerships we have established, ensuring our regional work on women in green energy continues. This is a multi-year partnership with the German government in Kenya, Uganda, and Tanzania.

Our work with the Gates Foundation will continue and is currently in an acceleration stage.

On the education side, we are continuing our partnerships and supporting students. Additionally, we are advancing our work on the digital pillar, continuing our two partnerships with the American Tower Company and Microsoft.

Furthermore, we'll be supporting a team in the coastal region with planting of mangrove trees and linking that environment to sustainable livelihoods.

N. The Rotary Club of Nairobi Samawati

Catherine Kahoto
President of the Rotary Club of Nairobi Samawati

The Rotary Club of Nairobi Samawati is one of the few corporate Rotary clubs in Nairobi. Its members primarily consist of Stanbic Bank employees. With a strong commitment to service, members actively participate in committees dedicated to key areas such as the environment, youth empowerment, and basic education.

The Club's activities align with Stanbic Bank's social impact strategy and have a mutual relationship characterised by shared goals, resource sharing, and a complementary approach.

The club addresses environmental, social, and economic challenges and strengthens the strategy's economic pillar through career mentorship, entrepreneurship programmes, financial literacy workshops, and initiatives that foster skills training and business development.

The club also supports the bank's environmental stewardship programmes through tree-planting initiatives. In 2024, the Club planted over 1,200 trees. This was done through a tree-planting programme in collaboration with the district and Technical Vocational Education and Training (TVETs), which they dubbed the "Plant your balance" initiative.

The "plant your balance" concept involves planting trees equal to the member's age. The tree-planting exercise is part of the club's April environmental month activities. The club is also involved in community clean-up campaigns.

Under community engagement, the club has been supporting Stanbic Bank through volunteerism programmes and supporting vulnerable groups through mentorship and donations. Last year, the club visited the Saint Mary Immaculate Centre in Samburu.

The club also supported the bank on social impact initiatives by sponsoring a free medical camp that provided essential healthcare services. During the year under review, the Club sponsored a three-day medical camp at Pumwani Maternity Hospital, Nairobi, where 26 patients received free laparoscopic surgeries, and over 3,200 individuals received comprehensive medical consultations and care. The camp, which cost approximately USD 3,000, was funded through a combination of fundraising efforts and global grants.

On resource sharing, club members volunteer their time and skills while Stanbic Foundation offers financial support and long-term planning. This ensures efficient project execution. On complementary approaches, the club handles hands-on, short-term community projects while the Foundation invests in sustainable, large-scale initiatives.

OUR GOVERNANCE

Board of Directors Profiles

Joseph L. O. Muganda, 59
Chairman

Appointed in 2021

Mr. Joseph Loyld Omondi Muganda was appointed as a Non-Executive Director on the Board of Stanbic Holdings Plc on 12th October 2021. He was appointed as the Chairman of the Board of Stanbic Bank Kenya Limited and Stanbic Holdings Plc, effective 1st January 2024.

Mr. Muganda has had a career spanning over 25 years, during which he has led several blue-chip companies, including British American Tobacco, East Africa Breweries Limited, Nation Media Group and Vivo Energy.

He holds a Bachelor of Science in Economics (Accounting & Financial Management) from the University of Buckingham and a Master of Business Administration from the University of Leicester. In addition to his directorship on the Board of the Company, he is a Director of Stanbic Bank Kenya Limited, Nation Media Group and Kenya Urban Roads Authority.

Mr. Patrick M. Mweheire, 54
Chief Executive

Appointed in 2020

Mr. Patrick M. Mweheire was appointed as the Chief Executive of Stanbic Holdings Plc on 3 March 2020. Mr. Mweheire previously served as the Chief Executive of Stanbic Bank Uganda Limited from December 2014 until his appointment as Chief Executive of the Company. Mr. Mweheire is a professional banker with a career spanning over 20 years. He is currently the Regional Chief Executive, East Africa, for the Standard Bank Group, responsible for operations in Kenya, Ethiopia, South Sudan, Malawi, Tanzania and Uganda.

He also serves as a Non-Executive Director on the Boards of Stanbic Bank Tanzania Limited, Stanbic Uganda Holdings Limited and Stanbic Bank Uganda Limited, as a member of the Uganda Chamber of Mines & Petroleum and as an Advisor of the Presidential Investors Roundtable. He holds a Bachelor of Science Degree from Daemen College and a Master of Business Administration from Harvard University Graduate School of Business Administration.

Peter Nderitu Gethi, 59
Non-Executive Director

Appointed in 2013

Mr. Peter Gethi was appointed to the Board of Stanbic Holdings Plc on 18 January 2013 as a Non-Executive Director. He is a qualified Consultant Agronomist and brings to the Board a wealth of agribusiness and management experience.. He holds a Bachelor of Science degree in Agricultural Economics from the University of London.

Mr. Gethi also serves as a director on the boards of Stanbic Bank Kenya Limited, SBG Securities Limited, Liberty Life Assurance Limited, Heritage Insurance (K) Limited and Nebange Ltd, as well as several other directorships.

Rose Bosibori Osoro, 53
Non-Executive Director

Appointed in 2017

CPA Rose Bosibori Osoro was appointed to the Board of Stanbic Holdings Plc as a Non-Executive Director on 26 September 2017. CPA Osoro is a Certified Public Accountant and holds a Master of Business Administration from the University of Nairobi. She has a long career in public service and has worked as a Commissioner with the Commission on Revenue Allocation. CPA Osoro has served in various boards in the public sector and academia, including as the Vice Chairperson for the Kenyan Institute of Management Council.

She is a member of the Institute of Certified Accountants of Kenya, Association of Women Accountants of Kenya and Kenya Institute of Management. She also serves as a Director of Stanbic Bank Kenya Limited and Stanbic Bancassurance Intermediary Limited.

Dorcas Florence Kombo, 70
Non-Executive Director

Appointed in 2018

CPA Dorcas F. Kombo was appointed as a Non-Executive Director of Stanbic Holdings Plc on 12 January 2018. CPA Kombo is currently a Management Consultant and has extensive experience in restructuring both public and private organizations across Africa. She is a Fellow, Chartered Association of Certified Accountants, an Associate for the Institute of Certified Public Accountants of Kenya and a Member of the Institute of Certified Public Secretaries of Kenya.

She currently also serves on the boards of Stanbic Bank Kenya Limited, Hospital Holdings Investment B.V. and Telkom Kenya Limited, and previously served in a similar capacity on the board of Kenya Electricity Generating Company Limited (KENGEN). CPA Kombo was one of the first African Women to qualify as a Chartered Accountant in Kenya and has since had an illustrious professional career in both audit and management consultancy.

Wambui Kihuha Mbesa, 57
Non-Executive Director

Appointed in 2021

Ms. Wambui Kihuha Mbesa was appointed as a Non-Executive Director on the Board of Stanbic Holdings Plc on 8th September 2021. Ms. Mbesa is the current Chief Executive Officer of INTRASOFT International East Africa and is a seasoned technology industry executive and entrepreneur with over 20 years' experience. She has previously been at the helm of several multinationals and possesses diverse board experience.

Ms. Mbesa holds a Bachelor of Education Degree in Business Studies and Economics from Kenyatta University, a Postgraduate Diploma in Computer Science from Makerere University and a Master of Business Administration in Strategic Management from Maastricht Business School. She is a member of Women in Technology Africa, Institute of Directors (Kenya) and the Women on Boards Network. She also serves as a Director of Stanbic Bank Kenya Limited, SBG Securities Limited and Konnector Limited.

Board of Directors Profiles (Continued)

Sabira Amit Thakker, 57
Non-Executive Director

Appointed in 2024

Ms. Sabira Amit Thakker was appointed on 23rd July 2024 as a Non-Executive Director of the Company. Ms. Thakker has had an extensive career as a corporate banker with over 25 years of banking experience. She has previously worked with Equity Bank Kenya Limited, Citigroup and Trade Bank. Ms. Thakker has also undertaken financial services training and consultancy as well as business development.

She holds a Bachelor of Science degree in Biochemistry and Chemistry from the University of Nairobi and has undertaken a number of professional courses and training.

Stephen Odinga Okello, 61
Independent Non-Executive Director

Appointed in 2025

During the year, the Board approved the appointment of Mr. Stephen Odinga Okello as an Independent Non-Executive Director and he was formally appointed on 5th March 2025.

Mr. Okello recently retired as a tax consultant with more than 35 years' experience in auditing, financial advisory, tax consulting, strategy, and general corporate management. He has been involved in due diligence reviews, business process re-engineering, strategic planning, risk management, organizational restructuring, financial and operational audits, tax planning, tax audits, among others. He has previously worked with PwC in it's various forms across different offices in different jurisdictions.

Mr. Okello holds a Bachelor of Science degree from the University of Nairobi and is a Certified Public Accountant. He is involved in philanthropy with a focus on girl-child education.

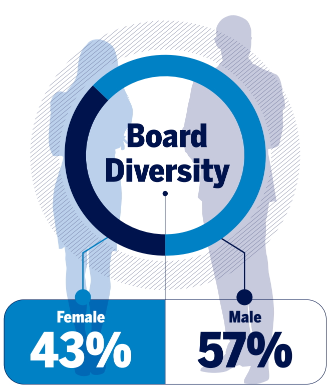
Nancy K. Kiruki
Company Secretary

Appointed in 2022

Ms. Nancy K. Kiruki holds a Master of Laws in Commercial Law (LLM) from University of Cape Town, a Bachelor of Laws Degree (LLB) from the University of Nairobi and a Post Graduate Diploma in Law from Kenya School of Law. She is an Advocate of the High Court of Kenya and a Certified Public Secretary and a member of the Institute of Certified Public Secretaries of Kenya and Law Society of Kenya. Prior to joining Stanbic Holdings Plc, she was the Director, Legal and Company Secretary at Britam Holdings Plc.

Ms. Kiruki is a corporate governance expert with over 20 years' experience spanning the financial services industry. In addition, she currently serves as the Company Secretary of Stanbic Bank Kenya Limited, SBG Securities Limited, Stanbic Bancassurance Intermediary Limited, Stanbic Nominees Limited and SBG Securities Nominees Limited.

Ms Kiruki was appointed as the Company Secretary on 5th October 2022.



Corporate Governance Report for Stanbic Holdings Plc

Standard Bank Group Limited: An Overview

The Standard Bank Group (SBG) appreciates that good corporate governance is fundamental to earning the trust of our stakeholders, itself critical to sustaining the Organisation's success while preserving shareholder value. In line with this philosophy, the Board is committed towards adopting and implementing sound governance practices. SBG's corporate governance framework is designed to promote transparency, accountability and sound decision making at all levels of the organization.

SBG has well-defined governance structures embedded across the group, supporting its ability to create and preserve value, while enabling integrated thinking and decision-making. SBG further seeks to balance the achievement of its strategic priorities over time and reconciling the interests of the group, stakeholders, and society by creating and protecting sustainable shared value.

SBG's governance framework enables the Board to fulfil its role of providing oversight and strategic counsel, while ensuring conformity with regulatory requirements and acceptable risk tolerance parameters. Stanbic Holdings Plc, as a member of the Standard Bank Group, is guided by these principles in its governance framework. SBG's Subsidiary Governance Framework, which has been adopted by Stanbic Holdings Plc and its subsidiaries, provides a framework for good corporate governance across the Group with the objective of creating transparency, align governance practices and meet regulatory requirements.

Stanbic Holdings Plc: An Overview

Stanbic Holdings Plc (the Company) is a non-operating holding company which is listed on the Nairobi Securities Exchange. The Company and its subsidiaries (together referred as "the Group") are committed to complying with legislation, regulations and codes of best practice as applicable to them, while seeking to maintain the highest standards of governance.

Whilst the Group continues to nurture a strong culture of governance and responsible risk management in line with Standard Bank Group's risk appetite and governance framework, the Group is constantly monitoring its practices to ensure that they are the best fit for its businesses and serve to enhance business and community objectives.

Codes and Regulations

The Group complies with all applicable legislation, regulations, standards, and codes, with the Board continually monitoring regulatory compliance. For the last five years, the Company has been awarded a leadership score by the Capital Markets Authority for its compliance with the Corporate Governance Code for Issuers. It is noteworthy that there were no known insider dealings in the year under review.

Shareholder Relations

The shareholders' role is to appoint the Company's Board of Directors and the external auditor. This role is extended to holding the Board accountable and responsible for efficient and effective corporate governance. During the year, the Company provided a number of avenues for the shareholders, and stakeholders, to engage the Company. These included the investors briefings, updates on the Company's website and social media handles, among others. The Company held investor briefings on 6th March 2024 and 8th August 2024, where investors, shareholders and stakeholders were appraised on the Company's performance and had the opportunity to ask questions and engage the Board and management.

The 2024 Annual General Meeting of the Company held on 16th May 2024 provided an opportunity for shareholders to participate, ask questions and share their concerns. The robust engagement and participation of shareholders can be evidenced by the questions and responses during the AGM, see https://www.stanbicbank.co.ke/static_file/Kenya/Downloadable%20files/Stanbic%20Holdings%20PLC/AGM/2024/2024%20AGM%20Questions%20&%20Responses-Stanbic%20Holdings%20Plc.pdf

Pursuant to the requirements under the Stewardship Code for Institutional Investors, the Company undertook the following-

(a) Held investor briefings during the year to appraise institutional investors of the Company's performance and respond to questions and comments;

(b) Engaged institutional investors through its robust and active Investor Relations function and via the Company's website https://www.stanbicbank.co.ke/kenya/personal/about-us/investor-relations

(c) made sufficient disclosures about the Company's governance and sustainability performance through the Annual Report, website, social media, AGM and other forums;

(d) facilitated effective voting by poll during the Company's 2024 AGM;

(e) coordinated with Image Registrars, the Company's registrar, to facilitate efficient flow of information and voting instructions.

(f) undertook a training on corporate governance incorporating highlights of stakeholder engagement.

In December 2024, the Company engaged its institutional investors and analysts, among others. The survey was undertaken as part of Stanbic's commitment to maintaining transparent and effective communication with the investment community. The results of the findings will be useful in enhancing stakeholder engagement initiatives while promoting transparency.

The Capital Markets Authority (CMA) Corporate Governance Assessment Report for Stanbic Holdings Plc for the year ended 31st December 2023 found that the Company had continued to demonstrate commitment to good corporate governance and was thus awarded a leadership rating for the fourth year running. The Company was commended by CMA for its continuous efforts to strengthen the company's governance structures and practices. CMA made some recommendations on areas of improvement which the company is addressing.

Governance Audit

In line with the Code of Corporate Governance Practices for Issuers of Securities to the Public (the CG Code), the Company engaged Dorion Associates LLP, an independent governance auditor to undertake an independent governance audit during the financial year 2023. The findings of the audit and the unqualified opinion were published in the 2024 Annual Integrated Report. The Company has been implementing the recommendations of the governance audit with quarterly updates to the Board. The next Governance Audit is scheduled for the financial year 2025.

Independent Legal & Compliance Audit

Pursuant to the requirements of Clause 2.10.3 of the Code of Corporate Governance Practices for Issuers of Securities to the Public, the Company undertook a comprehensive Independent Legal & Compliance Audit. The independent audit was carried out by Dorion Associates LLP.

The Auditors reviewed the operations, policies, processes procedures and practices of Stanbic Holdings Plc and Stanbic Bank Kenya Limited. The auditors found that Stanbic Holdings Plc has a robust compliance framework and a strong culture of compliance while highlighting the areas of improvement and enhancement. The Company is implementing the audit recommendations, with a quarterly update to the Board on the status of implementation.

The Capital Markets Authority (CMA) Corporate Governance Assessment Report for Stanbic Holdings Plc for the year ended 31st December 2023 found that the Company had continued to demonstrate commitment to good corporate governance and was thus awarded a leadership rating for the fourth year running.

Separation of roles of Board and Management

Pursuant to Clause 2.3.2 of the Code of Corporate Governance Practices for Issuers of Securities to the Public and the Board Mandate, there exists a distinct separation of the roles of the Board and management. The role of the Board is to ensure that the company is a sustainable organization, with the overall responsibility of the Board focused on oversight of the company's mission, vision, strategic objectives and good governance, among other areas. The Chief Executive's Mandate, which is annually reviewed and approved by the Board, sets out the mandate and responsibilities of the Chief Executive.

As required by the law, the roles of the Chairman and Chief Executive are exercised by different persons.

Stakeholder engagement

Stanbic Holdings Plc recognizes that effective stakeholder engagement is critical for its business and sustainability as it strengthens the company's legitimacy, social license to operate and connection to society and the community. During the year, the Company's stakeholder engagements buttressed its trust and reputation as a socially responsible corporate citizen. The Group Stakeholder Engagement Guidelines define who our stakeholders are and the principles for engagement. The principles include constructive engagement, accessibility to stakeholders, transparency, responsiveness and alignment with the company's Code of Ethics.

During the year, the company engaged a number of its stakeholders in line with the Group Stakeholder Engagement Guidelines. Some of the stakeholders engaged during the year include the regulators, shareholders, company registrar, among others. In addition, the Board passed the Corporate Disclosure Policy that sets out the Company's framework for dealing with disclosures. The principles of the Policy include materiality and timely disclosure, compliance, accessibility, and feedback.

The company's Investor Relations Department continually engaged stakeholders in the year through the company's website, social media, investor briefings and other channels. A survey was conducted by the Company to assess how analysts and investors rate the Company's engagement and communication platforms and sought to establish overall satisfaction and areas of improvement.

Board of Directors

The Company is led by a highly competent, experienced, and diverse board, with the majority consisting of non-executive directors who, by their skills and diversity, contribute to the efficient oversight of the Company. The composition of the Board adequately addresses the requirements of independence, representation of minority shareholders, diversity, mix of skills and competence, among other requirements. The composition of the Board meets the one-third gender representation standard.

The process for the appointment of the Board members considers the company's strategic leadership needs, representation of minority shareholders, the interests of shareholders and the need to ensure that the Board's skills matrix is wide and aligned to the Company's needs. The Company takes into account the interests of all shareholders, including those of minority shareholders. This is achieved through effective communication, facilitative AGM where all shareholders, particularly minority shareholders, ask questions and engage with the Company's board and management.

The Code of Corporate Governance Practices for Issuers of Securities to the Public (the Corporate Governance Code) requires the Board to develop transparent and documented procedures for nomination and appointment of new directors. During the year, the Board approved the Board Onboarding and Offboarding Procedure. Some of the principles for appointment set out in the Procedure include alignment with regulatory requirements, competence, diversity of skills, and availability and commitment.

The Board is responsible for the overall corporate governance of the Company, ensuring that appropriate controls, systems, and practices are in place. The Board Mandate sets out the Board's role in overseeing the implementation of the Company's vision, mission, strategic objectives, risk strategy, corporate governance, and corporate values. The Mandate is reviewed annually. During every Board meeting, the Board reviews the Company's strategy, performance and sustainability. The Board further oversights the performance of the Company and senior management. The Mandate further sets out the matters that are reserved for Board decision.

The Mandate sets out the authority, powers, and terms of reference for the Board including the Board's role in the review of operational and financial objectives of the Company, strategy development and review, and general oversight of internal controls, regulatory compliance, ethical conduct, and succession planning. The Board is responsible for ensuring adherence to the Code of Corporate Governance Practices for Issuers of Securities to the Public, and all other applicable legal and regulatory frameworks. The Board discusses changes in legislation and legal requirements in its meetings and considers mechanisms for ensuring compliance.

In the performance of their duties, directors are required to exercise due care and skill in the performance of their functions and to provide effective leadership based on an ethical foundation characterised by values of responsibility, accountability, fairness, and transparency. In addition, directors are required to enhance their knowledge and skills while performing their duties with diligence and courage. The Board holds at least four scheduled meetings a year, with provision for holding special meetings when need arises.

The Board Mandate requires directors to declare any interests on any matter that may give rise to a potential or perceived conflict of interest including multiple directorships, business relationships or other circumstances that could interfere with the exercise of effective judgment.

There exists a clear separation and distinction between the roles and responsibilities of the Board, the Chief Executive and management. The Chief Executive's Mandate and Delegated Authority clearly stipulates the roles and responsibilities of the Chief Executive while the Board Mandate stipulates the roles and responsibilities of the Board. Each Board Committee has its own terms of reference and mandate.

The Board is supported by the Company Secretary who is a member of the Institute of Certified Public Secretaries of Kenya (ICPSK), in good standing.

The Board is responsible for the overall corporate governance of the Company, ensuring that appropriate controls, systems, and practices are in place. The Board Mandate sets out the Board's role in overseeing the implementation of the Company's vision, mission, strategic objectives, risk strategy, corporate governance, and corporate values.

Annual Assessment of Directors' Independence

The Company undertakes an annual assessment of the independence of the directors. The independence is guided by the threshold set out in the Code of Corporate Governance for Issuers.

Pursuant to the enactment of the Capital Markets (Public Offers, Listing & Disclosures) Regulations, 2023, some of the hitherto independent non-executive directors were re-designated as non-executive directors. The board is currently in the process of recruiting independent non-executive directors in order to ensure continued compliance with the regulations.

Succession Planning & Board Appointments during the year

The mandate of the Board Nominations Committee includes establishing and maintaining directorship continuity programmes which includes a review of performance and planning for successors for the board and management. During the year, the Board approved the Board Succession Planning Policy. Matters relating to succession planning were discussed by the Nominations Committee and the Board.

Board Work Plan

To facilitate effective delivery of the Board's mandate and compliance with legal and regulatory requirements, the Board is guided by an Annual Work Plan detailing the activities of the Board for the year. The Annual Work Plan sets out the scheduled activities of the Board and Committees, together with other activities including annual general meetings. The Work Plan sets out the dates for Board and Committee meetings, AGMs, investor briefings, dates for training and focus areas, among other details.

The Annual Work Plan sets out the scheduled activities of the Board and Committees, together with other activities including annual general meetings.

Skills and Experience 2024

No	Competencies	Joseph Muganda	Patrick Mweheire	Peter Gethi	Rose Osoro	Dorcas Kombo	Wambui Mbesa	Sabira Thakker
1	Financial Services/Insurance/ Asset Management	○	●	●	●	●	○	●
2	Customer/Marketing/ Stakeholder Management	●	●	○	●	○	○	○
3	Sub-Saharan Africa Experience	●	●	●	○	○	●	○
4	People/Organisational Development	●	●	●	●	●	○	○
5	Capital/Risk Management	○	●	○	●	○		●
6	Accounting/Auditing	●	○	○	●	●	○	○
7	Technology/Cyber security/IT Governance	○	○	○	○		●	
8	Governance Leadership	●	●	●	●	●	●	●
9	Large Corporate Leadership	●	●	●	●	●	●	●
10	Regulation/Public Policy/ Macroeconomic Policy	●	●	○	●	○	●	○
11	Legal		○					
12	Remuneration	○	●	○	○	○	○	○
13	Global Capital Markets	○	●	○	○	○		●
14	Digital & New Economy	○	○	○	○		●	
15	Environmental/ Social/ Sustainability	○	●	○	○	○	○	○

● Primary Skill – Recognized/Thought Leadership

○ Secondary Skill - Moderate

Limited Skill

Board Composition and Evaluation

The Board comprised seven directors as of 31st December 2024, consisting of six Non-Executive Directors and one Executive Director.

Name	Position
Joseph Muganda	Chairman
Patrick Mweheire	Chief Executive
Peter Gethi	Non-Executive Director
Rose Osoro	Non-Executive Director
Dorcas Kombo	Non-Executive Director
Wambui Mbesa	Non-Executive Director
Sabira Thakker*	Non-Executive Director
Nancy Kiruki	Company Secretary

* Appointed on 23rd July 2024

The Company's Board of Directors remain committed in implementing governance practices where substance prevails over form. This provides direction for subsidiary entities, which structure their respective governance frameworks according to Group standards.

The governance framework allows the Board of Directors to consider conformance and performance, enabling them to balance their responsibility for oversight with their role as strategic counsel.

The Board understands that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustaining performance and preserving shareholder value. The Board members' collective experience and expertise provide a balanced mix of attributes for it to fulfil its duties and responsibilities.

All the entities in the Group have boards of directors. The directors of these boards monitor the affairs of the entities. A number of committees have been established that assist the various boards in fulfilling stated objectives. All the committees have their terms, roles and responsibilities set out in their individual agreed and approved mandates, which are reviewed annually to ensure they remain relevant. Where necessary, the Board has access to independent professional advice.

Strategy

The boards of the Company and its Boards of subsidiaries consider, review and approve the strategies for their individual entities at annual meetings with their Executive Management. The boards ensure that strategy is aligned with the Group's values and monitors strategy implementation and performance targets in relation to the Group's risk profile. The boards are collectively responsible for the long-term success of the Group and are accountable to shareholders for financial and operational performance. In addition to discussing strategy during Committee and Board meetings, the Board had a two-day strategy meeting in October 2024.

Directors' Appointment

The Company's Directors are nominated by the Group Board Nominations Committee (the Nominations Committee).. Apart from a candidate's experience, availability and fit, the Nominations Committee also considers other directorships and commitments of the individual to ensure that they will have sufficient capacity and time to discharge their roles properly. Candidates must also satisfactorily meet the fit and proper test criteria, as required by the Central Bank of Kenya Prudential Guidelines and by the South Africa Reserve Bank regulations. The Committee also considers appropriate demographic and gender diversity in its assessment.

Suitable candidates are nominated for Board consideration and appointed in accordance with the Company's Articles of Association. A director appointed by the Board holds office until the next Annual General Meeting (AGM), at which time the director will retire and will be eligible for election by the shareholders of the Company as a Director, upon recommendation by the Board. The appointments comply with the requirements of the Companies Act, 2015 and the Capital Markets Act of Kenya, as well as related regulations. In order to guide the appointment process, the Board approved the Board Onboarding and Offboarding Procedure during the year.

The appointment of directors takes into account the interests of minority shareholders, with specific focus being on the appointment of independent directors. During the year, the Board commenced a process for appointing more independent directors. The appointment process will be finalized in the 2025 financial year.

Induction and Ongoing Education

Induction of new directors and ongoing education of directors is the responsibility of the Company Secretary. The Group's Code of Ethics is provided to new Directors on their appointment and an induction programme is also conducted immediately thereafter.

To ensure maximum participation in continuous learning for directors, themes for training are scheduled in advance of the new year and form part of the Board approved annual calendar. The training is facilitated by both in-house and externally resourced experts. Directors are advised of new laws and regulations and changing risks to the Group on an ongoing basis.

The Board of Stanbic Holdings Plc continuously enhances its knowledge to hone its effectiveness in overseeing the Company. Board members are involved in the choice of areas of training, of which some are outlined as part of the recommendations from the annual board evaluation. The training further seeks to update and appraise board members on changes in laws, regulations, policies, and practices locally and globally.

In 2024, the Board trainings met and exceeded the 12-hour minimum training requirement by the CMA as follows:

Date	Training	No of Training Hours
18th January 2024	Risk and fraud management and conduct risk	3
11th April 2024	Technology with a focus on AI and cybersecurity	2
10th May 2024	Audit & Risk Focused training	3
6th June 2024	Corporate governance- role of the Board in strategy execution, VUCA environment and board effectiveness;	3
11th July 2024	Insurance and asset management regulatory environment;	2
3rd October	Financial crime risk and anti-money laundering	2
Total Training hours		**15**

In addition, the Board undertook the following trainings during the year-

(a) Anti Money Laundering and Combating of Financing of Terrorism General Awareness
(b) Anti-Bribery and Corruption General Awareness
(c) Business Conduct
(d) Client Conduct
(e) Personal Conduct

Board Evaluation

The Chairman is responsible for ensuring that the Group has an effective Board. Supported by the Company Secretary, the Chairman ensures that the Board's effectiveness is reviewed annually, through a detailed assessment of the effectiveness of the Board collectively, and assessment of the contribution of each member, through peer evaluations. The results of the assessments are then discussed by the Board. The Chairman provides further constructive feedback separately to each Director on a one-on-one basis, derived from the results of the peer evaluations, regarding their contribution to the Board.

A Board evaluation for the year 2024 was conducted internally. It consisted of an evaluation of the Board and its committees, an evaluation of the performance of the individual Directors by their peers, as well as an evaluation of the Chairman of the Board, the Chief Executive, and the Company Secretary.

The outcome of the Board Evaluation exercise confirmed the effectiveness of the Chairman of the Board, its committees, individual directors, the Chief Executive, and the Company Secretary.

As a result of the Board evaluation, the Board discusses and tracks the recommendations arising from the outcome of the evaluation exercise, with implementation status provided in subsequent board meetings. In addition, the outcome of the evaluation informs the annual board training plan particularly the specific areas of training and meeting agenda items. At the beginning of every year, the Board identifies its key performance indicators (KPI) aligned with its mandate. The KPIs are tracked, monitored, and reported at every quarterly Board meeting.

Going concern

The Board has reviewed the facts and assumptions on which it has relied upon and based on this information, continues to view the Company as a going concern for the foreseeable future.

Remuneration

Stanbic Holdings Plc remunerates its Non-Executive Directors at levels that are fair and reasonable in a competitive market, considering the skills, knowledge, and experience required in the Board.

The amount paid to Directors is included in the Directors Remuneration Report which represents the total remuneration paid to Executive and Non-Executive Directors for the year under review, in compliance with the Companies Act, 2015. Remuneration for the directors is reviewed by the board annually.

Social Responsibility

The Company appreciates the challenges and benefits of doing business in the country and owes its existence to the people and societies within which it operates. The Group is committed therefore not only to the promotion of economic development but also to the strengthening of social and environmental well-being in jurisdictions they operate in. The Company's Climate Risk Policy seeks to support the Group in achieving climate objectives and sustainable economic growth. These include ensuring that the social, economic, and environmental impacts of its activities create a net positive impact. The policy is part of a comprehensive roadmap to reduce exposure to climate-related risk and the risk arising from transition.

In line with this, the Company's banking subsidiary has an established foundation, Stanbic Kenya Foundation Limited, which is 100% owned by Stanbic Bank Kenya Limited (the Bank). The sole purpose of the subsidiary is to implement corporate social investment programmes including accelerating the growth of SMEs. During the year, the Foundation partnered with a number of local and international organizations to promote socio-economic empowerment, inclusion and growth.

As part of its commitment to social responsibility, the Board approved the following policies during the year-

(a) Corporate Social Investment Policy
(b) Environmental & Social Risk Policy
(c) Spokesperson & Media Relations Policy

Board Meetings

The Company is headed by a Board of Directors, which has ultimate accountability for the management and strategic guidance of the Company and assumes the primary responsibility of fostering the sustainability of the Company. The Group Boards have the overall responsibility for the establishment and oversight of the Group's risk management framework.

Performance against financial and corporate governance objectives is monitored by the Board through Management's quarterly reporting. The implementation of the Group's strategic objectives is done by the individual subsidiary companies, through various established Board and Management committees. The Board meets at least once every quarter. Additional meetings are held whenever deemed necessary. Directors are provided with comprehensive Board documentation at least seven days prior to each of the scheduled meetings to ensure that they have adequate time to review the documentation and prepare for the meetings.

Attendance at Board meetings during the year under review is set out in the following table:

STANBIC HOLDINGS PLC BOARD ATTENDANCE FOR 2024

	DIRECTOR'S NAME	12th Feb 2024 (Special)	5th March 2024	8th May 2024	7th Aug 2024	20th Nov 2024
1.	Joseph Muganda	P	P	P	P	P
2.	Patrick Mweheire	P	P	P	P	P
3.	Peter Gethi	P	P	P	P	P
4.	Rose Osoro	P	P	P	P	P
5.	Dorcas Kombo	P	P	P	P	P
6.	Wambui K. Mbesa	P	P	P	P	P
7.	Sabira Thakker	N/A	N/A	N/A	P	P

P = Present; AP
N/A = was not a Member

Our Board Committees

Report of the Board Audit Committee (BAC)

The Board Audit Committee is responsible for safeguarding the Company's assets and evaluating the internal control frameworks within the Company. The Audit Committee is made up of three members. Two members of the Committee are members of the Institute of Certified Public Accountants of Kenya (ICPAK), in good standing.

The Committee has its own Mandate which sets out the Committee's purpose and terms of reference. The Mandate of the Committee is reviewed annually.

During the year ended 31 December 2024, amongst other matters, the Committee considered the following:

a) **In respect of the External Auditors and the external audit:**

- Endorsed the appointment of Deloitte as external auditors for the financial year ended 31 December 2024, in accordance with all applicable legal requirements;
- Approved the External Auditors' terms of engagement, the audit plan and audit fees;
- Reviewed the audit process and evaluated the effectiveness of the audit;
- Obtained assurance from the External Auditors that their independence was not impaired;
- Confirmed that no significant irregularities were identified and reported by the external auditors;
- Received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal thereof; and
- Over the course of the year, met with the Company's External Auditors in one formal exclusive meeting.

b) **In respect of the financial statements:**

- Confirmed the going concern basis for the preparation of the interim and annual financial statements;
- Examined and reviewed the interim and annual financial statements prior to submission and approval by the Board;
- Ensured that the annual financial statements fairly represented the financial position of the Company at the end of the financial year, as well as the results of operations and cash flows for the financial year and considered the basis on which the Company was determined to be a going concern;
- Ensured that the annual financial statements conform with International Financial Reporting Standards (IFRS);
- Considered accounting treatments, significant unusual transactions and accounting judgements;
- Considered the adequacy and effectiveness of the accounting policies adopted by the Company and all proposed changes in accounting policies and practices and changes thereto;
- Reviewed the effectiveness of financial management and the quality of internal accounting control systems and reports produced by financial management;
- Reviewed and discussed the External Auditors' audit report; and
- Considered and made recommendations to the Board on payment of the interim and final dividend to shareholders.

c) **In respect of internal control, internal audit and financial crime control:**

- Reviewed and approved the annual Internal Audit 2025 Audit Plan evaluated the independence and effectiveness of the Internal Audit department;
- Considered Internal Audit reports on the systems and internal controls, including internal financial controls and maintenance of effective internal control systems, of the Company's operating subsidiary companies;
- Reviewed significant issues found during internal audit exercises; and the adequacy of agreed corrective action plans by Management in response to such findings;
- Assessed the adequacy of the performance of the Internal Audit function and the adequacy of the available internal audit resources.

- Received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal thereof;
- Considered internal audit findings for subsidiary companies;
- Discussed significant control weaknesses identified in the audit assessments; and
- Over the course of the year, met with the Internal Auditors in one formal exclusive meeting.

Based on the above, the Committee formed the opinion that, as at 31 December 2024, there were no material breakdowns in internal controls, including internal financial controls, resulting in any material loss to the Company.

d) **Independence of the External Auditors**

The Committee is satisfied that Deloitte is independent of the Company. This conclusion was arrived at, inter alia, after taking into account the following factors:

- the representations made by Deloitte to the Committee;
- the Auditors do not, except as external auditors or in rendering permitted non-audit services, receive any remuneration or other benefits from the Company;
- the Auditors' independence was not impaired by any consultancy, advisory or other work undertaken by the Auditors; and
- The Auditors' independence was not prejudiced as a result of any previous appointment as auditor.

Board Audit Committee Meetings Attendance

Name	Q1 4th March 2024	Q3 6th August 2024
1. Dorcas Kombo (Chairman)	P	P
2. Rose Osoro	P	P
3. Wambui Mbesa	P	P

*P denotes that the director was present in the meeting

The Board Audit Committee reviewed the annual report and recommended it to the Board for approval.

On behalf of the Board Audit Committee

Chairman,
Board Audit Committee

4th March 2025

Report of the Board Nominations Committee

The role of the Board Nominations Committee is to assist the Board of Stanbic Holdings Plc (the Company), in discharging its obligations regarding appointments, succession planning and development of the Directors on the Board. In addition, the Committee provides oversight on formulation and implementation of the People and Culture strategy and policies. The Committee has four members.

The Nominations Committee has its own Mandate setting out its purpose and terms of reference. Some of the Committee's roles include determining and evaluating the adequacy, efficiency and appropriateness of the corporate governance structures in the Group, nominating successors to key positions, maintaining board directorship continuity programme and ensuring compliance with all applicable laws, regulations and codes of conduct and practice.

During the year ended 31 December 2024 the Committee considered the following:

- Carried out its duties as set out on its Mandate;
- Determined and evaluated the adequacy, efficiency and appropriateness of the corporate governance structure and practices of the Company and of its subsidiaries;
- Reviewed the composition of Board Committees, considered succession planning and emergency alternatives to key board roles;
- Reviewed succession planning for Executive Management;
- Analysed the existing skills on the Boards and skills gaps in line with the Company's strategy;
- Nominated a candidate to be a member of the board of Stanbic Holdings Plc
- Reviewed and recommended the reconstitution of the Committees of the Boards of the Company and of its banking subsidiary, for approval by the Boards of the two companies;
- Considered and endorsed the Board Succession Planning Policy for submission to the Board for approval;
- Considered and endorsed the annual review of the Board Diversity Policy for submission to the Board of the Company and its banking subsidiary for approval;
- Reviewed and endorsed the Corporate Disclosure Policy for approval;
- Reviewed and endorsed management policies relating to People & Culture matters;
- Reviewed and endorsed the Board Onboarding and Offboarding Procedure, 2024
- Reviewed the Remuneration Report for the Board of the Company for inclusion in the Annual Integrated Report;
- Reviewed and endorsed Financial Year 2024 Employee Remuneration
- Considered and endorsed the report on the independence of Board members for submission to the Board for approval;
- Considered and endorsed the Board Evaluation flight plan and tools for submission to the Board for approval;
- Considered and endorsed the Subsidiary Governance Framework for submission to the Board for approval;
- Reviewed and endorsed the governance reports for the Company;
- Reviewed and endorsed the annual review of the Board Remuneration Policy for submission to the Boards of the Company and of its banking, stock brokerage and bancassurance subsidiaries for approval;
- Considered and endorsed the Stakeholder Engagement Policy for submission to the Boards of the Bank and Holdings for approval;
- Considered and approved the Committee's work plan for the year 2025;
- Considered and endorsed the proposed trainings for the Board for the year 2025 for submission to the Board for approval;
- Reviewed and made a recommendation to the Board of the Company and of its subsidiaries on the remuneration for Directors for the year 2025; and
- Considered and endorsed the Corporate Governance scorecard for the Company for the year 2024

for submission to the Board for approval, prior to submission to the Capital Markets Authority for assessment.

- Reviewed and endorsed
- Considered and endorsed the Annual General Meeting agenda for submission to the Board for approval;
- Considered and noted the state of implementation of the Independent Governance Audit recommendations.
- Reviewed and endorsed staff policies and succession plans

The Committee composition in the year of 2024 consisted of four members, namely, two Independent Non-Executive Directors, two Non-Executive Directors (one being the Chairman of the Board of the Company) and one Executive Director.

The Committee held three scheduled meetings and one special meeting during the year. The attendance of meetings by members was as follows:

Board Nominations Committee Meetings Attendance

Name	Q1 2024 12th Feb 2024	Q1 2024 (Special) 21st Feb 2024	Q3 2024 8th July 2024	Q4 2024 4th Nov 2024
1. Rose Osoro	P	P	P	P
2. Joseph Muganda	P	P	P	P
3. Patrick Mweheire	P	P	P	P
4. Peter Gethi	P	P	P	P

P = Present

On behalf of the Board Nominations Committee

Chairman,
Board Nominations Committee

4th March 2025

Fees for Non- Executive Directors

In determining the fees for non-executive directors, all of whom are also members of Board committees, the Board also considers market conditions and reviews comparative remuneration offered by other peer banks. Non-Executive Directors receive fixed fees for service on Boards and Board committees. There are no contractual arrangements for compensation for loss of office for either executives or non-executive directors. Non-Executive Directors do not receive annual incentive awards, nor do they participate in any of the Group's long-term incentive schemes.

The Nominations Committee reviews the fees paid to non-executive directors annually and makes recommendations to the Board for endorsement and submission to shareholders for approval.

Additional information is provided on page 117 of the financial statements.

Remuneration for Executive Directors

The Board considers the execution of the Group strategy and the ability to show demonstrable progress against key milestones to be an integral part of the performance measurement and reward for Executive Directors. The Chief Executive (CE) has articulated three strategic focus areas for the Group as part of the evolving strategy:

- Transform client experience
- Execute with excellence
- Drive sustainable growth and value

Remuneration Methodology

In assessing the performance of the Executive Directors, the Board has been mindful of its responsibilities to all stakeholders, especially our shareholders as articulated in the remuneration philosophy.

The methodology used to size incentive pools is a combination of a top-down approach that provides overall guidance to business units and countries; a bottom-up approach based on executives' assessments of the performance of their teams; and careful consideration of shareholder interests and stakeholder concerns.

The Company's policy avoids a short-term bonus-centric culture but rewards sustainable performance on a through-the-cycle basis. Critically, this includes a three to five-year growth analysis to ensure shareholder returns are appropriately aligned with executive and employee reward. The Committee reviews performance to ensure that earnings are not the result of one year's work but rather the planned outcome of work done in the past years.

For more on remuneration see pages 116 to 117 of the financial statements.

Governance Policies

Promotion of Diversity Policy

Stanbic Group Kenya recognises the importance of, and value added by diversity in the composition of a Board of Directors. As a group with operations in several jurisdictions, we recognise that diversity of skills, experience, background, knowledge, thought, culture, race and gender strengthens the board's ability to effectively carry out its duties and add value to the group.

It mitigates the risk of 'group think' and improves the group's resilience. This policy seeks to articulate the group's approach regarding the promotion of diversity on its Boards of Directors in compliance with the CMA Corporate Governance Code and King IV Report, and must specifically consider the promotion of gender, age, skills, ethnic and race diversity. The Promotion of Diversity Policy is reinforced by the diversity considerations set out in the Board Succession Planning Policy.

As a group with operations in several jurisdictions, we recognise that diversity of skills, experience, background, knowledge, thought, culture, race and gender strengthens the board's ability to effectively carry out its duties and add value to the group.

Communication Policy

The Company has the Communications and External Relations Framework which sets out the procedures and guidelines for internal and external communication. The objective of the policy is to ensure that stakeholders are efficiently engaged. A Crisis Communication Plan has also been put in place.

Stanbic Group Stakeholder Engagement Guidelines

Stanbic Group Kenya (the Group) recognises that effective stakeholder engagement is essential to achieving our purpose "Kenya is our home, we drive her growth". It is also at the heart of our Values and Code of Ethics.

Stakeholder engagement maintains and strengthens our legitimacy and social licence to operate, builds trust with stakeholders and enhances our reputation as a socially relevant and responsible corporate citizen wherever we operate. We have a responsibility to minimise any harmful impacts, and optimise the positive impacts, on our stakeholders. These Guidelines are intended to assist and guide Group entities in their stakeholder engagement activities based on the Group's stakeholder engagement principles.

The Guidelines categorise stakeholders while setting out the principles of stakeholder engagement which include commitment, responsiveness, transparency, and ethical conduct. The Company has developed a Stakeholder Engagement Toolkit to support its engagement activities. In addition, the Company has a dedicated stakeholder engagement capability to coordinate stakeholder engagement activities and promote systematic approach.

During the year, the Company engaged a number of its stakeholders including regulators, shareholders, investors, media, staff, among others. The engagements were critical in informing the Company's strategy, sustainability and collaboration. The Annual General Meeting for the Company held on 16th May 2024, together with a number of investor briefings provided useful opportunities to engage with shareholders, investors, the media and other stakeholders.

Dispute Resolution Policy

The Company recognises that group dynamics underpin the Board's ability to effectively execute its responsibilities. A Board's contribution is made through incisive questioning and constructive debate. It is expected that directors will not agree on everything.

Directors are encouraged to express their views candidly, debate them rigorously and find consensus. On occasion, rigorous debate can lead to a dispute between Board members. At times, a dispute will arise between directors from factors outside of the group. As a group, we advocate prompt and fair resolution of any disputes, conflicts, or disagreements that may arise from time to time, and that may threaten or disrupt proper functioning of the Board.

This policy sets to provide guidance on the dispute resolution process and to ensure that the process adopted by the Board best serves the interest of the Company whilst preserving stakeholder relationships.

The Policy advocates for confidentiality, mutual respect, commitment, collegiality, effective communication and constructive consensus. The Policy was enhanced during the year to incorporate resolution of internal and external disputes.

Board Remuneration Policy

The Company's Board remuneration policy is designed to create value for shareholders, clients, our employees and communities while retaining and motivating an effective Board of Directors.

In determining the remuneration fee for non-executive directors, the Board will ensure that regular surveys are conducted on the remuneration of non-executive directors on the boards of peer banks. The level of remuneration and compensation for non-executive directors (NEDs) must be set to attract independent NEDs who, together with the Board as a whole, encompass a varied range of relevant skills and experience to determine the Company's strategy and oversee implementation.

The NEDs are paid a retainer on a pro-rata basis and a sitting allowance for meetings attended each quarter. Additional sitting allowance is paid for any necessary special Board meeting held. The remuneration for NEDs is reviewed on an annual basis for approval by the shareholders of the Company at the annual general meeting. The NEDs are to be appropriately reimbursed for expenses such as travel and subsistence incurred in the performance of their duties.

Disclosure of the Board's remuneration is made in the annual financial report of the Company in the Board Remuneration Report as guided by law.

Conflicts of Interest Policy

The Conflicts of Interest Policy is designed to comply with applicable statutory and regulatory obligations across the organisation. Stanbic Group Kenya maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of clients. For Board and management meetings, declaration of conflicts of interest is a standing agenda item.

Where arrangements are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of clients will be prevented, Stanbic will make appropriate and prior disclosure to the client(s) about the nature and source of such conflicts of interest (subject to adhering to any applicable confidentiality constraints), disclose the steps taken to mitigate such conflicts of interest seek the client(s) consent or alternatively decline to act.

Stanbic requires all employees, consultants, contractors, suppliers, other associated persons and other third parties to always act honestly and with integrity and to manage fairly all conflicts of interest.

Corporate Disclosure Policy

The Corporate Disclosure Policy was approved by the Board in August 2024. The Policy sets out the Company's policy on managing disclosures which may be required by shareholders, regulators, government agencies, and such other relevant stakeholders. Some of the principles in the Policy include materiality and timely disclosure, compliance, accessibility and feedback.

Standard Bank Code of Ethics and Conduct, 2022

The Standard Bank Code of Ethics and Conduct provides the foundation for Stanbic's policies, standards and controls, while ensuring that the values and ethics are reflected in the way we make decisions and engage with our stakeholders. The Code has been adopted by the Board of Stanbic Holdings Plc and is applicable to the Company and its subsidiaries.

The Code provides clarity on our personal conduct, societal conduct and conduct in the market.

The Code applies to all Stanbic employees, full-time and part-time and consultants. It also applies to Board members including non-executive directors. The Code of Ethics and Conduct is available on the Company's website. The Board receives quarterly reports on the Company's performance on ethics. The reports provide information on conduct issues, breaches on the Company's policies, sanctions enforced and mechanisms for strengthening the Company's ethics. The reports also provide updates on whistleblowing matters. Pursuant to this, the Board confirms that an assessment on the Company's performance on ethics is undertaken every quarter.

In order to reinforce the implementation of the Code of Ethics, the Company provides mechanisms for determining how to act in certain circumstances, with the focus on enabling employees to make the right decisions at all times so as to entrench an ethical culture. The Company undertakes annual trainings for staff in order to ensure that they align their conduct and interactions with stakeholders in line with the Code of Ethics. The Code of Ethics is accessible on the Company's website.

Whistleblowing Policy - How to report unethical behaviour

Stanbic is committed to establishing a culture of integrity, transparency, openness and compliance, in accordance with the values and Code of Ethics adopted by Stanbic.

The Whistle-blowing Policy provides for the protected disclosure of any attempted, suspected or actual and/or unlawful, irregular or unethical behaviour by providing a framework for whistle-blowers to report their concerns internally or externally.

If you suspect theft, fraud or corruption by any of our employees, clients or suppliers, report it immediately to our independent Whistleblowing line. You may remain anonymous by calling 0800 221 3268 or sending an email of what you suspect to whistleblowingline@tip-offs.com

Corporate & Social Investment Policy

The Corporate & Social Investment Policy seeks to drive sustainable positive impact through client focus and social, economic and environmental impact. The Policy provides a guide for the Company's CSI interventions and strategies.

Procurement Policy

Stanbic requires that its resources be used effectively and efficiently to create value for money for its shareholders by ensuring appropriate levels of segregation and proper governance are in place while engaging third-party suppliers and this is supported through appropriate procurement policy and governance structures as well as the Third-Party Risk Management Policy.

The Procurement Policy reflects a lean-yet-effective governance structure that puts Stanbic in the best possible position to get products and services that it needs at the right time, in the right quantity, at the right quality and at the right cost, while at the same time ensuring that appropriate governance guidelines and processes are being followed.

Information Technology Standards

Stanbic Group Kenya subscribes to sound corporate governance principles, one of which is the use and application of Information Technology (IT) standards which define and articulate principles within which the Group will operate. The Company's IT governance framework is robust and is continuously updated to incorporate dynamic issues in the IT environment.

1 Architecture Technology Standard

The purpose of the Architecture Technology Standard to provide guiding principles that are to be applied when architecture is designed, built and operates as intended, to document the roles and responsibilities of key players considered in the standard and to outline standard principles to be followed in technology architecture.

2 Cloud Computing Technology Standard

The purpose of the Cloud Computing standard is to articulate principles and give effect to Stanbic's direction regarding cloud computing.

3 Cyber Resilience Technology Standard

The Cyber Resilience minimum standard provides a framework to govern how Stanbic protects its IT assets which includes systems in production, systems under development and systems hosted by third parties in a systematic and consistent manner.

This Standard mandates the IT security function to establish and uphold a culture of security across the organisation, provide assurance on a robust control environment, ensure that stakeholder requirements for the protection of data are continually met, focusing on confidentiality (the risk of unauthorised access to data and IT systems), integrity (the risk of data being manipulated) and availability (the risk of data and IT systems being unavailable when needed).

4 Endpoint Security Minimum Controls Standard

This Standard defines the minimum-security controls set out for compliance to manage data breach, financial malware, extortion/ransomware and distributed denial of service risks on endpoints.

5 **Engineering Technology Standard**
The purpose of the Engineering Technology standard is to provide direction to the organisation regarding technology engineering. This Standard provides engineering principles that are to be applied holistically and in such a way that is commensurate with the size and complexity of the legal entity, business line or corporate function.

6 **Service Management Standard**
This standard governs service management, ensuring that technology services are aligned to client and regulatory needs and to enable the monitoring and improvement of service quality.

7 **Technology Finance Standard**
This standard defines the technology cost management principles to be followed to ensure that spend is responsibly invested and for the achievement of the broader financial outcomes of the organisation.

8 **Ways of Work Standard**
The purpose of the Ways of Work Standard is to articulate and give effect to the Group regarding Ways of Work. This standard provides guidance in the use of Scaled Agile Framework (SAFe), and corresponding SAFe foundation principles.

9 **Privileged Access Management Standard**
The purpose of the PAM standard is to provide the appropriate guidelines for the secure configuration and implementation of privileged user accounts in Standard Bank.

10 **Client Authentication Standard**:
The purpose of the standard is to provide the appropriate controls for the authentication of Entities such as Bank Clients, users, devices, and messages within the Standard Bank environment.

11 **Bring Your Own Device Standard**
The purpose of the standard is to provide the appropriate endpoint security controls to be implemented for 3rd Party devices and BYOD. The Standard is meant to ensure compliance with the requirements of the Endpoint Security Standard in relation to the restricted use of 3rd Party devices and (BYOD) accessing SBG resources.

Subsidiary Governance Framework

The Standard Bank Group which Stanbic Holdings Plc is a part of, has implemented the Subsidiary Governance Framework in line with the requirements of King III and King IV Codes of Corporate Governance.

In terms of King IV, the board of the holding company must assume responsibility for governance across the group and set direction for how the relationships and exercise of power within the group should be approached and conducted.

In developing the Subsidiary Governance Framework, care has been taken to, as far as possible, remove conflicts with subsidiaries' founding documents including articles of associations. The Governance Framework does not replace local corporate governance codes but sets the basic standard expected of group entities on governance arrangements. During the year, the Company undertook an assessment on the status of compliance with the Subsidiary Governance Framework, and confirmed that it was compliant.

The Subsidiary Governance Framework objectives are to:

- Establish a common standard of corporate governance across the Standard Bank Group subsidiaries;
- Align governance practices to ensure discipline in the execution of the group's strategy;
- Provide a framework for oversight;
- Create transparency across the group; and
- Meet regulatory requirements.

Environmental and Social Risk – Standard and Policy

Environmental and social risk to Stanbic stems from the environmental and social issues that are related to their stakeholders and client's operations. Stanbic is committed to mitigating potential environmental and social (E&S) risks, as well as identifying positive opportunities, impacting our business, clients and stakeholders. This has resulted in a new group-wide E&S Standard and Policy being developed.

The Standard provides an overall E&S Management Framework for the consistent and unified governance, identification, measurement, management and reporting of E&S risk. It supports conscious risk-taking and encourages positive/green/social finance in seamlessly delivering client solutions whilst enhancing the trust, reputation and sustainability of the organisation.

The Policy compliments and gives effect to the principles outlined in the Standard by providing a comprehensive E&S Risk framework and promoting a positive impact. It highlights roles and responsibilities, E&S assessment methodologies, E&S governance, the transaction life cycle and monitoring.

Integrated Operational Risk Policy

Stanbic Group Kenya subscribes to sound governance principles, one of which is the use and application of the Operational Risk Management Policy, Governance Framework and User Guide which define and articulate principles within which the Group will operate.

1 Operational Risk Management Policy

The purpose of the Operational Risk Management Policy is to ensure that operational risk management is implemented appropriately within Stanbic. The policy aims to address handling of incidents that occur within the organisation, treatment of incidents that share boundary with other risk types, how to account for the incidents, key processes to be applied in risk identification and control processes, management and validation of risk data, mapping of gross income and operational losses into the eight business line categories as defined by Basel and the allocation and calculation of capital through the scenario analysis process.

2 Integrated Operational Risk Governance Framework

This framework covers all the risk types within the Operational Risk definition and the document also includes the concept of risk appetite. The governance framework supports an integrated approach to the wider operational risk taxonomy, including top and emerging risks, leveraging a risk-based approach to prioritise risk in a consistent manner.

This framework provides overarching principles that facilitate a consistent and fit for purpose approach to operational risk across the organisation, Business Units and Corporate Functions.

3 Operational Risk Management Manual (User Guide)

The ORM Manual or User Guide has been developed for the business units to effectively manage operational risk through use of risk management tools namely Incident Management, Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Business Environment and Control Factors (BEICFs), Scenario Analysis and Data management & validation.

The purpose of the document is to assist in ensuring that all business units identify, assess, measure, manage, monitor and report risks in a consistent manner across Stanbic and ultimately in Standard Bank Group.

Non-Financial Risk (NFR) Policy

Stanbic Group subscribes to sound governance principles, including the use and application of the Non-Financial Risk (NFR) Management Policy, Governance Framework, and User Guide, which define and articulate the principles within which the Group operates.

1 Non-Financial Risk Management Policy

The purpose of the Non-Financial Risk (NFR) Management Policy is to ensure that operational risk management is effectively implemented within Stanbic. The Policy addresses: The handling of incidents occurring within the organization; Treatment of incidents that overlap with other risk types; Accounting for incidents; Key processes for risk identification and control; Management and validation of risk data; Mapping of gross income and operational losses into the eight business line categories as defined by Basel standards; and Allocation and calculation of capital through the scenario analysis process.

2 Non-Financial Risk Governance Framework

The NFR Governance Framework covers all risk types within the Non-Financial Risk definition and incorporates the concept of risk appetite. The Framework supports an integrated, risk-based approach to the broader operational risk taxonomy, encompassing top and emerging risks, by consistently prioritizing risk across the organization. It establishes overarching principles to ensure a consistent and fit-for-purpose approach to operational risk management across Business Units and Corporate Functions.

3 Non-Financial Risk Management Manual (User Guide)

The NFR Management Manual (User Guide) has been developed to guide Business Units in effectively managing operational risk. It outlines the use of key risk management tools, including incident management, risk control self-assessment (RCSA), key risk indicators (KRIs), business environment and Internal Control Factors (BEICFs), scenario analysis, and Data Management and Validation.

The purpose of this document is to assist all Business Units in consistently identifying, assessing, measuring, managing, monitoring, and reporting risks across Stanbic and ultimately within the broader Standard Bank Group.

Conflicts of Interest Policy

The Conflicts of Interest Policy is designed to comply with all applicable statutory and regulatory obligations across the organization. Stanbic Group maintains and operates effective organizational and administrative arrangements to take all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of clients.

At Board and management meetings, the declaration of conflicts of interest is a standing agenda item. Where existing arrangements are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests are prevented, Stanbic will:

- Make appropriate and prior disclosure to the client(s) regarding the nature and source of the conflict of interest (subject to applicable confidentiality constraints),
- Disclose the steps taken to mitigate the conflict,
- Seek the client(s)' consent to proceed, or
- Alternatively, decline to act.

The Policy promotes open communication and constructive consensus in addressing conflicts of interest.

FINANCIAL STATEMENTS

Corporate information

For the year ended 31 December 2024

Chairman: Joseph L.O. Muganda

Chief Executive: Patrick Mweheire*

Chief Executive of Stanbic Bank Kenya Limited: Joshua Oigara

Non-Executive Directors: Dorcas F. Kombo
Peter N. Gethi
Rose B. Osoro
Wambui K. Mbesa
Sabira R. Thakker (appointed 23 July 2024)

* Ugandan

Company Secretary: Nancy Kiruki
P.O. Box 72833
00200 Nairobi, Kenya

Auditor: Deloitte & Touche LLP
Deloitte Place
Waiyaki Way, Muthangari
P.O. Box 40092
00100 Nairobi, Kenya

Registered Office: Stanbic Bank Centre
Chiromo Road, Westlands
P.O. Box 72833
00200 Nairobi, Kenya

Principal Banker: Stanbic Bank Kenya Limited
Chiromo Road, Westlands
P.O. Box 72833
00200 Nairobi, Kenya

Ultimate Parent: Standard Bank Group Limited (South Africa)
9th Floor, Standard Bank Centre
5 Simmonds Street, Johannesburg 2001
P.O.Box 7725 Johannesburg 2000,
Johannesburg, South Africa

Report of the Directors

For the year ended 31 December 2024

Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of Stanbic Holdings Plc (the "Group" or the "Company").

Principal activities

The Group is engaged in the business of banking, bancassuarance intermediation, asset management and stock brokerage and is licensed under the Banking Act, Capital Markets Act and Insurance Act. The Company's shares are listed on the Nairobi Securities Exchange.

Principal risks and uncertainties

The Group has exposure to various risks from its operations. These are -:

a) Credit risk
b) Liquidity risk
c) Market risk
d) Operational risk (encompasses systems, people, processes and external factors)

These are explained in more detail on Note 4 to the financial statements.

Business review and financial performance

Global economy continued to show signs of gradual recovery, characterised by easing inflation, tapered interest rates, improved supply chains, and an accelerated shift towards sustainable business practices. However, this progress was moderated by ongoing geopolitical tensions, significant electioneering seasons across the globe, and subdued economic growth in key global economies. The global growth continues to recover and is projected to improve to 3.3% in 2025 from an estimate of 3.2% in 2024, supported by strong growth in the United States and India, and improved prospects for growth in the United Kingdom. The main risks to global growth outlook relate to elevated uncertainty on trade policy amid rising tariffs on imports, and further escalation of geopolitical tensions.

The Kenyan economy is estimated to have grown by 4.6% in 2024, 50 basis points below the initial forecast of 5.1% and 100 basis points lower than the 5.6% growth in 2023. This slowdown reflects decelerated growth in some sectors such as manufacturing, construction etc., while agriculture, tourism and general services industries continued to be resilient. Inflation eased to 3% by the end of 2024, down from an average of 6.6% in the previous year, underpinned by lower food and commodity prices, a stable Kenyan shilling, and reduced pump prices.

The Central Bank of Kenya's (CBK) policy rate reduced by a cumulative 225 basis points between July 2024 and February 2025, in an effort to encourage private sector credit growth which remained sluggish closing 2024 at negative 1.4% growth. The CBK usable foreign exchange reserves were at USD 9,201 million (4.7 months of import cover) as of 24 December 2024, which continued to provide adequate cover and a buffer against any short-term shocks in the foreign exchange market. The Kenya shilling remained stable against major international and regional currencies as of 31 December 2024.

The current account deficit is estimated at 3.7% of GDP in 2024 compared to 4.0% of GDP in 2023, reflecting improved goods exports, strong diaspora remittance inflows, and lower oil imports. Goods exports increased by 15.4%, due to higher domestic exports, particularly agricultural commodities, and re-exports. Diaspora remittances and tourist arrivals increased by 18.0% and 14.6%, respectively, in 2024.

As at Q3 2024, the banking sector recorded a 12% growth in pre-tax profits from KShs 177Bn in 2023 to KShs 200bn in September 2024 largely driven by increase in interest income on loans and advances up 25% to KShs 380Bn attributable to the prevailing high interest rates in the market. Profit after Tax (PAT) increased by 15% YoY. Generally, all banks recorded significant growth in interest income driven by higher lending rates as well as higher interest rates on government securities. Similarly, interest expenses shot up as customers demanded a higher return on their deposits to match the rates on government paper.

Report of the Directors

For the year ended 31 December 2024 (continued)

Business review and financial performance (continued)

The banking sector recorded significant growth in interest income driven by higher lending rates as well as higher interest rates on government securities. Similarly, interest expenses shot up as customers demanded a higher return on their deposits to match the rates on government paper.

At the end of Q3 2024, the banking sector net loans and advances to customers dropped 5% from the year ending 31 December 2023.

The Group reported a profit after tax of KShs 13.7Bn, representing 13% increase from the performance for the year ended 31 December 2024.

The Group's performance was driven by improved earning yields from interest income, increased balance sheet quality bolstered by operating costs efficiency. Credit impairment decreased by 50% as a result of increased quality of the loan book in the year and gains from currency appreciation.

Summary results for the year are as follows:

	2024	2023	
	Kshs. billion	**Kshs. billion**	**Percentage change**
Total income	39.7	41.3	(3.8)
Credit impairment charge	3.1	6.2	(50.3)
Total operating expenses	17.7	18.0	(1.7)
Profit for the year	13.7	12.2	12.8
Loans and advances to customers	230.2	260.5	(11.6)
Non performing loans	23.0	26.5	(13.2)
Total assets	454.8	459.3	(1.0)
Deposits from customers	318.2	321.2	(0.9)
Total equity	75.4	68.6	10.0
Cost to income ratio	44.5%	43.5%	2.1

Dividends

During the year, the Company paid an interim dividend of KShs 1.84 (2023: 1.15) per ordinary share amounting to KShs 727,391,814 (2023: KShs 454,095,000).

Subject to the approval of the shareholders at the Annual General Meeting to be held on 15 May 2025, the Directors recommend payment of a final dividend of KShs 18.90 (2023: KShs 14.20) per ordinary share equivalent to a total sum of KShs 7,471,578,958 (2023: KShs 5,613,567,260). The total dividend for the year, therefore, will be KShs 20.74 (2023: KShs 15.35) for every ordinary share amounting to KShs 8,198,970,772 (2023: KShs 6,067,662,260).

Share capital

The total number of authorised shares as at 31 December 2024 was 473,684,211 (2023: 473,684,211), ordinary shares of KShs 5 each, with 395,321,638 shares being issued and fully paid up (2023: 395,321,638).

Directors

The Directors who held office during the year and to the date of this report are set out on page 95.

Events subsequent to the end of the reporting period

Events subsequent to the end of the reporting period have been disclosed under note 49.

Management by third parties

There is no aspect of the business of the Group that has been managed by a third person or a company in which a director has had an interest during the year.

Report of the Directors
For the year ended 31 December 2024 (continued)

Disclosures to auditor

The Directors confirm that with respect to each Director at the time of approval of this report:

a) there was, as far as each Director is aware, no relevant audit information of which the company's auditor is unaware; and

b) each Director has taken all steps that ought to have been taken as a Director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Terms of appointment of auditor

The term of audit engagement of Deloitte & Touche LLP began in the current financial year following their appointment by the shareholders at the annual general meeting held on 16 May 2024, in accordance with the provisions of Section 721 of the Kenyan Companies Act, 2015.

The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 04 March 2025.

By Order of the Board,

Nancy Kiruki
Company Secretary

Date: 04 March 2025

Statement of Directors' responsibilities

For the year ended 31 December 2024

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of its profit or loss for that year. The financial statements comprises the Group and Company statements of financial position as at 31 December 2024, and the Group and Company statements of profit or loss, the Group and Company statements of other comprehensive income, the Group and Company statements of changes in equity and the Group and Company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of material accounting policies and other explanatory information. It also requires the directors to ensure that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Group and the Company; that disclose, with reasonable accuracy, the financial position of the Group and Company and that enable them to prepare financial statements of the Group and the Company that comply with the IFRS® Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Kenyan Companies Act, 2015. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

ii) selecting suitable accounting policies and applying them consistently; and

iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Group's and Company's ability to continue as a going concern, the Directors are not aware of any uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved and authorised for issue by the Board of Directors on 04 March 2025 and signed on its behalf by:

Joseph L.O. Muganda
Chairman

Patrick Mweheire
Chief Executive

Dorcas F. Kombo
Director

Date: 04 March 2025

Directors' renumeration report

For the year ended 31 December 2024

Information not subject to audit

The Company's Board remuneration policy

The Company's Board Remuneration Policy is designed to create value for shareholders, clients, employees and communities while retaining and motivating an effective Board of Directors. The guiding principles of the Policy include strategic alignment, objectivity and transparency, competitiveness and responsibility and inclusivity and engagement.

In determining the remuneration fee for Non-Executive Directors, the Board ensures that regular surveys are conducted on the remuneration of Non-Executive Directors on the boards of peer listed companies. The level of remuneration and compensation for Non-Executive Directors (NEDs) must be set to attract independent NEDs who, together with the Board as a whole, encompass a varied range of relevant skills and experience to determine the Company's strategy and oversee implementation.

The NEDs are paid an annual fee and sitting allowance for meetings attended. The remuneration for NEDs is reviewed on an annual basis for approval by the shareholders of the Company at the annual general meeting. The NEDs are to be appropriately reimbursed for expenses such as travel, and subsistence incurred in the performance of their duties.

Disclosure of the Board's remuneration is made in the annual financial report of the Company in the Board Remuneration Report as guided by law.

The Chairman of the Board is paid a taxable retainer of KShs. 100,000 per quarter and a sitting allowance of KShs. 180,000. The other members of the Board are paid a taxable retainer of KShs. 75,000 per quarter and a sitting allowance of KShs. 120,000. The Board's retainer is paid quarterly while the sitting allowances are paid for every meeting attended. The Chairman of the Board Audit Committee is paid KShs. 150,000 and the Committee members are paid KShs. 120,000 for every meeting attended.

The members of the Board can access loans and guarantees at the prevailing market rates and conditions.

Contract of service

In accordance with the Kenyan Companies Act, 2015, the Company's Articles of Association and as outlined in the letters of appointment for Directors, a third of Non-Executive Directors retire by rotation at every annual general meeting, and if eligible, may offer themselves for re-election by shareholders.

Statement of voting on the directors' remuneration report at the previous Annual General Meeting

During the Annual General Meeting held on 16 May 2024 the shareholders approved the payments of directors' fees for the year ended 31 December 2023.

At the Annual General Meeting to be held on 15 May 2025, approval will be sought from shareholders for the directors' fees for the financial year ended 31 December 2024.

Directors' renumeration report

For the year ended 31 December 2024 (continued)

Information subject to audit

Year ended 31 December 2024 (KShs '000')

Name	Category	Basic pay	Bonus	Pension	Non-cash benefits	Retainer	Sitting allow-ance	Total Company	Total Group subsid-iaries	Total Group
Joseph Muganda	Chairman	-	-	-	-	400	1,830	**2,230**	11,677	**13,907**
Patrick Mweheire*	Chief Executive	26,657	44,620	7,716	10,100	-	120	**89,213**	6,287	**95,500**
Peter Gethi	Non Executive	-	-	-	-	300	1,440	**1,740**	9,550	**11,290**
Dorcas Kombo	Non Executive	-	-	-	-	300	1,020	**1,320**	6,983	**8,303**
Rose Osoro	Non Executive	-	-	-	-	300	1,830	**2,130**	9,192	**11,322**
Sabira Thakker	Non Executive	-	-	-	-	150	240	**390**	2,467	**2,857**
Wambui Mbesa	Non Executive	-	-	-	-	300	1,080	**1,380**	11,454	**12,834**
Total		**26,657**	**44,620**	**7,716**	**10,100**	**1,750**	**7,560**	**98,403**	**57,610**	**156,013**

Year ended 31 December 2023 (KShs '000')

Name	Category	Basic pay	Bonus	Pension	Non-cash benefits	Retainer	Sitting allow-ance	Total Company	Total Group subsid-iaries	Total Group
Kitili Mbathi	Chairman	-	-	-	-	400	1,200	**1,600**	11,208	**12,808**
Patrick Mweheire*	Chief Executive	26,574	34,030	5,856	16,343	-	-	**82,803**	1,893	**84,696**
Peter Gethi	Non Executive	-	-	-	-	300	720	**1,020**	8,491	**9,511**
Rose Osoro	Non Executive	-	-	-	-	300	1,260	**1,560**	8,259	**9,819**
Dorcas Kombo	Non Executive	-	-	-	-	300	1,020	**1,320**	7,145	**8,465**
Samuel Gikandi	Non Executive	-	-	-	-	150	360	**510**	4,046	**4,556**
Joseph Muganda	Non Executive	-	-	-	-	300	1,200	**1,500**	7,145	**8,645**
Wambui Mbesa	Non Executive	-	-	-	-	300	720	**1,020**	10,285	**11,305**
Total		**26,574**	**34,030**	**5,856**	**16,343**	**2,050**	**6,480**	**91,333**	**58,472**	**149,805**

**The Chief Executive also has an oversight role over the region and therefore his costs are borne by Stanbic Holdings Plc and the Standard Bank of South Africa. The costs disclosed above relate to the share of Stanbic Holdings Plc. The Chief Executive sitting allowance is paid to Standard Bank of South Africa.*

Approval of Remuneration Report by the Board of Directors

This remuneration report was approved by the Board of Directors on 04 March 2025.

Rose Osoro
Chairperson Board Nominations Committee

04 March 2025

Deloitte.

REPORT OF THE INDEPENDENT AUDITOR
TO THE SHAREHOLDERS OF STANBIC HOLDINGS PLC

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Stanbic Holdings Plc (the "Company") and its subsidiaries (together, the "Group") set out on pages 122 to 241, which comprise the consolidated statement of financial position at 31 December 2024 and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2024, and the Company statements of profit or loss and other comprehensive income, Company statement of changes in equity, and cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion the accompanying financial statements of Stanbic Holdings Plc give a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), and the requirements of the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements for Stanbic Holdings Plc for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 5 March 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Estimation of expected credit losses on loans and advances measured at amortised cost Loans and advances to customers constitute a significant portion of the total assets of Stanbic Holdings Plc. As disclosed in notes 2.6, 3.10, and 4.3, management exercise significant judgment when determining both when and how much to record as loan impairment. This is because a number of significant assumptions and inputs go into the determination of expected credit loss (ECL) impairment amounts on loans and advances to customers as required by IFRS 9 *Financial Instruments*. The key areas where we identified greater levels of management judgment and therefore increased levels of audit focus in the Group's implementation of IFRS 9 include: • The judgments made to determine the categorisation (staging) of individual loans and advances accounts in line with IFRS 9. In particular, the identification of a Significant Increase in Credit Risk ("SICR") and Default of the credit impairment triggers for individually assessed loans require consideration of quantitative and qualitative criteria. This is a key area of judgement as this determines whether a 12-month or lifetime PD is used; • Identification and measurement of economic scenarios to measure ECLs on a forward-looking basis reflecting a range of future economic conditions; and	Our audit of the impairment of advances included, amongst others, the following audit procedures performed together with the assistance of our internal credit risk specialists and the Group's auditors' credit risk specialists: • Obtained an understanding of the Group's methodology for determining expected credit losses, including enhancements in the year, and evaluated this against the requirements of IFRS 9, Financial Instruments; • Tested the design and implementation of critical controls across all ECL-related processes, particularly the allocation of assets into stages; • On a sample of contracts, we assessed the identification of loans and advances that had experienced a significant increase in credit risk or met the Group's default definition criteria for classification purposes. This was completed by reviewing documentation and credit performance to determine whether the staging of such facilities was in accordance with Group policy and IFRS 9 standards; • Tested the assumptions, inputs and formulae used in the ECL models with the support of our internal credit risk specialists and group auditors' credit risk specialists (including assessing the appropriateness of model design and formulae used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default;

Deloitte.

REPORT OF THE INDEPENDENT AUDITOR
TO THE SHAREHOLDERS OF STANBIC HOLDINGS PLC (continued)

Key audit matters (continued)

Key audit matter (continued)	How our audit addressed the matter (continued)

• Modelling for estimation of ECL parameters:
  • Probabilities of Default (PDs)
  • Loss Given Default (LGD); and
  • Exposure at Default (EAD).
• The judgements made around the expected cashflows from collateral and negotiated payments especially on the individually assessed loans and advances from customers.
 	
Because of the significance of these estimates, judgments and the size of loans and advances portfolio, the audit of loan impairment provisions is considered a key audit matter.
 	
Because of the significance of these estimates, judgments and the size of loans and advances portfolio, the audit of expected credit losses is considered a key audit matter.
	• We corroborated the assumptions used for the determination of forward-looking information (FLI) in the models;
	• Tested the data used in the ECL calculation by reconciling to source systems; and
	• Assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards.
	
	We concluded that the assumptions and methodology used were reasonable to support the amounts presented in the consolidated financial statements. We also found the models used for the determination of ECL to be appropriate. In addition, the disclosures in the financial statements pertaining to ECL on loans and advances to customers were found to be appropriate.

Other information

The directors are responsible for the other information. The other information comprises the corporate information, directors report, directors' remuneration report and statement of directors' responsibilities (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015, as set out below.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Deloitte.

REPORT OF THE INDEPENDENT AUDITOR
TO THE SHAREHOLDERS OF STANBIC HOLDINGS PLC (continued)

Key audit matters (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Kenyan Companies Act, 2015

Report of the directors

In our opinion the information given in the report of directors' report on pages 112 to 114 is consistent with the financial statements.

Directors' remuneration report

In our opinion, the auditable part of the directors' remuneration report on pages 116 t0 117 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Charles Munkonge Luo,** Practising certificate **No. 2294.**

Charles Luo

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi

04 March 2025


Stanbic
Bancassurance Intermediary Limited
Protect up to 22 family members and dependents with Flexi Protect last expense cover
*Terms & Conditions Apply
Stanbic Bancassurance Intermediary Limited is licensed to distribute this product underwritten by Liberty Life which is regulated by the Insurance Regulatory Authority (IRA)
Underwritten by Liberty Life
LIBERTY
In it with you
Heritage
Insurance Company
A member of LIBERTY

Financial statements

For the year ended 31 December 2024

Group and Company statement of profit or loss

		GROUP		COMPANY	
		Year ended 31 December		Year ended 31 December	
	Note	2024 KShs. Million	2023 KShs. Million	2024 KShs. Million	2023 KShs. Million
Interest income	6	48,165	37,942	25	16
Interest expense	7	(23,828)	(12,294)	-	-
Net interest income		**24,337**	**25,648**	**25**	**16**
Fees and commission revenue	8	6,042	6,670	-	-
Fees and commission expense	9	(1,069)	(1,032)	-	-
Net fees and commission income		**4,973**	**5,638**	**-**	**-**
Trading revenue	10	7,502	10,247	-	-
Net gain/ (loss) from financial instruments at fair value through profit or loss	11 (a)	2,849	(92)	-	-
Other income	12	114	153	6,352	5,654
Other losses on financial instruments	11 (b)	(32)	(277)	-	-
Trading and other income		**10,433**	**10,031**	**6,352**	**5,654**
Total income		**39,743**	**41,317**	**6,377**	**5,670**
Credit impairment losses	23 (e)	(3,099)	(6,236)	-	-
Net income before operating expenses		**36,644**	**35,081**	**6,377**	**5,670**
Employee benefits expense	13	(9,135)	(8,656)	(166)	(81)
Depreciation and amortisation expense	26,27, 28	(707)	(622)	-	-
Depreciation on right-of use assets	30	(324)	(336)	-	-
Other operating expenses	14	(7,497)	(8,367)	(26)	(27)
Finance costs	15	(10)	(6)	(1)	(1)
Total operating expenses		**(17,673)**	**(17,987)**	**(193)**	**(109)**
Profit before income tax		**18,971**	**17,094**	**6,184**	**5,561**
Income tax expense		(5,255)	(4,936)	(12)	-
Profit for the year	16	**13,716**	**12,158**	**6,172**	**5,561**
Earnings per share					
Basic and diluted (KShs per share)	17	34.70	30.75	15.61	14.07

The notes on pages 129 to 241 form an integral part of these consolidated and separate financial statements

Financial statements

For the year ended 31 December 2024

Group and Company statement of other comprehensive income

		GROUP		COMPANY	
		Year ended 31 December		Year ended 31 December	
		2024	2023	2024	2023
	Note	KShs. Million	KShs. Million	KShs. Million	KShs. Million
Profit for the year		**13,716**	**12,158**	**6,172**	**5,561**
Other comprehensive income for the year, net of income tax					
Items that may be reclassified to profit or loss					
Currency translation differences for foreign operations		(951)	(223)	-	-
Net gains/ (loss) in debt financial assets measured at fair value through other comprehensive income (FVOCI)*	21.2	422	(144)	-	-
Total other comprehensive income for the year, net of income tax		**(529)**	**(367)**	**-**	**-**
Total comprehensive income for the year		**13,187**	**11,791**	**6,172**	**5,561**

* Income tax relating to each component of other comprehensive income is disclosed in note 38

The notes on pages 129 to 241 form an integral part of these consolidated and separate financial statements

Financial statements
As at 31 December 2024

Group and Company statement of financial position

		GROUP		COMPANY	
		As at 31 December		As at 31 December	
		2024 KShs. Million	2023 KShs. Million	2024 KShs. Million	2023 KShs Million
Assets					
Cash and balances with central banks	19	24,677	25,503	-	-
Financial assets – (FVTPL)	20 (a)	54,649	2,898	-	-
Financial assets – (FVOCI)	21	15,462	19,892	-	-
Financial assets – (amortised cost)	22	29,079	22,555	-	-
Derivative assets	33	2,095	2,250	-	-
Current tax asset	37	1,461	-	9	13
Loans and advances to banks	23 (a)	64,486	95,705	159	216
Loans and advances to customers	23 (b)	230,218	260,509	-	-
Other assets and prepayments	24	10,449	7,608	20	20
Investment in subsidiaries and other investments	25	18	18	18,218	18,218
Property and equipment	26	2,231	2,078	-	-
Right-of-use assets (buildings)	30	693	858	-	-
Right-of-use assets (leasehold land)	27	30	33	-	-
Other intangible assets	28	993	740	-	-
Intangible assets - goodwill	29	9,350	9,350	-	-
Deferred tax asset	38	8,943	9,287	-	-
Total assets		**454,834**	**459,284**	**18,406**	**18,467**
Equity and liabilities					
Liabilities					
Derivative liabilities	33	2,746	2,570	-	-
Financial liabilities – FVTPL	20 (b)	16,322	14,071	-	-
Current tax liability	37	20	2,192	-	-
Deposits from banks	34 (a)	20,819	26,004	-	-
Deposits from customers	34 (b)	318,193	321,234	-	-
Borrowings	35	10,482	12,713	-	-
Other liabilities and accrued expenses	36	10,140	10,939	264	156
Lease liabilities	31	712	1,007	-	-
Total liabilities		**379,434**	**390,730**	**264**	**156**
Equity					
Ordinary share capital	32 (b)	1,977	1,977	1,977	1,977
Ordinary share premium	32 (c)	16,897	16,897	16,897	16,897
Other reserves	44	(642)	(1,065)	-	-
Retained earnings		57,168	50,745	(732)	(563)
Total shareholders' equity		**75,400**	**68,554**	**18,142**	**18,311**
Total equity and liabilities		**454,834**	**459,284**	**18,406**	**18,467**

The notes on pages 129 to 241 form an integral part of these consolidated and separate financial statements

The financial statements on pages 122 to 241 were approved and authorised for issue by the Board of Directors on 04 March 2025 and signed on its behalf by:

Chairman ....
Joseph L.O. Muganda

Chief Executive ....
Patrick Mweheire

Director ....
Dorcas F. Kombo

Financial statements
For the year ended 31 December 2024

Group statement of changes in equity

For the year ended 31 December 2024	Note	Share Capital	Share Premium	Other Reserves	Retained earnings	Total Equity
		KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
At 1 January 2024		**1,977**	**16,897**	**(1,065)**	**50,745**	**68,554**
Profit for the year		-	-	-	13,716	**13,716**
Other comprehensive income, net of tax		-	-	(529)	-	**(529)**
Transfer of statutory credit risk reserve		-	-	960	(960)	-
Transfer of revaluation reserves		-	-	(8)	8	-
Transactions with owners recorded directly in equity, contributions by and distributions to owners of the Group						
2023 final dividend paid	18	-	-	-	(5,614)	**(5,614)**
2024 interim dividend paid	18	-	-	-	(727)	**(727)**
Total transactions with owners of the Group		-	-	-	**(6,341)**	**(6,341)**
At 31 December 2024		**1,977**	**16,897**	**(642)**	**57,168**	**75,400**

The notes on pages 129 to 241 form an integral part of these consolidated and separate financial statements

Financial statements

For the year ended 31 December 2024

Group Statement of changes in equity (continued)

For the year ended 31 December 2023	Note	Share Capital	Share Premium	Other Reserves	Retained earnings	Total Equity
		KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
At 1 January 2023		**1,977**	**16,897**	**(2,100)**	**45,424**	**62,198**
Profit for the year		-	-	-	12,158	12,158
Other comprehensive income, net of tax		-	-	(367)	-	(367)
Transfer of statutory credit risk reserve				1,410	(1,410)	-
Transfer of revaluation reserves		-	-	(8)	8	-
Transactions with owners recorded directly in equity, contributions by and distributions to owners of the Group						
2022 final dividend paid	18	-	-	-	(4,981)	(4,981)
2023 interim dividend paid	18	-	-	-	(454)	(454)
Total transactions with owners of the Group		**-**	**-**	**-**	**(5,435)**	**(5,435)**
At 31 December 2023		**1,977**	**16,897**	**(1,065)**	**50,745**	**68,554**

The notes on pages 129 to 241 form an integral part of these consolidated and separate financial statements

Financial statements
For the year ended 31 December 2024

Company statement of changes in equity

		Attributable to equity holders			
Year ended 31 December 2024		**Share Capital**	**Share Premium**	**Retained earnings**	**Total Equity**
	Note	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
At 1 January 2024		**1,977**	**16,897**	**(563)**	**18,311**
Profit for the year		**-**	**-**	6,172	**6,172**
Contribution and distributions to owners					
2023 final dividend paid	18	-	-	(5,614)	**(5,614)**
2024 interim dividend paid	18	-	-	(727)	**(727)**
Total contributions by and distributions to owners		**-**	**-**	**(6,341)**	**(6,341)**
At 31 December 2024		**1,977**	**16,897**	**(732)**	**18,142**

		Attributable to equity holders			
Year ended 31 December 2023		**Share Capital**	**Share Premium**	**Retained earnings**	**Total Equity**
	Note	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
At 1 January 2023		**1,977**	**16,897**	**(689)**	**18,185**
Profit for the year		**-**	**-**	5,561	**5,561**
Contribution and distributions to owners					
2022 final dividend paid	18	-	-	(4,981)	**(4,981)**
2023 interim dividend paid	18	-	-	(454)	**(454)**
Total contributions by and distributions to owners		**-**	**-**	**(5,435)**	**(5,435)**
At 31 December 2023		**1,977**	**16,897**	**(563)**	**18,311**

The notes on pages 129 to 241 form an integral part of these consolidated and separate financial statements

Financial statements
For the year ended 31 December 2024

Group and Company statement of cashflows

		Group		Company	
		2024	2023*	2024	2023
	Note	KShs Million	KShs Million	KShs. Million	KShs Million
Cash flows from operating activities	39 (a)	(492)	3,956	6,184	5,561
Interest received		43,267	36,277	-	-
Interest paid		(24,633)	(13,860)	-	-
Income tax paid	37 (a)	(8,723)	(6,173)	(8)	(3)
Cash flows from operating activities before changes in operating assets and liabilities		**9,419**	**20,200**	**6,176**	**5,558**
Changes in operating assets and liabilities:					
Net change in loans and advances to customers		31,653	(31,966)	-	-
Net change in financial assets – FVOCI		(6,972)	10,024	-	-
Net change in financial assets – FVTPL		(52,159)	(1,633)	-	-
Net change in cash reserve requirements		2,157	(3,696)	-	-
Net change in other assets and prepayments		(2,841)	(1,507)	-	(1)
Net change in deposits from banks		(4,119)	(13,931)	-	-
Net change in other liabilities and accrued expenses		(799)	40	108	36
Net change in deposits from customers		(2,204)	49,670	-	-
Net change in financial liabilities – FVTPL		2,251	6,070	-	-
Net cash (used in)/ generated from operating activities		**(23,614)**	**33,271**	**6,284**	**5,593**
Cash flows from investing activities:					
Net change in financial assets – at amortised cost		**(6,524)**	**3,734**	**-**	**-**
Acquisition		(16,276)	-	-	-
Proceeds from sales		9,752	3,734	-	-
Additions to property and equipment	26	(674)	(615)	-	-
Additions to intangible assets	28	(505)	(122)	-	-
Proceeds from sale of property and equipment		24	15	-	-
Net cash (used in)/ generated from investing activities		**(7,679)**	**3,012**	**-**	**-**
Cash flows from financing activities:					
Dividends paid	18	(6,341)	(5,435)	(6,341)	(5,435)
Payment of lease liabilities	31	(415)	(476)	-	-
Net cash used in financing activities		**(6,756)**	**(5,911)**	**(6,341)**	**(5,435)**
Net (decrease)/ increase in cash and cash equivalents		**(38,049)**	**30,372**	**(57)**	**158**
Effect of exchange rate changes		(2,919)	2,483	-	-
Cash and cash equivalents at start of year		102,044	69,189	216	58
Cash and cash equivalents at end of year	39 (b)	**61,076**	**102,044**	**159**	**216**

*Comparative figures are reclassified. Refer to note 2.24

The notes on pages 129 to 241 form an integral part of these consolidated and separate financial statements

Financial statements
For the year ended 31 December 2024

Notes

1. General information

Stanbic Holdings Plc is incorporated in Kenya under the Companies Act as a limited liability company, and is domiciled in Kenya. The address of its registered office is

Stanbic Bank Centre
Chiromo Road, Westlands
P.O. Box 72833
00200 Nairobi GPO

The Company's shares are listed on the Nairobi Securities Exchange (NSE).

Principal activities of the Group are providing financial services including banking, insurance agency and stock brokerage. The Group is licensed under the Kenyan Banking, Capital Markets, retirement benefit and insurance Acts to provide these services.

The financial statements for the year ended 31 December 2024 were approved and authorised for issue by the Board of Directors on 04 March 2025. The financial statements comprise the Group and Company statements of financial position as at 31 December 2024, and the Group and Company statements of profit or loss, the Group and Company statements of other comprehensive income, the Group and Company statements of changes in equity and the Group and Company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of material accounting policies and other explanatory information. Neither the entity's owners nor others have the power to amend the financial statements after issue. For Kenyan Companies Act, 2015 reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss, in these financial statements.

2. Summary of Material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The annual financial statements (AFS) are prepared in accordance with IFRS(R) Accounting Standards as issued by the International Accounting Standards Board (IASB), its interpretations adopted by the IASB, and the Kenyan Companies Act, 2015. The financial statements have been prepared using the accrual basis of accounting except for cash flow information. The annual financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Fair value through other comprehensive income (FVOCI) financial assets, financial assets and liabilities at fair value through profit or loss and liabilities for cash-settled and equity-settled share-based payment arrangements (accounting policy 2.7).

The following principal accounting policy elections in terms of IFRS Accounting Standards have been made, with reference to the detailed accounting policies shown in brackets:

- purchases and sales of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned are recognised and derecognised using trade date accounting (accounting policy 2.6);
- property and equipment and intangible assets are accounted for using the cost model except for revaluation of buildings that arose from the merger between the former CfC Bank and Stanbic Bank in 2008 (accounting policy 2.8 and 2.9);
- the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities on a net basis (accounting policy 2.6); and
- hyperinflation - the South Sudan economy has been considered hyperinflationary. Accordingly, the results, cash flows and financial position of the South Sudan Branch, have been expressed in terms of the measuring unit prevailing at the reporting date. Refer to accounting policy 2.22.

Use of estimates

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgements in applying the accounting policies. These judgements and estimates used to prepare these financial statements are disclosed in Note 3.

b) Functional and presentation currency

The annual financial statements are presented in Kenya Shillings (KShs) which is the functional and presentation currency of the parent company. All amounts are stated in millions of shillings (KShs Million), unless indicated otherwise. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates which is South Sudan Pound (SSP) for the South Sudan Branch and Kenya Shillings (KShs) for Kenya operations.

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

c) Changes in accounting policies and disclosures

(i) Standards and interpretations that have been published but are not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

Standards and amendments	Key requirements	Effective date
Lack of Exchangeability (Amendments to IAS 21) (issued in August 2023)	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are not expected to have a material impact on the Group's financial statements.	01 January 2025
Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments (issued in May 2024)	The amendments include a new requirement to permit an entity to deem a financial liability that is settled using an electronic payment system to be discharged before the settlement date if specified criteria are met; and provide clarifications regarding assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features, financial assets with non- recourse features and investments in contractually linked instruments. The IASB also amended the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The amendments will be applied prospectively. The amendments are not expected to have a material impact on the Group's financial statements.	01 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements (issued in April 2024)	The standard replaces IAS 1 Presentation of Financial Statements. The standard introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. The Group is currently working to identify all impacts the amendments will have on the Group's financial statements and notes to the financial statements.	01 January 2027

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

c) Changes in accounting policies and disclosures (continued)

(i) Standards and interpretations that have been published but are not yet effective (continued)

Standards and amendments	Key requirements	Effective date
IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued in May 2024)	The IASB issued IFRS 19 that permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. When a parent company prepares consolidated financial statements that comply with IFRS Accounting Standards, its subsidiaries are required to report to the parent using IFRS Accounting Standards. However, for their own financial statements, subsidiaries are permitted to use IFRS Accounting Standards, the IFRS for SMEs Accounting Standard or national accounting standards. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent company applies IFRS Accounting Standards in their consolidated financial statements. A subsidiary does not have public accountability if it does not have equities or debt listed on a stock exchange and does not hold assets in a fiduciary capacity for a broad group of outsiders. The Group is in the planning phase of determining the impact on the annual financial statements of its qualifying subsidiaries. IFRS 19 will however, not be applicable to the Group's annual financial statements as the Group's equity instruments are publicly traded.	01 January 2027
IFRS S1 and IFRS S2 (issued in June 2023)	In June 2023 the ISSB issued its first two IFRS sustainability disclosures standards. IFRS S1 prescribes how companies prepare and report their sustainability-related financial disclosures. IFRS S1 sets out the general requirements for a company to disclose information about its sustainability related risk and opportunities that is useful to users in making decisions relating to providing resources to the company. IFRS S1 also integrates and builds on the recommendations of the Task Force on Climate-related Financial Disclosures (TFCD). IFRS S1 was developed to achieve more consistent, complete, comparable and verifiable information about companies' exposure to and management of sustainability-related risks and opportunities. IFRS S2 sets out the requirements for companies to disclose information about their climate-related risks and opportunities, while building on the requirements of IFRS S1. The ISSB developed IFRS S2 to achieve more consistent, complete, comparable and verifiable information about a company's climate-related risks and opportunities. IFRS S1 and IFRS S2 are effective for annual reporting periods beginning on or after 1 January 2024, but mandatory application of the ISSB standards will depend on each jurisdiction's endorsement or regulatory processes. Institute of Certified Public Accountants of Kenya (ICPAK) have issued a three phase approach roadmap for the adoption of IFRS sustainability disclosure standards in Kenya. **Phase 1**- Voluntary adopters as from 1 January 2024. **Phase 2** - Mandatory adoption as from 1 January 2027 for Public Interest Entities (PIEs); 1 January 2028 for Non-PIEs (Large Enterprises); and 1 January 2029 for Non-PIEs (SMEs). **Phase 3** - Public Sector Entities to be determined by ICPAK. The Group through the Sustainability office is currently assessing the impact of the two standards.	Voluntary - 01 January 2024 Mandatory 01 January 2027

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

c) Changes in accounting policies and disclosures (continued)

(ii) Adoption of new and amended standards effective for the current period

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback - The amendments added requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. The amendments added to the existing sale and leaseback requirements in IFRS 16 and did not change the accounting for leases, other than those arising in a sale and leaseback transaction. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no material impact on the Group's financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current - The first amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity.

The second amendment to IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt in the 12 months after the reporting date. However, a company's ability to do so is often subject to complying with covenants. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants in that 12-month period. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements and the aim of the amendments therefore is to improve the information companies provide about long-term debt with covenants. The amendments have been applied retrospectively and are not expected to have a material impact on the Group's financial statements. The amendments had no material impact on the Group's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments introduce new disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments had no material impact on the Group's financial statements.

2.1 Consolidation

(i) Subsidiaries

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured to its fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability that is a financial instrument and within the scope of IFRS 9 'Financial Instruments' are recognised in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.1 Consolidation (continued)

(i) Subsidiaries (continued)
Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is measured to its fair value at the date when control is lost, with any resulting gain or loss recognised in profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2 Translation of foreign currencies

(i) ***Transactions and balances***

Foreign currency transactions are translated into the respective Functional Currencies of group entities at exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange rate differences on non-monetary items are accounted for based on the classification of the underlying items. Foreign exchange gains and losses on equities (debt) classified as held to collect and sell financial assets are recognised in Other Comprehensive Income(OCI) whereas the exchange differences on equities and debt that are classified as held at fair value through profit or loss are reported as part of the fair value gain or loss in profit or loss.

(ii) ***Foreign operations***

On consolidation, the assets and liabilities of foreign operations are translated into Kenya Shillings at the rate of exchange prevailing at the reporting date and their statements of profit or loss and other comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI.

On the partial disposal of a subsidiary that includes a foreign operation, a proportionate share of the balance of the foreign currency translation reserve is transferred to the non-controlling interests. For all other partial disposals of a foreign operation, the proportionate share of the balance of the foreign currency translation reserve is reclassified to profit or loss.

On disposal (where a change in ownership occurs and control is lost) of a foreign operation, the relevant amount in the foreign currency translation reserve is reclassified to profit or loss at the time at which the profit or loss on disposal of the foreign operation is recognised.

These gains and losses are recognised in profit or loss either on disposal of a foreign operation or partial disposal (a reduction in ownership interest in a foreign operation other than a disposal) of an associate or joint venture that includes a foreign operation.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation are translated at the closing rate. Exchange differences are recognised in OCI.

2.3 Net interest income

Interest income and expense (with the exception of those borrowing costs that are capitalised – refer to accounting policy 2.10 – Capitalisation of borrowing costs) are recognised in profit or loss on an accrual basis using the effective interest method for all interest-bearing financial instruments, except for those classified at fair value through profit or loss which are included under trading income and:

a) purchased or originated credit impaired (POCI) for which the original credit adjusted effective interest rate is applied to the amortised cost of the financial asset; and

b) financial assets that are not "POCI" that have subsequently become impaired for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of expected credit losses) in subsequent reporting periods.

Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial assets or, where appropriate,a shorter period to the net carrying amount of the financial asset or liability.

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.3 Net interest income (continued)

Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate.

When a financial asset is classified as stage 3 impaired, interest income is calculated on the amortised cost based on the original effective interest rate. The contractual interest income on the gross exposure is suspended and is only recognised in credit impairments when the financial assetis reclassified out of stage 3.

Dividends received on preference share investments classified as debt form part of the Group's lending activities and are included in interest income.

2.4 Non-interest revenue

a) Net fee and commission revenue

Fee and commission revenue, including transaction fees, investment management fees, sales commissions, knowledge based and client adminstration fees, electronic banking fees, foreign service fees, documentation and adminstration fees, brokerage commission and placement fees are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight- line basis over the commitment period. Loan syndication fees, where the Group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised as interest income.

The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract.

Fee and commission expense included in net fee and commission revenue are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is recognised as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.

b) Trading revenue

Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.

c) Other income

Other income includes gains and losses on equity instruments designated at fair value through profit or loss, dividends relating to those financial instruments, and remeasurement gains and losses from contingent consideration on disposals and purchases. Other income also includes proceeds on sale of property, plant and equipment.

d) Revenue sharing agreements with related companies

Revenue sharing agreements with related companies includes the allocation of revenue from transfer pricing agreements between the group's legal entities. The service payer makes payment to service sellers for services rendered. All agreements of a revenue sharing nature are presented in the statement of profit or loss as follows:

- The service payer in the agreement recognises, to the extent the charge is less than revenue from the agreement, the charge to the service sellers within the statement of profit or loss line item revenue sharing agreements with related companies. To the extent that the revenue allocation to service sellers within the group is greater than the available revenue from the agreement, the charge above the available revenue is recognised within other operating expenses.

- The service seller in the agreement recognises, to the extent the allocation is made out of available revenue of the service payer, the revenue from the service payer within the statement of profit or loss line item revenue sharing agreements with related companies. To the extent the revenue is not received from the service payer's available revenue, such revenue is recognised as a fee and commission revenue.

2.5 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise cash on hand, balances with central banks, Treasury and other eligible bills and amounts due from banks on demand or with an original maturity of three months or less, net of amounts due to other banks on demand or with an original maturity of three months or less. These are subject to insignificant risk of changes in their fair value.

2.6 Financial instruments

(i) Initial recognition and measurement

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the group commits to purchase (sell) the instruments (trade date accounting).

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.6 Financial instruments (continued)

(i) Initial recognition and measurement (continued)

Financial assets

Financial assets are classified under each of the categories below and their carrying amounts are disclosed in Note 40.

Nature	
Amortised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss - default.
Fair value through other comprehensive income (FVOCI)	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss - default. Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.
Held-for-trading	Those financial assets acquired principally for the purpose of selling in the near term (including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss (FVTPL)	Financial assets are designated to be measured at fair value to eliminate or significantly reduce an accounting mismatch that would otherwise arise.
Fair value through profit or loss - default	Financial assets that are not classified into one of the above mentioned financial asset categories.

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.6 Financial instruments (continued)

Financial assets (continued)

(ii) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classifications as follows:

Nature	
Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through other comprehensive income (FVOCI)	**Debt instrument:** Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Expected credit impairments losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss. **Equity instrument:** Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained earnings. Dividends received on equity instruments are recognised in other revenue within noninterest revenue.
Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as income from financial instruments at fair value through profit or loss.
Fair value through profit or loss - default	**Debt instruments** – Fair value gains and losses (including interest and dividends) on the financial asset recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue. **Equity instruments** – Fair value gains and losses on the financial asset recognised in the income statement as income from financial instruments at fair value through profit or loss. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.6 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Expected credit losses (ECL) are recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are neither measured at fair value through profit or loss nor are used to provide a loan at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a Significant Increase in Credit Risk (SICR) at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL allowance is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit impaired assets)	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: • default (as defined below) • significant financial difficulty of borrower and/or modification • probability of bankruptcy or financial reorganisation • disappearance of an active market due to financial difficulties.

The key components of the impairment methodology are described as follows:

Significant increase in credit risk	At each reporting date, the Group assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.
Low credit risk	Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations.
Default	The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets: • significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower); • a breach of contract, such as default or delinquency in interest and/or principal; • disappearance of active market due to financial difficulties; • it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; • where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider; • Exposures which are overdue for more than 90 days are also considered to be in default.
Forward-looking information	Forward-looking information is incorporated into the Group's impairment methodology calculations and in the Group's assessment of SICR. The Group includes all forward looking information which is reasonable and available without undue cost or effort. The information will typically include expected macro-economic conditions and factors that are expected to impact portfolios or individual counterparty exposures.
Write-off	Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.6 Financial instruments (continued)

Financial assets (continued)

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying amount of the financial asset is recognised in the statement of financial position at fair value.

Reclassification

Reclassifications of debt financial assets are permitted when, and only when, the Group changes its business model or managing financial assets, in which case all affected financial assets are reclassified. Reclassifications are accounted for prospectively from the date of reclassification as follows:

- Financial assets that are reclassified from amortised cost to fair value are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in other gains and losses on financial instruments;
- The fair value of a financial asset that is reclassified from fair value to amortised cost becomes the financial asset's new carrying amount;
- Financial assets that are reclassified from amortised cost to fair value through OCI are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in OCI;
- The fair value of a financial asset that is reclassified from fair value through OCI to amortised cost becomes the financial asset's new carrying amount with the cumulative fair value adjustment recognised in OCI being recognised against the new carrying amount;
- The carrying amount of financial assets that are reclassified from fair value through profit or loss to fair value through OCI remains at fair value;
- The carrying amount of financial assets that are reclassified from fair value through OCI to fair value through profit or loss remains at fair value, with the cumulative fair value adjustment in OCI being recognised in the statement of profit or loss at the date of reclassification.

Financial liabilities

Nature	
Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances to eliminate or significantly reduce an accounting mismatch that would otherwise arise where; • the financial liabilities are managed and their performance evaluated and reported on a fair value basis. • the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.
Amortised cost	All other financial liabilities not included in the above categories.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Nature	
Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including interest and dividends but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue. Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within trading revenue.
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.6 Financial instruments (continued)

Derecognition and modification of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances:

	DERECOGNITION	MODIFICATION
Financial assets	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group enters into transactions whereby it transfers assets, recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors: Change in currency of the loan, Introduction of an equity feature, change in counterparty and whether the modification is such that the instrument would no longer meet the SPPI criterion. If the modification does not result in cash flows that are substantially different, as set out below, then it does not result in derecognition.	Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes. If the terms are not substantially different for financial assets or financial liabilities, the Group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).
Financial liabilities	Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.	See modification for financial assets in the previous page.

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.6 Financial instruments (continued)

Financial guarantee contracts and loan commitments below market interest rate

A financial guarantee contract is a contract that requires the group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee.

A loan commitment is described in IFRS 9 as a firm commitment to provide credit under specified terms and conditions. It is a binding promise from a lender that a specified amount of loan or line of credit will be made available to the named borrower at a certain interest rate, during a certain period and, usually, for a certain purpose. Loan commitments at a below market interest rate are initially recognised when the group and company become party to the irrevocable commitment at fair value.

Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee. Financial guarantee contracts (that are not designated at fair value through profit or loss) are subsequently measured at the higher of the:

- ECL calculated for the financial guarantee or loan commitment; or
- unamortised premium

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently enforceable legal right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparties to the transaction.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Derivative and embedded derivatives

A derivative is a financial instrument whose fair value changes in response to an underlying variable provided in the case if the underlying is not specific to a party to the contract, requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors and is settled at a future date.

In the normal course of business, the Group enters into a variety of derivative transactions for both trading and hedging purposes. Derivative financial instruments are entered into for trading purposes and for hedging foreign exchange, interest rate, inflation, credit, commodity and equity exposures. Derivative instruments used by the Group in both trading and hedging activities include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, credit risk, inflation risk, interest rates and the prices of commodities and equities.

Derivatives are initially recognised at fair value. Derivatives are classified as held-for-trading with all changes in fair value being recognised within trading revenue. This includes forward contracts to purchase or sell commodities, where net settlement occurs or where physical delivery occurs and the commodities are held to settle another derivative contract. All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

In terms of IFRS 9, embedded derivatives included in hybrid instruments, where the host is a financial asset, are assessed in terms of the accounting policy on financial assets. In all other instances (being non-financial host contracts and financial liabilities), the embedded derivatives are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a stand-alone derivative and the combined contract is not measured at fair value through profit or loss. The host contract is accounted for and measured applying the relevant Group accounting policy. The method of recognising fair value gains and losses on derivatives designated as a hedging instrument depends on the nature of the hedging relationship.

Sale and repurchase agreements and lending of securities

Securities sold subject to linked repurchase agreements (Repos) are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included under deposit and current accounts or trading liabilities, as appropriate.

Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate.

For repurchase and reverse repurchase agreements measured at amortised cost, the difference between the purchase and sales price is treated as interest and amortised over the expected life using the effective interest method.

Securities lent to counterparties are retained in the annual financial statements. Securities borrowed are not recognised in the annual financial statements unless sold to third parties. In these cases, the obligation to return the securities borrowed is recorded at fair value as a trading liability.

Income and expenses arising from the securities borrowing and lending business are recognised over the period of the transactions.

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.7 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions.

When a price for an identical asset or liability is not observable, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at measurement date.

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred where the fair value of the financial instrument cannot be evidenced by comparison with other observable current market transactions in the same instrument, or determined using valuation models that utilise non-observable market data as inputs. The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Subsequent to initial recognition, fair value is measured based on quoted market prices or dealer price quotations for the assets and liabilities that are traded in active markets and where those quoted prices represent fair value at the measurement date.

If the market for an asset or liability is not active or the instrument is unlisted, the fair value is determined using other applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The Group has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits a group of financial assets and financial liabilities to be measured at fair value on a net basis. This election is applied where the Group:

- manages the group of financial assets and financial liabilities on the basis of the Group's net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the Group's documented risk management or investment strategy;
- provides information on that basis about the group of financial assets and financial liabilities to the Group's key management personnel; and
- is required to or has elected to measure those financial assets and financial liabilities at fair value at the end of each reporting period.

Fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

2.8 Property and equipment

Equipment and owner-occupied properties, furniture, vehicles and other tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Costs that are subsequently incurred are included in the asset's related carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. Expenditure, which does not meet these criteria, is recognised the statement of profit or loss as incurred.

Owner-occupied properties are held for use in the supply of services or for administrative purposes.

Property and equipment are depreciated on the straight-line basis over the estimated useful lives of the assets to their residual values. Land is not depreciated. Leasehold buildings are depreciated over the shorter of the lease period or their useful lives.

The revaluation reserve in equity arose from revaluation of the Stanbic Bank Centre, Chiromo Road office at the point where CfC Bank and Stanbic Bank merged.

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.8 Property and equipment (continued)

The estimated useful lives of tangible assets are typically as follows;

Class	Depreciation period
Buildings	40 years
Motor vehicles	4-5 years
Computer equipment	3-5 years
Office equipment	5-10 years
Furniture and fittings	5-13 years

Work in progress is not depreciated.

There has been no significant change to the estimated useful lives and depreciation methods from those applied in the previous financial year.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognising of the item is included in the statement of profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and the depreciation method applied are reviewed, and adjusted prospectively if appropriate, at each financial year end.

2.9 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's Cash-generating Units (CGU), or groups of CGUs that are expected to benefit from the synergies of the combination.

Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is assessed at the operating segment level.

Note 29, sets out the major cash generating unit to which goodwill has been allocated.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to a CGU and then to reduce the carrying amount of other assets in the CGU on a pro rata basis. The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs of disposal and its value in use. Any impairment recognised on goodwill is not subsequently reversed.

Computer software

Costs associated with developing or maintaining computer software programmes and the acquisition of software licences are generally recognised as an expense as incurred. However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the Group and have probable future economic benefits beyond one year, are recognised as intangible assets. Capitalisation is further limited to development costs where the Group is able to demonstrate its intention and ability to complete and use the software, the technical feasibility of the development, and the availability of resources to complete the development, how the development will generate probable future economic benefits and the ability to reliably measure costs relating to the development. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Expenditure subsequently incurred on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis at rates appropriate to the expected useful lives of the assets (2 to 10 years) from the date that the assets are available for use, and are carried at cost less accumulated amortisation and accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when impaired.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if necessary.

2.10 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurred in connection with the borrowing of funds. Borrowing costs that relate to qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value, are capitalised. All other borrowing costs are recognised in profit or loss.

2.11 Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.11 Impairment of non-financial assets (continued)

Fair value less costs of disposal is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use (CGUs). Impairment test also can be performed on a single asset when the fair value less costs of disposal or the value in use can be determined reliably. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Property and equipment see note 26, note 2.8
- Intangible assets see note 28, note 2.9
- Disclosure on significant assumptions see note 3
- Right-of-use assets (leasehold land) see note 27
- Right-of-use assets (buildings) see note 30
- Intangible assets - goodwill see note 29 and 3.12

2.12 Accounting for leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Group recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Group is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used.

For leases that contain non-lease components, the Group allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Group at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

Termination of leases

When the group or lessor terminates or cancels a lease, the right of use asset and lease liability are derecognised. On derecognition of the right of use asset and lease liability, any difference is recognised as a derecognition gain or loss in profit or loss.

Reassessment and modification of leases

When the Group reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.

For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right of use asset is reduced to zero any further reduction in the measurement of the lease liability is recognised in profit or loss.

For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right of use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.

Financial statements

For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.12 Accounting for leases (continued)

Reassessment and modification of leases (continued)

When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease.

This accounting treatment equally applies to leases which the group elected the short-term lease exemption and the lease term is subsequently modified.

2.13 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in provision due to passage of time is recognised as an expense.

Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole.

Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.

A provision for restructuring is recognised when the Group has approved a detailed formal plan, and the restructuring either has commenced or has been announced publicly. Future operating costs or losses are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the Group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Group's control.

Contingent liabilities include certain guarantees, other than financial guarantees, and letters of credit.

Contingent liabilities are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are remote.

2.14 Taxation

(i) Direct tax

Current tax includes all domestic and foreign taxes based on taxable profits and capital gains tax. Current tax is determined for current period transactions and events and deferred tax is determined for future tax consequences. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI.

Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. They are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised for the following temporary differences:

- the initial recognition of goodwill;
- the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and
- investments in subsidiaries, associates and jointly controlled arrangements (excluding mutual funds) where the group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future.

Financial statements

For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.14 Taxation (continued)

(i) Direct tax (continued)

Current and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(ii) Indirect tax

Indirect taxes, including non-recoverable VAT, skills development levies and other duties for banking activities, are recognised in profit or loss and included in administrative expenses.

2.15 Employee benefits

(i) Defined contribution plans

The Group operates a number of defined contribution plans, based on a percentage of pensionable earnings funded by both employer companies and employees. The assets of which are generally held in separate trustee- administered funds.

Contributions to these plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

The Group and its employees also contribute to the National Social Security Fund. These contributions are determined by local statutes and the Group's contributions are charged to profit or loss in the year which they relate to. Refer to note 13.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short-term benefits

Short-term benefits consist of salaries, accumulated leave payments, profit share, bonuses and any non- monetary benefits such as medical aid contributions.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.16 Dividends

Dividends in ordinary shares are charged to equity in the period in which they are declared.

2.17 Equity

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(i) Share issue costs

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

(ii) Dividends on ordinary shares

Dividends are recognised in equity in the period in which they are declared. Distributions declared after the reporting date are disclosed in the distributions note.

Proposed dividends are presented within retained earnings until they have been ratified at an Annual General Meeting. They are disclosed under note 18.

2.18 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary share shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential shares, if any.

2.19 Equity-linked transactions

Equity compensation plans

The Group operates both equity-settled and cash-settled share-based compensation plans.

The fair value of equity-settled share options is determined on the grant date and accounted for as staff costs over the vesting period of the share options, with a corresponding increase in the share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against profit or loss and equity over the remaining vesting period.

On vesting of share options, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of equity-

Financial statements
For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.19 Equity-linked transactions (continued)

Equity compensation plans (continued)

settled share options, proceeds received are credited to share capital and premium.

Share-based payments settled in cash are accounted for as liabilities at fair value until settled. The liability is recognised over the vesting period and is revalued at every reporting date and on settlement. Any changes in the liability are recognised in profit or loss.

2.20 Segment reporting

An operating segment is a component of the Group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments and the measurement of segment results is based on the group's internal reporting to the chief operating decision makers, comprising of the executive committee.

Transactions between segments are priced at market-related rates.

2.21 Fiduciary activities

The Group commonly engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these annual financial statements as they are not assets of the Group. However, fee income earned and fee expenses incurred by the Group relating to the Group's responsibilities from fiduciary activities are recognised in profit or loss.

2.22 Hyperinflation

The South Sudan economy was classified as hyperinflationary from 1 January 2016. Accordingly, the results, cash flows and financial position of Stanbic South Sudan Branch were expressed in terms of the measuring unit at the reporting date. The results, cash flows and financial position were also expressed in terms of the measuring unit at the reporting date for the previous period.

As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts were not adjusted for changes in the price level or exchange rates in the period. The prior period adjustments related to non-monetary items and differences arising on translation of comparative amounts were accounted for directly in retained earnings.The carrying amounts of non-monetary assets and liabilities were adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting year in prior period.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting year. On initial application of hyperinflation, prior year gains and losses are recognised directly in equity. Gains or losses on the net monetary position are recognised in profit or loss. All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first year of application, the components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position. At the end of the first year and in subsequent years, all components of equity are restated by applying a general price index from the beginning of the year or the date of contribution, if later. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting year.

Gains or losses on the net monetary position are recognised in profit or loss within trading revenue (Note 10).

2.23 Letters of Credit Acceptances

Letters of credit acceptances arise in two ways:

(i) Issuing Bank

At initial recognition where the Group is the issuing bank, it recognises a contingent liability for the amount that it may be required to pay out to the confirming bank or beneficiary should the terms and conditions underlying the contract be met.

On the date that all terms and conditions underlying the contract are met, the Group recognises a financial asset (at fair value) on the statement of financial position as part of loans and advances for the contractual right to receive cash from the applicant. Concurrently, the Group recognises a financial liability (at fair value) on the statement of financial position as part of deposits for the contractual obligation to deliver cash to the beneficiary or the confirming bank, depending on the structure of the arrangement.

(ii) Confirming Bank

At initial recognition where the Group is the confirming bank, it recognises the amount that it may be required to pay out to the beneficiary should the terms and conditions underlying the contract be met. The Group concurrently recognises a contingent asset for the amount that the issuing bank may be entitled to receive.

On the date that all terms and conditions underlying the contract are met the Group recognises a financial asset (at fair value) on the statement of financial position as part of loans and advances for the contractual right to receive cash from the issuing bank and concurrently recognises a

Financial statements

For the year ended 31 December 2024

Notes (continued)

2. Summary of Material accounting policies (continued)

2.23 Letters of Credit Acceptances (continued)

(ii) Confirming Bank (continued)

financial liability (at fair value) on the statement of financial position as part of deposits for the contractual obligation to deliver cash to the beneficiary.

2.24 Statement of cash flows comparatives

In the prior year, the statement of cash flows was presented in accordance with the indirect method with the profit before income tax being used as a starting point for presenting operating cash flows. However, adjustment for expected credit impairment losses was included in the net changes in financial assets. In order to enhance the current year's presentation, management decided to separately adjust for the expected credit impairment losses in arriving at the cash flows from operating activities before changes in operating assets and liabilities. This enhancement has a nil impact on the aggregate "net cash generated from operating activities" for the year ended 31 December 2023.In addition the group has included the gross inflows and outflows relating to investments held at amortised cost to enhance presentation, this did not impact the net cash flows from investing activities and represented the prior figures accordingly.

3. Critical accounting estimates and judgements in applying accounting policies

In preparing the financial statements, estimates and judgement are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of uncertain future events that are believed to be reasonable under the circumstances.

Unless otherwise stated, no material changes to assumptions have occurred during the year.

3.1 Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3.2 Impairment of financial assets carried at fair value through OCI (FVOCI)

The Group reviews its debt securities classified as FVOCI investments at each reporting date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances.

3.3 Impairment of financial assets at amortised cost

The Group reviews its debt securities classified as amortised cost investments at each reporting date to assess whether they are impaired. This requires similar judgements as applied to the individual assessment of loans and advances.

3.4 Fair value of financial instruments

In terms of IFRS Accounting Standards, the Group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value, being the price that would, respectively, be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the group and, in particular, provides assurance that the risk and return measures that the Group has taken are accurate and complete.

Valuation process

The Group's valuation control framework governs internal control standards, methodologies and procedures over its valuation processes, which include:

Prices quoted in an active market: The existence of quoted prices in an active market represents the best evidence of fair value. Where such prices exist, they are used in determining the fair value of financial assets and financial liabilities.

Valuation techniques: Where quoted market prices are unavailable, the group establishes fair value using valuation techniques that incorporate observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices, for such assets and liabilities. Parameter inputs are obtained directly from the market, consensus pricing services or recent transactions in active markets, whenever possible. Where such inputs are not available, the group makes use of theoretical inputs in establishing fair value (unobservable inputs). Such inputs are based on other relevant input sources of information and incorporate assumptions that include prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustments to reflect the terms of the actual instrument being valued and current market conditions. Changes in these assumptions would affect the reported fair values of these financial instruments. Valuation techniques used for financial instruments include the use of financial models that are populated using market parameters that are corroborated by reference to independent market data, where possible, or alternative sources, such as, third-party quotes, recent transaction prices or suitable proxies. The fair value of

Financial statements

For the year ended 31 December 2024

Notes (continued)

3. Critical accounting estimates and judgements in applying accounting policies (continued)

3.4 Fair value of financial instruments (continued)

Valuation process (continued)

certain financial instruments is determined using industry standard models such as, discounted cash flow analysis and standard option pricing models. These models are generally used to estimate future cash flows and discount these back to the valuation date. For complex or unique instruments, more sophisticated modelling techniques may be required, which require assumptions or more complex parameters such as correlations, prepayment spreads, default rates and loss severity.

Valuation adjustments: Valuation adjustments are an integral part of the valuation process. Adjustments include, but are not limited to: credit spreads on illiquid issuers; implied volatilities on thinly traded instruments; correlation between risk factors; prepayment rates; other illiquid risk drivers. In making appropriate valuation adjustments, the group applies methodologies that consider factors such as bid-offer spreads, liquidity, counterparty and own credit risk. Exposure to such illiquid risk drivers is typically managed by:

- using bid-offer spreads that are reflective of the relatively low liquidity of the underlying risk driver.
- raising day one profit or loss provisions in accordance with IFRS Accounting Standards.
- quantifying and reporting the sensitivity to each risk driver.
- limiting exposure to such risk drivers and analysing exposure on a regular basis.

Validation and control: All financial instruments carried at fair value, regardless of classification, and for which there are no quoted market prices for that instrument, are fair valued using models that conform to international best practice and established financial theory. These models are validated independently by the Group's model validation unit and formally reviewed and approved by the market risk methodologies committee. This control applies to both off-the-shelf models, as well as those developed internally by the Group. Further, all inputs into the valuation models are subject to independent price validation procedures carried out by the Group's market risk unit. Such price validation is performed on at least a monthly basis, but daily where possible given the availability of the underlying price inputs. Independent valuation comparisons are also performed and any significant variances noted are appropriately investigated. Less liquid risk drivers, which are typically used to mark level 3 assets and liabilities to model, are carefully validated and tabled at the monthly price validation forum to ensure that these are reasonable and used consistently across all entities in the group. Sensitivities arising from exposures to such drivers are similarly scrutinised, together with movements in level 3 fair values. They are also disclosed on a monthly basis at the market risk, asset and liability committees.

Portfolio exception: The group has, on meeting certain qualifying criteria, elected the portfolio exception which allows an entity to measure the fair value of certain groups of financial assets and financial liabilities on a net basis similar to how market participants would price the net risk exposure at the measurement date.

The total amount of the change in fair value estimated using valuation techniques not based on observable market data that was recognised in profit or loss for the year ended 31 December 2024 was a profit of KShs nil (2023: KShs nil)

Additional disclosures on fair value measurements of financial instruments are set out in notes 2.7 and 4.6.

3.5 Development costs

The Group capitalises software development costs for an intangible assets in accordance with the accounting policy detailed in note 2.9. Initial capitalisation of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone and where the Group is able to demonstrate its intention and ability to complete and use the software.

3.6 Share-based payment

The Group has a number of cash and equity-settled share incentive schemes which are issued to qualifying employees based on the rules of the schemes. The Group uses the Black-Scholes option pricing model to determine the fair value of awards on grant date for its equity-settled share incentive schemes. The valuation of the Group's obligation with respect to its cash-settled share incentive scheme obligations is determined with reference to the SBG share price, which is an observable market input. In determining the expense to be recognised for both the cash and equity-settled share schemes, the Group estimates the expected future vesting of the awards by considering staff attrition levels. The Group also makes estimates of the future vesting of awards that are subject to non-market vesting conditions by taking into account the probability of such conditions being met. Refer to note 45 for further details regarding the carrying amount of the liabilities arising from the Group's cash-settled share incentive schemes and the expenses recognised in the statement of profit or loss.

3.7 Income taxes

The Group is subject to direct taxation in two jurisdictions. There may be transactions and calculations for which the ultimate tax determination has an element of uncertainty during the ordinary course of business. The Group recognises liabilities based on objective estimates of the quantum of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, disclosed in note 37 and note 38, respectively, in the period in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against

Financial statements
For the year ended 31 December 2024

Notes (continued)

3. Critical accounting estimates and judgements in applying accounting policies (continued)

3.7 Income taxes (continued)

Deferred tax assets (continued)

which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Management's judgement surrounding the probability and sufficiency of future taxable profits, future reversals of existing taxable differences and on-going developments will determine the recognition of deferred tax. The most significant management assumption is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group in order to utilise the deferred tax assets.

Note 38 summarises the details of the carrying amount of the deferred tax assets. Accounting policy 2.14 provides further detail regarding the Group's deferred tax accounting policy.

3.8 Hyperinflation

The Group's South Sudan Branch is registered and operates in South Sudan. The economy of South Sudan was assessed to be hyperinflationary, effective 1 January 2016. The branch exited hyperinflation accounting in the year ended 31 December 2023. Hyperinflation accounting was reinstated in 2024 and have been applied for the year ending 31 December 2024.

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its branches is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- Prices are quoted in a relatively stable foreign currency;
- Sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- Interest rates, wages and prices are linked to a price index; and
- The cumulative inflation rate over three years is approaching, or exceeds, 100%.

Following management's assessment, the Bank's South Sudan Branch has been accounted for as an entity operating in a hyperinflationary economy. The results, cash flows and financial position have been expressed in terms of the measuring units' current at the reporting date.

The general price indices used in adjusting the results, cash flows and financial position of the Branch are set out below:

The general price index used as published by the National Bureau of Statistics of South Sudan is as follows:

Date	Base year	General price	Inflation rate
31 December 2024	2023	28,020.90	102.19%
31 December 2023	2022	7,942.68	91.79%

The impact of adjusting the Group's results for the effects of hyperinflation is set out below:

	2024 KShs Million	2023 KShs Million
Impact on statement of profit or loss		
Profit for the year before hyperinflation	13,805	-
Net monetary loss*	(89)	-
Profit for the year after hyperinflation	13,716	-

** The loss in monetary value arises out of restatement of non-monetary assets and liabilities in the statement of financial position and statement of profit or loss of the South Sudan Branch.*

3.9 Provisions

The accounting policy for provisions is set out in accounting policy 2.13. The principal assumptions taken into account in determining the value at which provisions are recorded at, in the Group's statement of financial position, include determining whether there is an obligation as well as assumptions about the probability of the outflow of resources and the estimate of the amount and timing for the settlement of the obligation.

The probability of an event of a significant nature occurring will be assessed by management and, where applicable, consultation with the Group's legal counsel. In determining the amount and timing of the obligation once it has been assessed to exist, management exercises its judgement by taking into account all available information, including that arising after the reporting date up to the date of the approval of the financial statements.

3.10 Expected credit loss (ECL) on financial assets - IFRS 9 drivers

During the current reporting period models have been enhanced but no material changes to assumptions have occurred.

In preparing the financial statements, estimates and assumptions are made that could materially affect the

Financial statements

For the year ended 31 December 2024

Notes (continued)

3. Critical accounting estimates and judgements in applying accounting policies (continued)

3.10 Expected credit loss (ECL) on financial assets - IFRS 9 drivers (continued)

reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. The estimates and judgements below have remained unchanged unless otherwise stated. The following represents the most material key management assumptions applied in preparing these financial statements.

ECL measurement period

Personal and Private Banking(PPB) and Business and Commercial Banking clients (BCB)

- The ECL measurement period at a minimum, is equal to the 12-month ECL of the financial asset or for the remaining tenor of the financial asset if the remaining lifetime is less than 12 months.
- A loss allowance for full lifetime ECL is required for a financial asset if the credit risk of that financial instrument has increased significantly since initial recognition.
- The impact of the lifetime loss given default (LGD) workout, being an increase in the lifetime period over which subsequent cures and re-defaults are considered.
- The IFRS 9 requirement to hold ECL on unutilised loan commitments, notably pertaining to PPB and BCB's card and other lending portfolios.

Corporate and Investment Banking (CIB)

- The ECL measurement period at a minimum, is equal to the 12-month ECL of the financial asset or for the remaining tenor of the financial asset if the remaining lifetime is less than 12 months.
- A loss allowance for full lifetime ECL is required for a financial asset if the credit risk of that financial instrument has increased significantly since initial recognition.
- The requirement to hold ECL on unutilised loan commitments has been included, where appropriate, within this classification.

Treasury

For debt securities in the treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency. Refer to 4.3.4 (b) for Group's rating method.

Significant increase in credit risk (SICR) and low credit risk

A lifetime ECL requirement for all exposures for which there has been SICR. This included the impact of the LGD work out, being an increase in the life time period over which subsequent cures and re-defaults are considered. The requirement to hold ECL on off-balance sheet exposures has been included where appropriate within this classification.

To determine whether a client's credit risk has increased significantly since origination, the group would need to determine the extent of the change in credit risk using the table below:

Group master rating scale band	SICR trigger (from origination)
SB 1 – 12	Low credit risk
SB 13 – 20	3 rating or more
SB 21 – 25	1 rating or more

Personal and Private Banking (PPB) and Business and Commercial Banking (BCB)

In accordance with IFRS 9, all exposures are assessed to determine whether there has been SICR at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. SICR thresholds, which are behaviour score based, are derived for each portfolio vintage of exposures with similar credit risk and are calibrated over time to determine which exposures reflect deterioration relative to the originated population and consequently reflect an increase in credit risk.

The Group also determines an appropriate transfer rate of exposures from stage 1 to stage 2 by taking into account the expected levels of arrears status for similar exposures. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR throughout the life of the exposure and consequently facilitate appropriate impairment coverage.

Where behaviour scores are not available, historical levels of delinquency are applied in determining whether there has been SICR. For all exposures, IFRS 9's rebuttable presumption of 30 days past due as well as exposures classified as either debt review or as 'watch-list' are used to classify exposures within stage 2.

Forward looking economic expectations are included in the ECL by adjusting the probability of default (PD), LGD and SICR. Adjustments are made based on the Group's macro-economic outlook, using models that correlate these parameters with macro-economic variables. Where modelled correlations are not viable or predictive, adjustments are based on expert judgement to predict the outcomes based on the Group's macro- economic outlook expectations.

CIB

The Group uses a 25-point master rating scale to quantify the credit risk for each exposure. On origination, each client is assigned a credit risk grade within the Group's 25-point master rating scale. Ratings are mapped to PDs by means

Financial statements
For the year ended 31 December 2024

Notes (continued)

3. Critical accounting estimates and judgements in applying accounting policies (continued)

3.10 Expected credit loss (ECL) on financial assets - IFRS 9 drivers (continued)

CIB (continued)

of calibration formulae that use historical default rates and other data for the applicable portfolio. These credit ratings are evaluated at least annually or more frequently as appropriate.

CIB exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre-defined ratings' migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9's rebuttable presumption), the exposure is classified within stage 2. These pre-defined ratings' migration thresholds have been determined based on historic default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historic default experience, exposures that are classified by the Group's master rating scale as investment grade are assessed for SICR at each reporting date but are considered to be of a low credit risk for IFRS 9 purposes.

Forward looking economic expectations are incorporated in CIB's client ratings. The client rating thus reflects the expected client risk for the Group's expectation of future economic and business conditions. Further adjustments, based on point-in-time market data, are made to the PDs assigned to each risk grade to produce PDs and ECL representative of existing market conditions.

Forward looking expectations

- The Group Economics' Research team determines the macroeconomic outlook and a Group view of commodities over a planning horizon of at least three years. The outlook is provided to the legal entity's Chief Financial and Value Officer for review and asset and liability committee for approval.
- Macroeconomic outlooks take into account various variables such as gross domestic product, central bank policy interest rates, inflation, exchange rates and treasury bill rates.
- Narratives for each of the country economic outlooks, being bear, base and bull cases, are compiled and typically include consideration of the country's economic background, sovereign risk, foreign exchange risk, financial sector, liquidity and monetary policy stance.
- Probabilities are assigned to each of the bear, base and bull cases based on primary macroeconomic drivers and are reviewed monthly.
- The forward looking economic expectations are updated on a bi-annual basis or more regularly when deemed appropriate.

Main macroeconomic factors

The following table shows the main macroeconomic factors used to estimate the forward-looking impact on the ECL provision of financial assets. Each scenario, namely base, bear and bull scenario, is presented for each identified time period.

	31 December 2024			31 December 2023		
Macroeconomic factors	Base	Bear	Bull	Base	Bear	Bull
Inflation	3.7	6.3	3.3	7.4	8.1	7.0
Policy rate	11.0	11.0	9.5	10.5	11.0	10.0
3m Tbill rate	10.7	17.3	9.3	16.1	18.1	14.1
6m Tbill rate	11.5	17.9	9.9	16.2	18.8	15.0
Exchange rate (USD/KES)	129.1	152.7	118.9	156.2	161.0	153.5
Real GDP	5.4	3.6	7.6	5.5	4.1	6.9
Sovereign Rating	B-	B-	B-	B	B	B

Financial statements

For the year ended 31 December 2024

Notes (continued)

3. Critical accounting estimates and judgements in applying accounting policies (continued)

3.10 Expected credit loss (ECL) on financial assets - IFRS 9 drivers (continued)

PPB and BCB

Adjustments to the PD and LGD, based on forward looking economic expectations at the reporting date resulted in the requirement to hold higher credit impairments.

CIB

Negligible impact as CIB's client ratings, typically included forward looking expectations.

Lifetime LGD work out

Increased lifetime period over which subsequent cures and re-defaults are considered resulted in higher credit impairments for credit-impaired financial assets.

Write off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no economic benefit expected from attempting to recover the balance outstanding. The following criteria must be met before a financial asset can be written off:

- the financial asset has been in default for the period defined for the specific product (i.e. vehicle and asset finance, mortgage loans, etc.) which is deemed sufficient to determine whether the entity is able to receive any further economic benefit from the impaired loan; and
- at the point of write-off, the financial asset is fully impaired (i.e. 100% allowance) with the expectation that the probability of recovery is nil and this probability is not expected to change in the future.

As an exception to the above requirements, where the exposure is secured (or for collateralised structures), the impaired loan can only be written off once the collateral has been realised. Post-realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above. The shortfall amount does not need to meet the first requirement to be written off.

Partial write-off of an asset occurs when the Group gives a concession to a debtor such that a part of the loan will not be recovered. In this case, the part that will not be recovered is written off.

For CIB products, write-offs are assessed on a case-by-case basis and approved by CIB credit governance committee based on the individual facts and circumstances.

Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist. Distressed restructured financial assets that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e. six full consecutive monthly payments per the terms and conditions). However, in the case of financial assets with quarterly or longer dated repayment terms, the classification of a financial asset out of stage 3 may be made subsequent to an evaluation by the Group's CIB or PPB and BCB Credit Governance Committee (as appropriate), such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and compliance with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for significant increase in credit risk, when compared to the credit rating at initial recognition, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively. In retail portfolios, a rehabilitation period of at least 6 months (subsequent to a customer repaying all outstanding facilities) would be needed for the customer's internal rating to decrease back to its rating scale at initial recognition and move from stage 2 to stage 1 accordingly.

Out of the above factors that drive the ECL, the most significant source of uncertainty is credit ratings allocated to counterparties which drive this assigned probability of default. The PDs in turn incorporate assessment for significant increase in credit risk, default risk assessment, forward looking information and probability weighted scenarios. At 31 December 2024, had the average credit ratings for all counterparties shifted one notch down expected credit losses would have increased by KShs 491,626,968 (2023: KShs 484,252,481) higher where if the credit ratings had improved by one notch the expected credit losses would have decreased by KShs 589,316,449 (2023: KShs 593,398,790).

Off-balance sheet exposures – bankers' acceptances, guarantees and letters of credit

The requirement to hold ECL on off-balance sheet financial instruments, such as guarantees and letters of credit, resulted in a requirement to hold additional credit impairment provisions.

3.11 Credit impairment losses on loans and advances Specific loan impairments

Non-performing loans include those loans for which the Group has identified objective evidence of default, such as a breach of a material loan covenant or condition as well as those loans for which instalments are due and unpaid for 90 days or more. Management's estimates of future cash flows on individually impaired loans are based on historical loss experience for assets with similar credit risk characteristics.

Financial statements
For the year ended 31 December 2024

Notes (continued)

3. Critical accounting estimates and judgements in applying accounting policies (continued)

3.11 Credit impairment losses on loans and advances Specific loan impairments (continued)

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Where the net present value of estimated cash flows to differ by +/-1%, the impairment loss is to be estimated at KShs 47,441,460 higher or KShs 47,441,460 lower (2023: KShs 78,104,330 higher or KShs 78,104,330 lower) respectively.

3.12 Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy 2.9. Information on key assumptions used to determine the value in use and impairment testing for CGUs containing goodwill is included in Note 29.

4. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risks; and
- Operational risks (encompasses systems, people and processes).

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established various committees, including the Asset and Liability (ALCO), Credit and Operational Risk committees, which are responsible for developing and monitoring risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors of the Group on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit and Risk Committees are responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Committees are assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

By their nature, the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers at both fixed and floating rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due. The Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

The Group also seeks to raise its interest margins by obtaining above-average margins, net of allowances, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on- statement of financial position loans and advances; the Group also enters into guarantees and other commitments such as letters of credit and performance, and other bonds.

The Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments to take advantage of short-term market movements in bonds, currency and interest rate. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions.

Foreign exchange and interest rate exposures associated with derivatives are normally offset by entering into counter-balancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

4.1 Capital management- Company

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may limit the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.1 Capital management- Company (continued)

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents.

4.2 Capital management- Group

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- to comply with the capital requirements set by the regulators, Central Bank of Kenya and Capital Market Authority;
- to safeguard the Group's (and its subsidiaries) ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

It uses two approaches of measuring capital for capital management.

a) Economic capital assessment

Economic capital is the Group's internal measure of required capital and it incorporates granular risk assessments and portfolio concentration effects that may be absent from the regulatory capital assessment process. Stanbic aggregates the individual risk type economic capital measurements conservatively assuming no inter-risk diversification. Economic capital is compared to Available Financial Reserves (AFR) to perform an assessment of capital adequacy based on internal measures.

b) Regulatory capital assessment

The Group's main subsidiary, Stanbic Bank Kenya Limited, monitors the adequacy of its capital using ratios established by the Central Bank of Kenya (CBK), which ratios are broadly in line with those of the Group for International Settlements (BIS).

These ratios measure capital adequacy by comparing the Group's eligible capital with its statement of financial position assets, off-balance-sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk.

The risk-based approach applies to both on and off-statement of financial position items. The focus of this approach is credit risk, interest rate risk, market risk, operational risk, concentration risk and underlying collateral risk.

The assets are weighted according to broad categories, each being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Five categories of risk weights (0%, 20%, 35%,50%, and 100%) are applied.

The Group's key subsidiary (Stanbic Bank Kenya Limited) is required at all times to maintain:

- A minimum level of regulatory capital of KShs 1 billion as at 31 December 2024 (2023: KShs 1 billion);
- A core capital (tier 1) of not less than 10.5% (2023: 10.5%) of total risk weighted assets plus risk weighted off-statement of financial position items;
- A core capital (tier 1) of not less than 8% (2023: 8%) of its total deposit liabilities; and
- A total capital (tier 1 + tier 2) of not less than 14.5% (2023: 14.5%) of its total risk weighted assets plus risk adjusted off statement of financial position items.

Off-balance sheet credit related commitments and forwards are converted to credit risk equivalents using credit conversion factors, designed to convert these items into statement of financial position equivalents. The resulting credit equivalent amounts are then weighted for credit risk using the same percentages as for statement of financial position assets.

Tier 1 capital consists of shareholders' equity comprising paid up share capital, share premium and retained earnings less intangible assets, deferred tax asset,goodwill and investments in subsidiary institutions and equity instruments of other institutions. Tier 2 capital includes the Bank's qualifying term subordinated debt and regulatory loan loss reserves and cannot exceed tier 1 capital. Regulatory loan loss reserves qualifying as tier 2 capital cannot exceed 1.25% of the risk weighted assets total value.

Financial statements

For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.2 Capital management- Group (continued)

c) Regulatory capital assessment - Stanbic Bank Kenya Limited

Stanbic Bank Kenya Limited, which is the Group's key subsidiary, had the following capital adequacy levels:

	2024	2023
	KShs Million	KShs Million
Tier 1 capital (Core capital)		
Share capital	3,412	3,412
Share premium	3,445	3,445
Retained earnings	51,359	47,119
Less: Deferred tax asset	(3,078)	(3,865)
Total Tier 1 capital (Core capital)	**55,138**	**50,111**
Tier 2 capital		
Regulatory credit risk reserve	2,370	1,410
Qualifying subordinate liabilities	10,482	12,681
Total Tier 2 capital	**12,852**	**14,091**
Total capital (Tier 1 + Tier 2)	**67,990**	**64,202**
Risk - weighted assets		
Operational risk	60,675	48,379
Market risk	10,796	4,081
Credit risk on-statement of financial position	262,638	287,381
Credit risk off-statement of financial position	35,969	47,075
Total risk - weighted assets	**370,078**	**386,916**
Capital adequacy ratios		
Core capital / total deposit liabilities	17.1%	15.1%
Minimum statutory ratio	**8.0%**	**8.0%**
Core capital / total risk - weighted assets	14.9%	13.0%
Minimum statutory ratio	**10.5%**	**10.5%**
Total capital / total risk - weighted assets	18.4%	16.6%
Minimum statutory ratio	**14.5%**	**14.5%**

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.3 Credit risk

Credit risk is the risk of loss arising out of failure of client counterparties to meet their financial or contractual obligations when due.

Credit risk is composed of counterparty risk (including primary, pre-settlement risk, issuer and settlement risk) and concentration risk. These risk types are defined as follows:

- Counterparty risk: The risk of credit loss to the Group as a result of failure by a counterparty to meet its financial and/or contractual obligations to the Group as they fall due.
- Credit concentration risk: The risk of loss to the Group as a result of excessive build-up of exposure to a specific counterparty or counterparty group, an industry, market, product, financial instrument or type of security, or geography, or a maturity. This concentration typically exists where a number of counterparties are engaged in similar activities and have similar characteristics, which could result in their ability to meet contractual obligations being similarly affected by changes in economic or other conditions.

4.3.1 Governance committees

The primary governance committees overseeing credit risk are the Board Credit Risk Committee (BCRC) and Credit Risk Management Committee (CRMC). These committees are responsible for credit risk and credit concentration risk decision-making, and delegation thereof to Credit officers and committees within defined parameters.

Credit risk management is governed by the Group's overall credit policy guidelines. Respective Credit Risk Management Divisions, which report into the BCC, are responsible for the implementation of these guidelines, which cover compliance with prescribed sanctioning authority levels, avoidance of a high concentration of credit risk and regular review of credit limits. Limits on facilities to counter-parties are governed by internal restraints, which restrict large exposures in relation to the Group's capital.

The Group has set in place comprehensive resources, expertise and controls to ensure efficient and effective management of credit risk.

4.3.2 General approach to managing credit risk

The Group's credit risk comprises mainly wholesale and retail loans and advances, together with the counterparty credit risk arising from derivative contracts entered into with our clients and market counterparties.

The Group manages credit risk through:

- maintaining strong culture of responsible lending and a robust risk policy and control framework;
- identifying, assessing and measuring credit risk clearly and accurately across the Group , from the level of individual facilities up to the total portfolio;
- defining, implementing and continually re-evaluating our risk appetite under actual and scenario conditions;
- monitoring the Group's credit risk relative to limits; and
- ensuring that there is expert scrutiny and independent approval of credit risks and their mitigation.

Primary responsibility for credit risk management resides with the Group's business lines. This is complemented with an independent credit risk function embedded within the business units, which is in turn supported by the overarching group risk function.

Impairment provisions are provided for losses that have been incurred or expected at the reporting date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration of the Group's portfolio, could result in losses that are different from those provided for at the reporting date. Management, therefore, carefully manages its exposure to credit risk.

The exposure to any one borrower including banks is further restricted by sub-limits covering on - and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees, but a significant portion is personal lending where no such facilities can be obtained.

4.3.3 Management reporting

A number of reports are prepared as management information on credit risk. Various analysis of the data are done and a variety of reports are prepared on a monthly and quarterly basis. Some of these reports include:

- Quarterly Board Credit Committee Report;
- Quarterly Board Audit Committee Report;
- Quarterly Board Risk Committee Report;
- Monthly Credit Risk Management Committee Report;
- Regulatory returns;
- Half-year results; and
- Annual financial statements.

These reports are distributed to management and regulators, and are available for inspection by authorised personnel.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.3 Credit risk (continued)

4.3.4 Credit risk measurement

a) Loans and advances including loan commitments and guarantees

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Group has developed models to support the quantification of the credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks. All models are managed under model development and validation policies that set out the requirements for model governance structures and processes, and the technical framework within which model performance and appropriateness is maintained. The models are developed using internal historical default and recovery data. In low default portfolios, internal data is supplemented with external benchmarks and studies. Models are assessed frequently to ensure on-going appropriateness as business environments and strategic objectives change, and are recalibrated semi-annually using the most recent internal data.

In measuring credit risk of loans and advances to customers and to banks at a counter-party level, the Group reflects three components:

(i) the 'probability of default' by the client or counter-party on its contractual obligations;

(ii) current exposures to the counter-party and its likely future development, from which the Group derives the 'exposure at default'; and

(iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

Probability of default (PD)

The Group uses a 25-point master rating scale to quantify the credit risk for each borrower as illustrated in the table on page 158. Ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data from the applicable portfolio. The Group distinguishes between through-the-cycle PDs and point-in- time PDs, and utilises both measures in decision-making and in managing credit risk exposures.

Loss given default (LGD)

Loss given default measures are a function of customer type, product type, seniority of loan, country of risk and level of collateralisation. LGDs are estimated based on historic recovery data per category of LGD. A downturn LGD is used in the estimation of the capital charge and reflects the anticipated recovery rates and macroeconomic factors in a downturn period.

Exposure at default (EAD)

Exposure at default captures the impact of potential draw-downs against unutilised facilities and changes in counterparty risk positions due to changes in market prices. By using historical data, it is possible to estimate the average utilisation of limits of an account when default occurs, recognising that customers may use more of their facilities as they approach default.

b) Debt securities

These represents financial and derivative assets. For debt securities, external rating such as Standard & Poor's rating or their equivalents are used by Group Treasury for managing of the credit risk exposures as supplemented by the Group's own assessment through the use of internal rating tools.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.3 Credit risk (continued)

4.3.4 Credit risk measurement (continued)

Relationship between the bank master rating and external ratings

Core Banking system rating scale	Moody's Investor Services	Standard & Poor's	Fitch	Grading	Credit Quality
1 - 4	Aaa, Aa1, Aa2, Aa3	AAA, AA+, AA, AA-	AAA, AA+, AA, AA-	Investment grade	Normal monitoring
5 - 7	A1, A2, A3	A+, A, A-	A+, A, A-		
8 - 12	Baa1, Baa2, Baa3	BBB+, BBB, BBB-	BBB+, BBB, BBB-		
13 - 20	Ba1, Ba2, Ba3, B1, B2, B3	BB+, BB, BB-, B+, B, B-	BB+, BB, BB-, B+, B, B-	Sub-investment grade	
21 -25	Caa1, Caa2, Caa3, Ca	CCC+, CCC, CCC-	CCC+, CCC, CCC-		Close monitoring
Default	C	D	D	D	D

4.3.5 Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, industries and countries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sublimit covering on-balance sheet and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Lending limits are reviewed in light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

Some other specific control and mitigation measures are outlined below:

a) Credit tailored to customer profile

There is a clear distinction between the fundamental credit characteristics of the Group's customer base. This customer base is managed according to the following market segments:

- Corporate and Investment Banking (CIB)
- Business and Commercial Banking (BCB) ; and
- Personal and Private Banking (PPB)

Financial statements

For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.3 Credit risk (continued)

4.3.5 Risk limit control and mitigation policies (continued)

Corporate and Investment Banking (CIB): Corporate, sovereign and bank portfolios

Corporate, sovereign and bank borrowers include Kenyan and international companies, sovereigns, local government entities, bank financial institutions, non-bank financial institutions and public sector entities. The entities include large companies as well as small and medium enterprises that are managed on a relationship basis. Creditworthiness is assessed based on a detailed individual assessment of the financial strength of the borrower. Exposure is usually in the form of short and long-term loans and advances but may include exposures arising from derivative contracts. In these sectors, credit risk management is characterised by a close working relationship between the counter-party, the customer relationship team and an independent credit evaluation manager. The credit evaluation manager bases his lending decision on an in-depth knowledge of the counterparty and the industry in which it operates, as well as an assessment of the creditworthiness of the counter-party based on a review of the audited financial statements and underlying risk parameters.

CIB believes that the use of sophisticated modelling techniques combined with an in-depth knowledge and understanding of each client is essential in properly assessing the credit risk, both initially and on an on-going basis, of each counterparty with whom it deals.

To this end, CIB uses software developed by third party vendors, which is widely used by the banking industry globally in its credit management process. Expected default frequencies are an important tool in the formal credit assessment process of both new and existing business, and also form the basis for monitoring changes in counterparty credit quality on a day to day basis. Expected default frequencies will continue to be a vital component of credit risk management as the Group continues to improve credit processes and increases focus on portfolio credit management.

Personal and Private Banking, and Business and Commercial Banking(PPB and BCB): Retail portfolio

Retail mortgage exposures relate to mortgage loans to individuals and are a combination of both drawn and undrawn EADs. Qualifying retail revolving exposure (QRRE) relate to cheque accounts, credit cards and evolving personal loans and products, and include both drawn and undrawn exposures. Retail other covers other branch lending and vehicle finance for retail, retail small and retail medium enterprise portfolios. Branch lending includes both drawn and undrawn exposures, while vehicle and asset finance only has drawn exposures.

Internally developed behavioural scorecards are used to measure the anticipated performance for each account. Mapping of the behaviour score to a PD is performed for each portfolio using a statistical calibration of portfolio- specific historical default experience. The behavioural scorecard PDs are used to determine the portfolio distribution on the master rating scale. Separate LGD models are used for each product portfolio and are based on historical recovery data. EAD is measured as a percentage of the credit facility limit and is based on historical averages. EAD is estimated per portfolio and per portfolio-specific segment, using internal historical data on limit utilisation.

b) Financial covenants (for credit related commitments and loan books)

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

c) Master netting arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities in the statement of financial position, as transactions are either usually settled on a gross basis or under most netting agreements the right of set off is triggered only on default. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

d) Derivatives

For derivative transactions, the Group typically uses internationally recognised and enforceable International Swaps and Derivatives Association (ISDA) agreements, with a credit support annexure, where collateral support is

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.3 Credit risk (continued)

4.3.5 Risk limit control and mitigation policies (continued)

d) Derivatives (continued)

considered necessary. Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, collateralisation if mark-to-market credit exposure exceeds acceptable limits, and termination of the contract if certain credit events occur, for example, downgrade of the counterparty's public credit rating.

e) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The main types of collateral taken are:

Business and Commercial Banking and Personal and Private Banking (BCB & PPB)	
Mortgage lending	First ranking legal charge over the property financed.
Vehicle and asset finance	Joint registration of vehicles.
Other loans and advances	Debentures over the company's assets, cash cover in cash margin account, first ranking legal charge over both commercial and residential properties, directors' personal guarantees and company guarantees.

Corporate and Investment Banking	
Corporate lending	All assets debenture over the company's assets, cash cover in cash margin account, first ranking legal charge over both commercial and residential properties, directors' personal guarantees and company guarantees.

Longer-term finance and lending to corporate entities is generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise possible credit loss, the Group seeks additional collateral from the counter-party as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset- backed securities and similar instruments, which are secured by portfolios of financial instruments.

Valuation of collateral

The Group has a panel of valuers who undertake valuation of property and other assets to be used as Collateral. The valuers in the panel are qualified professional valuers with adequate experience in the field of property and machinery valuation. Valuers are required to provide the Group with professional indemnity to cover the Group in cases of professional negligence relating to their valuations. The Group ensures that all properties used as collateral are adequately insured during the term of the loan. Valuation reports on properties are valid for three years after which the property and equipment is revalued.

The table on the following page shows the financial effect that collateral has on the Group's maximum exposure to credit risk. The table includes collateral that management takes into consideration in the management of the Group's exposures to credit risk. All on- and off-balance sheet exposures that are exposed to credit risk, including non-performing loans, have been included. Collateral includes:

- Financial securities that have a tradable market, such as shares and other securities;
- Physical items, such as property, plant and equipment; and
- Financial guarantees and intangible assets.

Netting agreements, which do not qualify for offset under IFRS Accounting Standards but which are nevertheless enforceable, are included as part of the Group's collateral for risk management purposes. All exposures are presented before the effect of any impairment provisions. There has been no change in the collateral policy during the year.

In the retail portfolio, 67% (2023: 79%) is fully collateralized. The total average collateral coverage for all retail mortgage exposures above 50% collateral coverage category is 100% (2023: 100%). Of the Group's total exposure, 39% (2023: 17%) is unsecured and mainly reflects exposures to well-rated corporate counterparties, bank counterparties and sovereign entities. The total amount of collateral for credit impaired loans amounted to KShs. 22,991,131,000 (2023: KShs.25,195,189,000).

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.3 Credit risk (continued)

4.3.5 Risk limit control and mitigation policies (continued)

e) Collateral (continued)

Valuation of collateral (continued)

31 December 2024	Total exposure	Unsecured exposure	Secured exposure	Netting agreements	Secured exposure after netting	Collateral coverage - Total: Greater than 0% to 50%	Collateral coverage - Total: Greater than 50% to 100%	Collateral coverage - Total: Greater than 100%
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Asset class								
Corporate	**150,077**	21,113	128,964	-	***128,964***	-	128,964	-
Sovereign	**42,181**	42,181	-	-	**-**	-	-	-
Loans and advances to bank	**64,498**	**64,498**	**-**	**-**	**-**	**-**	**-**	**-**
Group	**59,421**	59,421	-	-	**-**	-	-	-
Other banks	**5,077**	5,077	-	-	**-**	-	-	-
Retail	**97,947**	**21,113**	**76,834**	**-**	**76,834**	**-**	**76,834**	**-**
Retail mortgage	**36,365**	-	36,365	-	***36,365***	-	*36,365*	-
Other retail	**61,582**	21,113	40,469	-	***40,469***		*40,469*	-
Total	**354,703**	**148,905**	**205,798**	**-**	**205,798**	**-**	**205,798**	**-**
Less: Impairments for loans and advances	**(17,970)**							
Total exposures	**336,733**							

31 December 2023	Total exposure	Unsecured exposure	Secured exposure	Netting agreements	Secured exposure after netting	Collateral coverage - Total: Greater than 0% to 50%	Collateral coverage - Total: Greater than 50% to 100%	Collateral coverage - Total: Greater than 100%
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Asset class								
Corporate	**171,222**	48	171,174	-	***171,174***	-	171,174	-
Sovereign	**45,345**	45,345	-	-	**-**	-	-	-
Loans and advances to bank	**95,706**	**95,706**	**-**	**-**	**-**	**-**	**-**	**-**
Group	**90,578**	90,578	-	-	**-**	-	-	-
Other banks	**5,128**	5,128	-	-	**-**	-	-	-
Retail	**108,501**	**21,938**	**86,563**	**-**	**86,563**	**-**	**86,563**	**-**
Retail mortgage	**40,416**	-	40,416	-	***40,416***	-	40,416	-
Other retail	**68,085**	21,938	46,147	-	***46,147***	-	46,147	-
Total	**420,774**	**163,037**	**257,737**	**-**	**257,737**	**-**	**257,737**	**-**
Less: Impairments for loans and advances	**(19,300)**							
Total exposure	**401,474**							

The Group holds collateral on loans and advances. The table above represents the collateral cover held on various types of loans and advances. Other deposits and margin balances held against off balance sheet facilities are included in other liabilities in Note 36 (a).

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.3 Credit risk (continued)

4.3.5 Risk limit control and mitigation policies (continued)

e) Collateral (continued)

Foreclosed collateral

Assets foreclosed as at the end of the year comprise saloon vehicles, prime movers and trailers, which had been financed by the Group under Vehicle and Asset Finance (VAF) and residential property financed under personal markets. As at the year end, the Group had taken possession of the following:

Nature of assets	2024 KShs Million	2023 KShs Million
Residential property Assets	853	614
financed under VAF	188	243
	1,041	**857**

It is the Group's policy to dispose of foreclosed properties on the open market, at market value. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not occupy foreclosed properties for business use.

Renegotiated financial assets

Renegotiated loans and advances are exposures which have been refinanced, rescheduled, rolled over or otherwise modified following weaknesses in the counterparty's financial position, and where it has been judged that normal repayment will likely continue after the restructure. The renegotiations resulted in the continuation of the original financial asset, with no gain or loss recognised as a consequence of the restructuring. The table below show the carrying amount of financial assets whose term have been renegotiated, by class.

	2024 KShs Million	2023 KShs Million
Vehicle and asset finance	135	87
Other loans and advances	2,663	2,606
	2,798	**2,693**

4.3.6 Default and provisioning policy

The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. Whilst the specific determination of default varies according to the nature of the product, it is generally determined (aligned to the BASEL definition) as occurring at the earlier of:

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter.
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets as per IFRS 9:

- significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower);
- a breach of contract, such as default or delinquency in interest and/or principal payments;
- disappearance of active market due to financial difficulties;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider.

Exposures which are overdue for more than 90 days are also considered to be in default.

4.3.7 Credit quality

a) Maximum exposure to credit risk before collateral held or other credit enhancements

Financial instruments whose carrying amounts represent the maximum exposure to credit risk without taking account of any collateral held or other credit enhancements are disclosed in Note 19 to 24. The Directors are confident in the ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both the loan and advances portfolio and debt securities based on the following:

- 58% of the total maximum exposure is derived from loans and advances to customers (2023: 69%); 26% represents investments in debt securities (2023: 11%);
- 88% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2023: 89%);
- 84% of the loans and advances portfolio are considered to be Stage 1 (2023: 81%); and
- 99.9% of all the debt securities, which the Bank has invested in, are issued by the Central Bank of Kenya (2023: 99.6%).

Financial statements
For the year ended 31 December 2024

Notes (continued)
4. Financial risk management (continued)
4.3 Credit risk (continued)
4.3.7 Credit quality (continued)

b) **Credit quality by class**

The table below shows the credit quality by class of loans and advances, based on the Group's credit rating system:

Year ended 31 December 2024	Gross Carrying amount	SB 1 - 12		SB 13 - 20		SB 21- 25		Default		Total gross carrying amount of default exposures	Securities and expected recoveries on default exposures	Interest in suspense on default exposures	Statement of Financial Position expected credit loss on default exposures	Gross default coverage	Non-performing exposures
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3	Purchased/ originated credit impaired						
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	%	%
Loans and advances to customers															
PPB	**59,858**	**26,879**	**-**	**13,664**	**5,647**	**4,661**	**1,942**	**7,065**	**-**	**7,065**	**1,313**	**504**	**5,248**	**81%**	**12%**
Mortgage loans	**35,644**	19,921	-	6,095	5,232	-	760	3,636	-	3,636	2,069	113	1,454	43%	10%
Vehicle and asset finance	**5,008**	1,672	-	2,041	62	-	161	1,072	-	1,072	792	52	228	26%	21%
Card debtors	**882**	-	-	717	-	-	133	32	-	32	6	-	26	81%	4%
Other loans and advances	**18,324**	5,286	-	4,811	353	4,661	888	2,325	-	2,325	(1,554)	339	3,540	167%	13%
BCB	**36,897**	**-**	**-**	**21,318**	**-**	**-**	**6,727**	**8,852**	**-**	**8,852**	**4,606**	**594**	**3,652**	**48%**	**24%**
Mortgage loans	**722**	-	-	561	-	-	161	-	-	-	-	-	-	0%	0%
Vehicle and asset finance	**7,320**	-	-	6,410	-	-	910	-	-	-	(115)	-	115	0%	0%
Card debtors	**-**	-	-	-	-	-	-	-	-	-	-	-	-	0%	0%
Other loans and advances	**28,855**	-	-	14,347	-	-	5,656	8,852	-	8,852	4,721	594	3,537	47%	31%
CIB	**151,302**	**46,398**	**-**	**84,382**	**10,885**	**2,592**	**1**	**7,044**	**-**	**7,044**	**1,681**	**1,206**	**4,157**	**76%**	**5%**
Corporate	**151,302**	46,398	-	84,382	10,885	2,592	1	7,044	-	7,044	1,681	1,206	4,157	76%	5%
	248,057	**73,277**	**-**	**119,364**	**16,532**	**7,253**	**8,670**	**22,961**	**-**	**22,961**	**7,600**	**2,304**	**13,057**	**67%**	**9%**
Loans and advances to banks															
Bank	**64,651**	63,299	-	1,281	71	-	-	-	-	-	-	-	-	0%	0%
Gross carrying amount	**312,708**	**136,576**	**-**	**120,645**	**16,603**	**7,253**	**8,670**	**22,961**	**-**	**22,961**	**7,600**	**2,304**	**13,057**	**61%**	**7%**
Less: Total expected credit losses for loans and advances	(17,851)														
Net carrying amount of loans & advances measured at amortised cost	**294,857**														

Financial statements
For the year ended 31 December 2024

Notes (continued)
4. Financial risk management (continued)
4.3 Credit risk (continued)
4.3.7 Credit quality (continued)
b) Credit quality by class (continued)

The table below shows the credit quality by class of loans and advances, based on the Group's credit rating system:

Year ended 31 December 2023	Gross Carrying amount	SB 1 - 12		SB 13 - 20		SB 21- 25		Default		Total gross carrying amount of default exposures	Securities and expected recoveries on default exposures	Interest in suspense on default exposures	Balance sheet expected credit loss on default exposures	Gross default coverage	Non-performing exposures
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3	Purchased/ ori ginated credit impaired						
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	%	%
Loans and advances to customers															
PPB	**61,471**	**-**	**-**	**45,126**	**-**	**-**	**9,879**	**6,466**	**-**	**6,466**	**503**	**715**	**5,248**	**92%**	**11%**
Mortgage loans	31,294	-	-	19,245	-	-	8,030	4,019	-	4,019	2,147	418	1,454	47%	13%
Vehicle and asset finance	3,405	-	-	2,960	-	-	314	131	-	131	(99)	2	228	176%	4%
Card debtors	777	-	-	595	-	-	142	40	-	40	14	-	26	65%	5%
Other loans and advances	25,995	-	-	22,326	-	-	1,393	2,276	-	2,276	(1,559)	295	3,540	168%	9%
BCB	**44,974**	**-**	**-**	**25,418**	**-**	**-**	**8,214**	**11,342**	**-**	**11,342**	**7,032**	**658**	**3,652**	**38%**	**25%**
Mortgage loans	328	-	-	250	-	-	78	-	-	-	-	-	-	0%	0%
Vehicle and asset finance	7,173	-	-	5,737	-	-	598	838	-	838	662	61	115	21%	12%
Card debtors	-	-	-	-	-	-	-	-	-	-	-	-		0%	0%
Other loans and advances	37,473	-	-	19,431	-	-	7,538	10,504	-	10,504	6,370	597	3,537	39%	28%
CIB	**173,279**	**74,903**	**-**	**88,089**	**1,183**	**293**	**152**	**8,659**	**-**	**8,659**	**3,183**	**1,319**	**4,157**	**63%**	**5%**
Corporate	173,279	74,903	-	88,089	1,183	293	152	8,659	-	8,659	3,183	1,319	4,157	63%	5%
	279,724	**74,903**	**-**	**158,633**	**1,183**	**293**	**18,245**	**26,467**	**-**	**26,467**	**10,718**	**2,692**	**13,057**	**60%**	**9%**
Loans and advances to banks															
Bank	95,705	83,446	-	11,616	643	-	-	-	-	-	-	-	-	0%	**0%**
Gross carrying amount	**375,429**	**158,349**	**-**	**170,249**	**1,826**	**293**	**18,245**	**26,467**	**-**	**26,467**	**10,718**	**2,692**	**13,057**	**54%**	**7%**

Less: Total expected credit losses for loans and advances	(19,216)
Net carrying amount of loans & advances measured at amortised cost	**356,213**

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.3 Credit risk (continued)

4.3.7 Credit quality (continued)

b) Credit quality by class (continued)

		SB 1 - 12		SB 13 - 20		SB 21- 25		Default	
Year ended 31 December 2024	**Gross Carrying amount**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 3**	**Purchased/ originated credit impaired**
	KShs Million	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
Financial assets measured at amortised cost									
Sovereign	**29,198**	17,776	8,827	2,595	-	-	-	-	-
Gross carrying amount	**29,198**	**17,776**	**8,827**	**2,595**					
Less: Total expected credit losses (Note 22.1)	**(119)**								
Net carrying amount of financial assets measured at amortised costs	**29,079**								
Financial assets at fair value through OCI									
Corporate	**-**	-	-	-	-	-	-	-	-
Sovereign	**15,476**	15,476	-	-	-	-	-	-	-
Gross carrying amount	**15,476**	**15,476**	**-**	**-**					
Add: Fair value reserve relating to fair value adjustments (before the ECL balance) (Note 21.1)	**(14)**								
Net carrying amount of financial assets measured at fair value through OCI	**15,462**								

The Banks credit policies requires that financial instruments which experience more than 3 notches downgrade since inception be reviewed for significant increase in credit risk(SICR). The part of sovereign exposures classified as stage 2 in the table above were assessed over four years time.

The sovereign rating has since been revised resulting in a 3 notch downgrade.This is also in line with external credit ratings against ratings of the sovereign.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.3 Credit risk (continued)

4.3.7 Credit quality (continued)

b) Credit quality by class (continued)

		SB 1 - 12		SB 13 - 20		SB 21- 25		Default	
Year ended 31 December 2023	**Gross Carrying amount**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 3**	**Purchased/ originated credit impaired**
	KShs Million	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
Financial assets measured at amortised cost									
Sovereign	**22,639**	2,995	16,597	3,047	-	-	-	-	-
Gross carrying amount	**22,639**	**2,995**	**16,597**	**3,047**					
Less: Total expected credit losses	**(84)**								
Net carrying amount of financial assets measured at amortised costs	**22,555**								
Financial assets at fair value through OCI									
Corporate	**162**	-	-	162	-	-	-	-	-
Sovereign	**19,736**	18,695	1,041	-	-	-	-	-	-
Gross carrying amount	**19,898**	**18,695**	**1,041**	**162**					
Add: Fair value reserve ralating to fair value adjustments (before the ECL balance)	**(6)**								
Net carrying amount of financial assets measured at fair value through OCI	**19,892**								

		SB 1 - 12		SB 13 - 20		SB 21- 25		Default	
Year ended 31 December 2024	**Gross Carrying amount**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 3**	**Purchased/ originated credit impaired**
	KShs Million	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
Off-balance sheet exposure									
Letters of credit and bankers' acceptances	**3,480**	-	-	3,225	101	154	-	-	-
Guarantees	**76,364**	58,632	-	16,071	1,500	2	-	159	-
Unutilised facilities	**19,345**	16,152	86	3,107	-	-	-	-	-
Gross carrying amount	**99,189**	**74,784**	**86**	**22,403**	**1,601**	**156**	**-**	**159**	**-**
Less: Total expected credit losses	**(62)**								
Net carrying amount of off-balance sheet exposure	**99,127**								
Off-balance sheet exposure									
Year ended 31 December 2023									
Letters of credit and bankers' acceptances	**30,976**	1,014	-	29,942	20	-	-		-
Guarantees	**65,303**	50,246	-	13,416	1,600	2	-	39	-
Unutilised facilities	**16,794**	1,812	-	14,896	78	6	-	2	-
Gross carrying amount	**113,073**	**53,072**	**-**	**58,254**	**1,698**	**8**	**-**	**41**	**-**
Less: Total expected credit losses	**(93)**								
Net carrying amount of off-balance sheet exposure	**112,980**								

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.3 Credit risk (continued)

4.3.7 Credit quality (continued)

c) Ageing analysis of Stage 2 financial assets

Loans and advances less than 90 days past due are not considered credit impaired unless other information is available to indicate the contrary. The table below shows the ageing of financial assets that are past due at the reporting date but not credit impaired, per class.

	Performing (Early arrears)			Non - performing		
31 December 2024	**1 to 29 days**	**30 to 59 days**	**60 to 89 days**	**90 to 180 days**	**More than 180 days**	**Total**
	KShs Million	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
PPB	**4,678**	**1,354**	**1,020**	**-**	**-**	**7,052**
Mortgage lending	2,929	822	727	-	-	**4,478**
Vehicle and asset finance	634	75	36	-	-	**745**
Other loans and advances	1,115	457	257	-	-	**1,829**
BCB	**4,341**	**3,743**	**3,208**	**-**	**-**	**11,292**
Mortgage lending	187	2,984	-	-	-	**3,171**
Vehicle and asset finance	1,416	280	55	-	-	**1,751**
Other loans and advances	2,738	479	3,153	-	-	**6,370**
Corporate and Investment Banking	**2,786**	**-**	**-**	**-**	**-**	**2,786**
Corporate lending	2,786	-	-	-	-	**2,786**
Total recognised financial instruments	**11,805**	**5,097**	**4,228**	**-**	**-**	**21,130**

	Performing (Early arrears)			Non - performing		
31 December 2023	**1 to 29 days**	**30 to 59 days**	**60 to 89 days**	**90 to 180 days**	**More than 180 days**	**Total**
	KShs Million	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
PPB	**5,559**	**1,239**	**732**	**-**	**-**	**7,530**
Mortgage lending	3,592	800	471	-	-	**4,863**
Vehicle and asset finance	520	89	19	-	-	**628**
Other loans and advances	1,447	350	242	-	-	**2,039**
BCB	**11,219**	**430**	**693**	**-**	**-**	**12,342**
Mortgage lending	4,006	-	-	-	-	**4,006**
Vehicle and asset finance	1,075	170	53	-	-	**1,298**
Other loans and advances	6,138	260	640	-	-	**7,038**
Corporate and Investment Banking	**6,946**	**-**	**3**	**-**	**-**	**6,949**
Corporate lending	6,946	-	3	-	-	**6,949**
Total recognised financial instruments	**23,724**	**1,669**	**1,428**	**-**	**-**	**26,821**

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.4 Market risk

Market risk is the risk of a change in market value, earnings (actual or effective) or future cash-flows of a portfolio of financial instruments (including commodities), caused by moves in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these measures.

4.4.1 Governance committees

The Group's policy is that all trading activities are undertaken within the Group's trading operations. The Board grants general authority to take on market risk exposure to the Group's Assets and Liabilities Committee (ALCO).

Market risk management process is required to measure, monitor and control market risk exposures. The Group manages market risk through following four principles.

i) Identification of market risks in the trading and banking books

This process entails analysis of new business plans, new products, new pricing models, new risk models and regular reviews by Market Risk staff of financial and management accounts balance sheets, income statements, and portfolio structure hierarchies, accounting classification and accounting elections, jointly with financial control, Risk Self Assessments jointly with operational risk, price testing reports and profit and loss decomposition reports.

ii) Measurement of market risk

Measurement of market risks deals specifically and separately with normal market conditions and stress market conditions. Measurement of trading exposures under stress market conditions is effected by subjecting the portfolios to stress testing, e.g. historical scenarios, hypothetical scenarios on individual asset classes and across different asset classes. In order to highlight 'points of weakness' and identify particular sources of trading book exposure vulnerability, these stress tests capture the effects of abnormal movements in market variables (yield curves including basis curves, volatility surfaces, spot and/or rate moves, credit spread curves, recovery rate sensitivities, etc.).

iii)Management of market risk

The Group manages market risk through a specification of risk appetite in form of market risk limits. It uses a suite of risk measurement techniques, including Value at Risk (VaR), Stress Value at Risk (SVar), stress testing, stop loss triggers, back-testing and specific business unit and product controls.

iv)Reporting of market risk

Market Risk has reporting procedures that highlight for attention within Market Risk or by management all forms of exposures i.e. limit breaches or other reports that will periodically be required to submit to different stakeholders e.g. Local ALCO, Local Board, Shareholders, Rating agencies, Central Bank of Kenya and Internal Capital Adequacy Assessment Process (ICAAP) stakeholders.

The market risk function is independent of trading operations and it is accountable to ALCO. It is responsible for identifying, measuring, managing, controlling and reporting market risk as outlined in the market risk governance standard, with support from the central market risk function. The market risk function also has the ability to set individual trader mandates. Exposures and excesses are monitored and reported daily. Where breaches in limits and triggers occur, actions are taken by market risk management unit to move exposures back in line with approved market risk appetite, with such breaches being reported to management and ALCO.

4.4.2 Market risk exposure on banking operations

Banking-related market risk exposure principally involves the management of the potential adverse effect of interest rate movements on net interest income and the economic value of equity that arise from structural interest rate risk caused by the differing repricing characteristics of banking assets and liabilities. They include endowment risk, repricing risk, basis risk, optionality risk and yield curve risk. The Group's approach to managing Interest Rate Risk in Banking Book (IRRBB) is governed by applicable regulations and is influenced by the competitive environment in which the Bank operates. Treasury and Capital Management team monitors banking book interest rate risk together with the country ALCO.

4.4.3 Approved regulatory capital approaches

The Group applies the Standardised approach for calculating market risk capital. The standardised method uses a "building block" approach, with the capital charge for each risk category calculated separately.

Market risk qualifying assets includes interest rate risk assets in the trading book and foreign currency risk assets throughout the Group.

4.4.4 Trading book market risk

Trading book market risk is represented by financial instruments held on the trading book, arising out of normal global markets' trading activity.

4.4.5 Approach to managing market risk in the trading book

The Stanbic Bank policy is that all trading activities are undertaken within the Group's trading operations. The market risk functions are independent of trading operations and accountable to ALCO. All Value at Risk (VaR) and stressed VaR (SVaR) limits require prior approval from ALCO. The market risk functions have the authority to set limits at a lower level.

Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.4 Market risk (continued)

4.4.5 Approach to managing market risk in the trading book (continued)

Exposures and excesses are monitored and reported daily. Where breaches in limits and triggers occur, actions are taken by market risk functions to move exposures back in line with approved market risk appetite, with such breaches being reported to management and ALCO.

a) VaR and SVaR

The Group uses the historical VaR and SVaR approach to quantify market risk under normal conditions and under stressed conditions.

For risk management purposes VaR is based on 250 days of unweighted recent historical data, a holding period of one day and a confidence level of 95%. The historical VaR results are calculated in four steps:

- Calculate 250 daily market price movements based on 250 days' historical data.
- Calculate hypothetical daily profit or loss for each day using these daily market price movements.
- Aggregate all hypothetical profits or losses for day one across all positions, giving daily hypothetical profit or loss, and then repeat for all other days.
- VaR is the 95th percentile selected from the 250 days of daily hypothetical total profit or loss.

Daily losses exceeding the VaR are likely to occur, on average, 13 times in every 250 days.

SVaR uses a similar methodology to VaR, but is based on a period of financial stress and assumes a 10-day holding period and a 99% confidence interval.

Where the Group has received internal model approval, the market risk regulatory capital requirement is based on VaR and SVaR, both of which use a confidence level of 99% and a 10-day holding period. Limitations of historical VaR are acknowledged globally and include:

- The use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature.
- The use of a one-day holding period assumes that all positions can be liquidated or the risk offset in one day. This may not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate.
- The use of a 95% confidence level, by definition, does not take into account losses that might occur beyond this level of confidence.
- VaR is calculated on the basis of exposures outstanding at the close of business and, therefore, does not necessarily reflect intraday exposures.
- VaR is unlikely to reflect loss potential on exposures that only arise under significant market moves.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.4 Market risk (continued)

4.4.5 Approach to managing market risk in the trading book (continued)

a) VaR and SVaR (continued)

Trading book portfolio characteristics

VaR for the year under review

Trading book market risk exposures arise mainly from residual exposures from client transactions and limited trading for the group's own account. In general, the group's trading desks have run increased levels of market risk throughout the year for all asset classes when compared to 2023 aggregate normal VaR, and aggregate SVaR.

Normal VaR Exposures

31 December 2024	Normal VaR (KShs 'million')			
Desk name	**Maximum***	**Minimum***	**Average**	**Closing**
FX trading	96	3	17	22
Money market trading	33	4	16	9
Fixed income trading	25	5	13	13
Diversification benefits*	-	-	(16)	(17)
Total trading	**88**	**9**	**30**	**27**
Money market banking(FVOCI)	16	5	9	15

31 December 2023	Normal VaR (KShs 'million')			
Desk name	**Maximum***	**Minimum***	**Average**	**Closing**
FX trading	71	2	19	27
Money market trading	22	4	11	4
Fixed income trading	7	1	3	5
Diversification benefits*	-	-	(8)	(6)
Total trading	**65**	**13**	**25**	**30**
Money market banking(FVOCI)	16	5	9	15

SVaR Exposures

31 December 2024	SVaR (KShs 'million')			
Desk name	**Maximum***	**Minimum***	**Average**	**Closing**
FX trading	286	28	110	88
Money market trading	250	16	125	117
Fixed income trading	179	23	88	54
Diversification benefits*	-	-	(121)	(98)
Total Trading	**351**	**84**	**202**	**161**
Money market banking(FVOCI)	134	66	92	84

31 December 2023	SVaR (KShs 'million')			
Desk name	**Maximum***	**Minimum***	**Average**	**Closing**
FX trading	168	22	71	116
Money market trading	122	16	69	18
Fixed income trading	78	22	34	23
Diversification benefits*	-	-	(69)	(38)
Total Trading	**156**	**61**	**105**	**119**
Money market banking(FVOCI)	156	63	98	98

** The maximum and minimum VaR and sVaR figures reported for each desk do not necessarily occur on the same day. As a result, the aggregate VaR and sVaR will not equal the sum of the individual desk VaR and sVaR values.*

** Diversification benefit is the benefit of measuring the VaR and sVaR of the trading portfolio as a whole, that is, the difference between the sum of the individual desk VaRs and sVaRs, and the VaR and sVaR of the whole trading portfolio.*

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.4 Market risk (continued)

4.4.5 Approach to managing market risk in the trading book (continued)

a) VaR and SVaR (continued)

Back-testing

The Group back-tests its VaR models to verify the predictive ability of the VaR calculations and ensure the appropriateness of the models within the inherent limitations of VaR. Back-testing compares the daily hypothetical profit and losses under the one-day buy and hold assumption to the prior day's calculated VaR In addition, VaR is tested by changing various model parameters, such as confidence intervals and observation periods to test the effectiveness of risk-mitigation instruments.

b) Stop-loss triggers

Stop-loss triggers are used to protect the profitability of the trading desks, and are monitored by market risk on a daily basis. The triggers constrain cumulative or daily trading losses through acting as a prompt to a review or close-out positions.

c) Stress tests

Stress testing provides an indication of the potential losses that could occur under extreme but plausible market conditions, including where longer holding periods may be required to exit positions. Stress tests comprise individual market risk factor testing, combinations of market factors per trading desk and combinations of trading desks using a range of historical and hypothetical simulations. Daily losses experienced during the year ended 31 December 2024 did not exceed the maximum tolerable losses as represented by the Group's stress scenario limits.

d) Specific business unit and product controls

Other market risk limits and controls specific to individual business units include permissible instruments, concentration of exposures, gap limits, maximum tenor, stop-loss triggers, price validation and balance sheet substantiation.

4.4.6 Foreign exchange risk

Definition

The Group's primary exposures to foreign currency risk arise as a result of the translation effect on the Group's net assets in foreign operations, intragroup foreign-denominated debt and foreign denominated cash exposures and accruals.

Approach to managing foreign currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Asset and Liability Committee sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily risk according to existing legislation, and accounting parameters. It takes into account naturally offsetting risk positions and manages the Group's residual risk by means of forward exchange contracts, currency swaps and option contracts.

The repositioning of the currency profile is a controlled process based on underlying economic views of the relative strength of currencies. The Group does not ordinarily hold open exposures of any significance with respect to the banking book.

Gains or losses on derivatives are reported in profit or loss.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.4 Market risk (continued)

4.4.6 Foreign exchange risk Definition (continued)

Approach to managing foreign currency risk (continued)

The table below summarises the Group's exposure to foreign exchange risk at 31 December 2024.

Included in the table are the Group's financial instruments at carrying amounts, categorised by currency (all amounts expressed in millions of Kenya Shillings):

At 31 December 2024

	USD	GBP	EUR	Others	Total
Assets					
Cash and bank balances with banks abroad	11,380	266	3,160	965	**15,771**
Loans and advances	66,061	672	3,849	16	**70,598**
Investment in government securities	26,005	-	-	-	**26,005**
Balances due from group companies	59,646	3,964	4,395	703	**68,708**
Other foreign currency assets	1,276	1	-	161	**1,438**
Total foreign currency denominated financial assets	**164,368**	**4,903**	**11,404**	**1,845**	**182,520**
Liabilities					
Amounts due to banking institutions abroad	8,387	-	2,090	-	**10,477**
Deposits	120,860	4,913	10,497	928	**137,198**
Borrowings	10,482	-	-	-	**10,482**
Balances due to group companies	9,147	15	206	23	**9,391**
Other foreign currency liabilities	7,015	18	294	1,358	**8,685**
Total foreign currency denominated financial liabilities	**155,891**	**4,946**	**13,087**	**2,309**	**176,233**
Net on balance sheet financial position	8,477	(43)	(1,683)	(464)	**6,287**
Off balance sheet net notional position	(8,100)	92	2,018	161	**(5,829)**
Overall net position	**377**	**49**	**335**	**(303)**	**458**

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.4 Market risk (continued)

4.4.6 Foreign exchange risk Definition (continued)

Approach to managing foreign currency risk (continued)

At 31 December 2023

	USD	GBP	Euro	Others	Total
Assets					
Cash and bank balances with banks abroad	12,851	646	1,660	2,454	**17,611**
Loans and advances	82,820	268	7,321	26	**90,435**
Investment in Government Securities	3,062	-	-	-	**3,062**
Balances due from group companies	87,014	4,035	6,577	688	**98,314**
Other foreign currency assets	1,302	18	1	450	**1,771**
Total foreign currency denominated financial assets	**187,049**	**4,967**	**15,559**	**3,618**	**211,193**
Liabilities					
Amounts due to banking institutions abroad	9,154	-	3,659	-	**12,813**
Deposits	137,754	4,870	11,822	2,135	**156,581**
Borrowings	12,710	-	-	-	**12,710**
Balances due to group companies	12,840	28	102	-	**12,970**
Other foreign currency liabilities	5,863	9	475	1,795	**8,142**
Total foreign currency denominated financial liabilities	**178,321**	**4,907**	**16,058**	**3,930**	**203,216**
Net on balance sheet financial position	**8,728**	**60**	**(499)**	**(312)**	**7,977**
Off balance sheet net notional position	(9,323)	6	1,136	(63)	**(8,244)**
Overall net position	**(595)**	**66**	**637**	**(375)**	**(267)**

The Group takes on exposure to the effects of fluctuations in the prevailing foreign exchange rates on its financial position and cash flows. The Board sets limit on the level of exposure by currency and in aggregate for both overnight and intraday positions, which are monitored daily. The table indicates the extent to which the Group was exposed to currency risk as at 31 December on its monetary assets and liabilities denominated in foreign currency. It shows the sensitivity analysis for each currency to which the bank has significant exposure and the effect of the change in exchange rate on the income statement. Percentage exchange rate changes represent the average of the largest 1 and 10 days increase/decrease for the year.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.4 Market risk (continued)

4.4.6 Foreign exchange risk Definition (continued)

Approach to managing foreign currency risk (continued)

Year ended 31 December 2024	Increase in currency rate in %	Effect on profit before tax	Effect on equity	Decrease in currency rate in %	Effect on profit before tax	Effect on equity
	2024	2024	2024	2024	2024	2024
Currency		KShs Million	KShs Million		KShs Million	KShs Million
USD	**10.00%**	38	27	**(10.00%)**	(38)	(27)
GBP	**10.00%**	5	4	**(10.00%)**	(5)	(4)
EUR	**10.00%**	34	24	**(10.00%)**	(34)	(24)

Year ended 31 December 2023	Increase in currency rate in %	Effect on profit before tax	Effect on equity	Decrease in currency rate in %	Effect on profit before tax	Effect on equity
	2023	2023	2023	2023	2023	2023
Currency		KShs Million	KShs Million		KShs Million	KShs Million
USD	**12.26%**	(73)	(51)	**(10.59%)**	63	44
GBP	**7.87%**	5	4	**(12.98%)**	(9)	(6)
EUR	**8.09%**	51	36	**(9.22%)**	(59)	(41)

4.4.7 Interest rate risk

Interest rate risk in the banking book (IRRBB)

These are risks that have an impact on net interest income that arise from structural interest rate risk caused by the differing repricing characteristics of banking assets and liabilities.

IRRBB is further divided into the following sub risk types:

- **Repricing risk:** timing differences in the maturity (fixed rate) and repricing (floating rate) of assets and liabilities.
- **Yield curve risk**: shifts in the yield curves that have adverse effects on the Group's income or underlying economic value.
- **Basis risk:** hedge price not moving in line with the price of the hedged position. Examples include bonds/swap basis, futures/ underlying basis.
- **Optionality risk:** options embedded in Group asset and liability portfolios, providing the holder with the right, but not the obligation, to buy, sell, or in some manner alter the cash flow of an instrument or financial contract.
- **Endowment risk:** exposure arising from the net differential between interest rate insensitive assets such as non-earning assets, interest rate insensitive liabilities such as non-paying liabilities, and equity.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.4 Market risk (continued)

4.4.7 Interest rate risk (continued)

Approach to managing IRRBB

Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income and banking book mark-to-market profit or loss) and the economic value of equity.

The Group's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the Group operates. The Group's Treasury and Capital Management team monitors banking book interest rate risk operating under the oversight of ALCO.

The Treasury team is responsible for measuring the impact on earnings and economic value as well as monitoring and reporting against the stated limits and guidelines to the various entity ALCO and board committees.

Measurement

The analytical techniques used to quantify IRRBB include both earnings- and valuation-based measures. The analysis takes account of embedded optionality such as loan prepayments and accounts where the account behaviour differs from the contractual position.

The results obtained from forward-looking dynamic scenario analyses, as well as Monte Carlo simulations, assist in developing optimal hedging strategies on a risk-adjusted return basis.

Desired changes to a particular interest rate risk profile are achieved through the restructuring of on-balance sheet repricing or maturity profiles, or through derivative overlays.

Limits

Interest rate risk limits are set in relation to changes in forecast banking book earnings and the economic value of equity. Economic value of equity sensitivity is calculated as the net present value of aggregate asset cash flows less the net present value of aggregate liability cash flows.

All assets, liabilities and derivative instruments are allocated to gap intervals based on either their repricing or maturity characteristics. Assets and liabilities for which no identifiable contractual repricing or maturity dates exist are allocated to gap intervals based on behavioural profiling.

Hedging of endowment risk

IRRBB is predominantly the consequence of endowment exposures, being the net effect of non-rate sensitive assets less non-rate sensitive liabilities and equity.

The endowment risk is hedged using liquid instruments as and when it is considered opportune. Where permissible, hedge accounting is adopted using the derivatives. The interest rate view is formulated through ALCO processes, following meetings of the monetary policy committees, or notable market developments.

Non-endowment IRRBB (repricing, yield curve, basis and optionality) is managed within the treasury and the global markets portfolios.

The table below indicates the KShs equivalent sensitivity of the Bank's banking book earnings (net interest income and banking book mark-to-market profit or loss) and other comprehensive income (OCI) given a parallel yield curve shock. A floor of 0% is applied to all interest rates under the decreasing interest rate scenario. Hedging transactions are taken into account while other variables are kept constant.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.4 Market risk (continued)

4.4.7 Interest rate risk (continued)

Hedging of endowment risk (continued)

Currency	Increase in basis points	Sensitivity of net interest income	Sensitivity of other comprehensive income	Decrease in basis points	Sensitivity of net interest income	Sensitivity of other comprehensive income
	2024	2024	2024	2024	2024	2024
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
KShs	250	946	(30)	(200)	(984)	24
Others*	100	1	-	(100)	-	-

Currency	Increase in basis points	Sensitivity of net interest income	Sensitivity of other comprehensive income	Decrease in basis points	Sensitivity of net interest income	Sensitivity of other comprehensive income
	2023	2023	2023	2023	2023	2023
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	
KShs	250	1,445	(88)	(200)	(1,107)	70
Others*	100	3	-	(100)	(4)	-

The above will have the same impact on equity.

* These are any other currencies held by the Group not denominated in KShs.

4.5 Liquidity risk

Liquidity risk arises when the Group, despite being solvent, is unable to maintain or generate sufficient cash resources to meet its payment obligations as they fall due, or can only do so on materially disadvantageous terms. This inability to maintain or generate sufficient cash resources may arise where counterparties who provide the Group with short-term funding withdraw or do not rollover that funding, or normally liquid assets become illiquid as a result of a generalised disruption in asset markets.

The nature of banking and trading activities results in a continuous exposure to liquidity risk. The Group manages liquidity in accordance with applicable regulations and within Group's risk appetite. The Bank's liquidity risk management governance framework supports the measurement and management of liquidity at various levels to ensure that all payment obligations can be met by the Group under both normal and stressed conditions. Liquidity risk management ensures that the Group has the appropriate amount, diversification and tenor of funding and liquidity to support its asset base at all times.

The Bank's liquidity risk management framework differentiates between:

- **Tactical (shorter-term) risk management:** managing intra-day liquidity positions and daily cash flow requirements, and monitoring adherence to prudential and internal requirements and setting deposit rates as informed by ALCO.
- **Structural (long-term) liquidity risk management:** ensuring a structurally sound statement of financial position, a diversified funding base and prudent term funding requirements.
- **Contingent liquidity risk management**: monitoring and managing early warning liquidity indicators while establishing and maintaining contingency funding plans, undertaking regular liquidity stress testing and scenario analysis, and setting liquidity buffers in accordance with anticipated stress events.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.5 Liquidity risk (continued)

Governance committees

The primary governance committee overseeing this risk is the Group Asset Liability Committee (ALCO), which is chaired by the Chief Executive. There is independent risk oversight of all liquidity limits and guidelines by Market Risk, Finance and Central Asset Liability Management units. ALCO reports to the Board Risk Committee.

Approach to managing liquidity risk

There is a sound and robust liquidity management process to measure, monitor and manage liquidity exposures. The following elements are incorporated as part of a cohesive liquidity management process:

a) *Maintaining a structurally sound statement of financial position;*

With actual cash flows typically varying significantly from the contractual position, behavioural profiling is applied to assets, liabilities and off-balance sheet commitments with an indeterminable maturity or drawdown period, as well as to certain liquid assets. Behavioural profiling assigns probable maturities based on historical customer behaviour. This is used to identify significant additional sources of structural liquidity in the form of liquid assets and core deposits, such as current and savings accounts, which exhibit stable behaviour despite being repayable on demand or at short notice.

Structural liquidity mismatch analysis are performed regularly to anticipate the mismatch between payment profiles of balance sheet items, in order to highlight potential risks within the Group's defined liquidity risk thresholds.

b) *Foreign currency liquidity management;*

A specific number of indicators are observed in order to monitor changes in market liquidity as well as the impacts on liquidity as a result of movements in exchange rates. Foreign currency loans and advances are restricted to the availability of foreign currency deposits.

c) *Ensuring the availability of sufficient contingency liquidity;*

Funding markets are evaluated on an on-going basis to ensure appropriate Group funding strategies are executed depending on the market, competitive and regulatory environment. The Group employs a diversified funding strategy.

d) *Preserving a diversified funding base;*

Concentration risk limits are used within the Group to ensure that funding diversification is maintained across products, sectors, and counterparties. Primary funding sources are in the form of deposits across a spectrum of retail and wholesale clients, as well as long-term capital.

e) *Undertaking regular liquidity stress testing;*

Stress testing and scenario analysis are based on hypothetical as well as historical events. These are conducted on the funding profiles and liquidity positions of the Group. The crisis impact is typically measured over a two month period, as this is considered the most crucial time horizon for a liquidity event. Anticipated on and off-balance sheet cash flows are subjected to a variety of Group-specific and systemic stresses and scenarios to evaluate the impact of unlikely but plausible events on liquidity positions. The results are assessed against the liquidity buffer and contingency funding plans to provide assurance as to the Group's ability to maintain sufficient liquidity under adverse conditions.

f) *Maintaining adequate liquidity contingency plans or liquidity buffer;*

Portfolios of highly marketable securities over and above regulatory and stress testing requirements are maintained as protection against unforeseen disruptions in cash flows. These portfolios are managed within ALCO defined limits on the basis of diversification and liquidity.

g) *Short-term and long-term cash flow management;*

Active liquidity and funding management is an integrated effort across a number of functional areas. Short- term cash flow projections are used to plan for and meet the day-to-day requirements of the business, including adherence to prudential and internal requirements.

The Group's long term funding strategy is derived from the projected net asset growth which includes consideration of Personal Private Banking, Business Commercial Banking, Insurance and Asset Management, and Corporate and Investment Banking asset classes, capital requirements, the maturity profile of existing wholesale funding and anticipated changes in the retail deposit base. Funding requirements and initiatives are assessed in accordance with ALCO requirements for diversification, tenure and currency exposure, as well as the availability and pricing of alternative liquidity sources.

Liquidity contingency plans are designed to, as far as possible, protect stakeholder interests and maintain market confidence in the event of a liquidity crisis. The plans incorporate an extensive early warning indicator process supported by a clear and decisive crisis response strategy. Early warning indicators cover bank- specific and systemic crises and are monitored according to assigned frequencies and tolerance levels.

Crisis response strategies are formulated for the relevant crisis management structures and address internal and external communications and escalation processes, liquidity generation management actions and operations, and heightened and supplementary information requirements to address the crisis event.

The cumulative impact of the above elements is monitored on a monthly basis by the Group's ALCO and the process is underpinned by a system of extensive internal and external controls. In periods of increased volatility, the frequency of meetings is increased as required to facilitate appropriate and timely management action.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.5 Liquidity risk (continued)

Approach to managing liquidity risk (continued)

g) Short-term and long-term cash flow management; (continued)

To ensure integrity of the process there is use of application of purpose built technology, documented processes and procedures; independent oversight by risk management and regular independent reviews and evaluations of the effectiveness of the system. The total amount of liquidity held is adequate to meet all internal stress tests as well as regulatory requirements.

Exposure to liquidity risk

The key measure by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from

customers. For this purpose, 'net liquid assets' includes cash and cash equivalents and financial investment debt securities for which there is an active and liquid market less any deposits from Groups. Details of the reported Group's key subsidiary, Stanbic Bank Kenya Limited, ratio of net liquid assets to deposits from customers at the reporting date and during the reporting year were as follows:

	2024	2023
	%	%
At 31 December	**50.5**	40.3
Average for the year	**51.1**	41.4
Maximum for the year	**55.9**	47.2
Minimum for the year	**46.7**	35.8
Statutory minimum requirement	**20.0**	20.0

The tables below present the remaining contractual maturities of the Group's non-derivative financial liabilities; it includes a maturity analysis for financial assets that the Group holds as part of managing liquidity risk – e.g. financial assets that are expected to generate cash inflows to meet cash outflows on financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.5 Liquidity risk (continued)

Maturity analysis for financial assets and financial liabilities - Group

	Carrying value	Gross nominal inflow/ (outflow)	Redeemable on demand	Maturing within 1 month	Maturing after 1 month but within 6 months	Maturing after 6 months but within 12	Maturing after 12 months but within 5 year	Maturing After 5 years
	2024	2024	2024	2024	2024	2024	2024	2024
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Non- derivative financial assets								
Cash and balances to banks	**24,677**	**24,677**	24,677	-	-	-	-	-
Financial assets at FVTPL	**54,649**	**55,759**	-	3,756	21,959	19,571	5,778	4,695
Financial assets at FVOCI	**15,462**	**19,193**	-	-	8,897	9,269	1,027	-
Financial assets at amortised cost	**29,079**	**30,255**	-	-	4,915	4,866	9,499	10,975
Loans and advances to banks	**64,486**	**67,930**	5,494	13,076	13,918	16,692	18,750	-
Loans and advances to customers	**230,218**	**326,972**	28,854	5,392	27,843	32,352	200,164	32,367
Other assets	**8,239**	**8,239**	8,239	-	-	-	-	-
	426,810	**533,025**	**67,264**	**22,224**	**77,532**	**82,750**	**235,218**	**48,037**
Derivative assets:	**2,095**							
- Inflows		(4,439)	-	(2,876)	(1,563)	-	-	-
- Outflows		19,293	-	3,736	15,557	-	-	-
	2,095	**14,854**	**-**	**860**	**13,994**	**-**	**-**	**-**
Non- derivative financial liabilities								
Amounts due to other banks	**(20,819)**	**(20,453)**	(4,114)	(7,417)	(528)	(120)	(8,274)	-
Customer deposits	**(318,193)**	**(324,341)**	(166,366)	(53,515)	(14,238)	(83,269)	(6,952)	(1)
Financial liabilities at FVTPL	**(16,322)**	**(16,914)**	-	(5,686)	(4,285)	(921)	(3,138)	(2,884)
Borrowings	**(10,482)**	**(15,617)**	-	(153)	(767)	(921)	(7,364)	(6,412)
Other liabilities	**(7,568)**	**(7,568)**	(7,568)	-	-	-	-	-
	(373,384)	**(384,893)**	**(178,048)**	**(66,771)**	**(19,818)**	**(85,231)**	**(25,728)**	**(9,297)**
Derivative liabilities:	**(2,746)**							
- Inflows		(20,897)	-	(6,279)	(14,786)	25	143	-
- Outflows		2,009	-	1,921	211	(14)	(107)	(2)
	(2,746)	**(18,888)**	**-**	**(4,358)**	**(14,575)**	**11**	**36**	**(2)**

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.5 Liquidity risk (continued)

Maturity analysis for financial assets and financial liabilities - Group (continued)

	Carrying value	Gross nominal inflow/ (outflow)	Redeemable on demand	Maturing within 1 month	Maturing after 1 month but within 6 months	Maturing after 6 months but within 12	Maturing after 12 months but within 5 year	Maturing After 5 years
	2023	2023	2023	2023	2023	2023	2023	2023
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Non- derivative financial assets								
Cash and balances to banks	**25,503**	**25,503**	25,503	-	-	-	-	-
Financial assets at FVTPL	**2,898**	**5,233**	-	5	318	321	4,370	219
Financial assets at FVOCI	**19,892**	**20,279**	-	-	13,487	580	6,212	-
Financial assets at amortised cost	**22,555**	**27,929**	-	8	7,871	3,889	8,557	7,604
Loans and advances to banks	**95,705**	**97,277**	5,037	49,207	17,381	20,841	3,849	962
Loans and advances to customers	**260,509**	**408,011**	32,518	6,771	34,655	40,625	251,638	41,804
Other assets	**5,906**	**5,906**	5,906	-	-	-	-	-
	432,968	**590,138**	**68,964**	**55,991**	**73,712**	**66,256**	**274,626**	**50,589**
Derivative assets:	**2,250**							
- Inflows	-	(10,577)	-	(1,977)	(5,671)	(2,926)	(3)	-
- Outflows	-	28,992	-	3,961	16,422	8,609	-	-
	2,250	**18,415**	**-**	**1,984**	**10,751**	**5,683**	**(3)**	**-**
Non- derivative financial liabilities								
Amounts due to other banks	**(26,004)**	**(26,462)**	(16,021)	(318)	(1,543)	(21)	(8,559)	-
Customer deposits	**(321,234)**	**(325,338)**	(192,147)	(102,685)	(9,551)	(6,895)	(14,060)	-
Financial liabilities at FVTPL	**(14,071)**	**(10,547)**	-	(1,353)	(2,558)	(1,338)	(4,607)	(691)
Borrowings	**(12,713)**	**(16,943)**	-	(230)	(1,149)	(1,379)	(11,028)	(3,157)
Other liabilities	**(8,110)**	**(8,110)**	(8,110)	-	-	-	-	-
	(382,132)	**(387,400)**	**(216,278)**	**(104,586)**	**(14,801)**	**(9,633)**	**(38,254)**	**(3,848)**
Derivative liabilities:	**(2,570)**							
- Inflows	-	(40,304)	-	(4,954)	(27,250)	(8,212)	101	11
- Outflows	-	10,875	-	2,011	4,652	4,212	-	-
	(2,570)	**(29,429)**	**-**	**(2,943)**	**(22,598)**	**(4,000)**	**101**	**11**

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.5 Liquidity risk (continued)

Maturity analysis for financial assets and financial liabilities (continued)

The amounts in the table above have been compiled as follows:

Type of financial	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows which include interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets held for risk management purpose	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprises cash and cash equivalents and debt securities issued by sovereigns which can be readily sold to meet liquidity requirements. In addition the Group maintains lines of credit with other banks and holds unencumbered assets eligible for use as collateral with central bank.

The table below analyses the Company's non-derivative financial assets and liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

COMPANY

	0-3 MONTHS
	KShs Million
At 31 December 2024	
Cash and balances to banks	159
Other liabilities	(264)
	(105)
At 31 December 2023	
Cash and balances to banks	216
Other liabilities	(156)
	60

4.6 Financial instruments subject to offsetting, enforceable master netting arrangements or similar

The following table sets out the impact of offset, as well as financial assets and financial liabilities that are subject to enforceable master netting arrangement or similar agreement, irrespective of whether they have been offset in accordance with IAS 32, as required by IFRS 7.13C disclosure requirements. The gross amounts of financial asset and financial liabilities and their net amounts disclosed in the table below have been measured in the statement of financial position on the following bases:

- Derivative asset and liabilities – fair value;
- Loans and advances – amortised cost; and
- Customer deposits – amortised cost.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.6 Financial instruments subject to offsetting, enforceable master netting arrangements or similar (continued)

As at 31 December 2024, the Group had cash margins of KShs 1,770,942,358 (2023: KShs 2,339,196,128) held as collateral against loans and advances to customers. Therefore, the credit facilities secured by cash margins can be settled at net.

The ISDA* and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the bank or the counterparties following other predetermined events. In addition the Group and its counterparties do not intend to settle on a net basis or to realise the assets and the liabilities simultaneously.

The Group receives collateral in the form of cash in respect of lending.

The table below sets out the nature of agreement, and the types of rights relating to items which do not qualify for offset but that are subject to a master netting arrangement or similar agreement.

Financial instrument	Nature of agreement	Basis on which amounts are compiled
Derivative assets and liabilities	ISDA*	The agreement allows for offset in the event of default.
Trading assets and trading liabilities	Global master repurchase agreements	The agreement allows for offset in the event of default.
Loans and advances to banks	Banking Act	In the event of liquidation or bankruptcy, offset shall be enforceable subject to meeting Banking Act requirements.
Deposits and current accounts	Banking Act	In the event of liquidation or bankruptcy, offset shall be enforceable subject to meeting Banking Act requirements.

IFRS 9 Financial Instruments: requires financial assets and financial liabilities to be offset and the net amount presented in the statement of financial position when, and only when, the Group has a current legally enforceable right to set off recognised amounts, as well as the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

** An ISDA master agreement is a standard agreement used in over-the-counter derivatives transactions. The ISDA Master Agreement, published by the International Swaps and Derivatives Association (ISDA), is a document that outlines the terms applied to a derivatives transaction between two parties.*

4.7 Interest rate benchmarks and reference interest rate reform

The Financial Stability Board had initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets.

During the 2021 financial year, the LIBOR's administrator, the Intercontinental Exchange Benchmark Administration Limited, announced it would no longer publish EUR, CHF, JPY and GBP related LIBOR rates for all tenors after 31 December 2021. The ICE Benchmark Administration Limited (IBA) had adopted a two-stage approach for the cession of the USD LIBOR rates with the one week and two month USD LIBOR rates no longer being published after 31 December 2021 and the remaining being the overnight, one month, three month, six month and 12 month rates no longer being published after 30 June 2023. The LIBOR rates which the Group is exposed to will predominantly be replaced by Secured Overnight Financing Rate (SOFR), Sterling Overnight Index Average (SONIA), Euro Short Term Rate (ESTR), Tokyo Overnight Average (TONA) and Swiss Average Rate Overnight (SARON). In certain instances, other suitable rates are used, such as Central Bank Policy Rates.

The Group undertook amendments to most Financial Instruments with contractual terms indexed to IBORs such that they incorporated new benchmark rates thus replacing the LIBOR rates by Secured Overnight Financing Rate (SOFR), Sterling Overnight Index Average (SONIA), Euro Short Term Rate (ESTR), Tokyo Overnight Average (TONA) and Swiss Average Rate Overnight (SARON).

During the 2020 financial year, the SARB indicated its intention to move away from JIBAR and has subsequently identified the successor rate as the South African Rand Overnight Index Average Rate (ZARONIA) based on 5 years of back testing results. The new ZARONIA rate was published for observation during 2022 and was formally endorsed as the successor rate in 2023. The official announcement of the cessation of JIBAR as a reference rate is expected in 2025, allowing the ZARONIA market to develop in derivative and cash products during 2024 and 2025. The cessation date of JIBAR as a reference rate is expected at the end of 2026 based on the current industry timelines.

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.7 Interest rate benchmarks and reference interest rate reform (continued)

The Group transitioned all IBOR linked contracts to risk free rates as of 31 December 2024.

The IBOR reform exposed the Group to various risks, which the steering committee has been managing and monitoring closely. These risks include but are not limited to the following:

i) Model risk – risk of the valuation models used within the Group not being able to cater for the changes in the intended manner.

ii) Legal risk – risk of being non-compliant to the agreements previously agreed with clients.

iii) Operational risk – risk of the Group's systems not being able to accommodate for the changes to the interest rates as agreed.

iv) Financial risk – risk of not appropriately pricing the deals which will result in a transfer of value between the Group and clients.

v) Compliance/regulatory risk – risk that the Group is exposed to regulatory sanctions due to failing to meet the regulatory expectations in relation to the transition.

vi) Reputational risk – the risk to the Group's reputation from failing to adequately prepare for the transition.

vii) Conduct risk – risk that arises when transitioning existing contracts linked to IBORs as value-transfer may occur, or clients may be transitioned to inferior rates or on unfair contractual terms, or in circumstances where they do not fully appreciate the impact of the transition or the alternatives available to them.

Financial instruments impacted by the reform which are yet to transition

	USD LIBOR 2024	USD LIBOR 2023
	KShs million	KShs million
Total assets subject to IBOR reform	**-**	**2,147**
Derivative Assets[1]	-	-
Financial assets – (FVTPL)	-	100
Loans and Advances[2]	-	2,047
Total liabilities subject to IBOR reform	**-**	**(3,359)**
Derivative Liabilities[1]	-	-
Deposits and debt funding	-	-
Borrowings	-	(3,259)
Financial liabilities – FVTPL	-	(100)
Total off balance sheet exposures subject to IBOR reform	-	-
Off balance sheet items	-	-

[1] These balances represent the notional amount directly impacted by the IBOR reform. Where the derivatives have both pay and receive legs with exposure to the benchmark reform such as cross currency swaps, the notional amount is disclosed for both legs.

[2] Gross carrying amount excluding allowances for expected credit losses (ECL).

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.8 Climate-related emerging risks

The Group recognises the scale of the present and future expected environmental, social and economic impacts of climate change. In support of Kenya and South Sudan's fair-share contribution to the Paris Agreement goal of limiting global warming to less than 1.5°C above pre-industrial levels by 2050, the Group has committed to achieving net zero carbon emissions from its own operations for newly built facilities, for existing facilities, and from its portfolio of financed emissions.

Exposure to the risks associated with climate change arise for the Group both in respect of its own activities and operations, but more materially through the transmission of climate risks into credit, market, reputational and other risk exposures from lending to, investing in and otherwise transacting with clients and counterparties.

The Group recognises transition and physical climate risk across all presence countries and operations, with varying levels of intensity across all presence countries and operations. Physical climate risk includes the risk of financial loss arising through increasing severity and frequency of weather events such as storms, floods and fires, droughts and other physical hazards, all of which are evident in our countries of operation. Physical climate risk also includes chronic longer-term changes in climate, such as changing precipitation patterns, rising sea levels and average temperature rises.

Transition risk includes the risk of financial loss arising through changes associated with microeconomic (individual and corporate level) and macroeconomic (economy and country level) adjustments made in transitioning to a lower carbon emissions economy and business operating model. Such drivers include changes in policies, legislation and regulations to reduce emissions and support decarbonisation, changes due to technology improvements that support transition to a lower carbon economy, changes in market demand for products and services that support or delay the transition, and reputational risks associated with changing customer preferences. The current and future expected costs, including for possible stranded assets that do not deliver an economic return because of changes associated with a transition to a lower carbon economy, are higher for clients and counterparties of the Group that operate in sectors that are more vulnerable to these transition risk drivers.

Governance

The Group climate policy guides both the management of exposures to businesses in sectors that are vulnerable to climate-related risks and the direction of finance towards qualifying transactions that seek to address energy poverty, achieve fair employment opportunities, and support the just transition to net zero. The board and its committees are responsible for overseeing both the implementation of the group's climate policy and supporting sector-specific strategies for driving sustainable and transition finance, and the management of climate-related financial risks associated with the group's lending and investing activities, wherever they are identified.

The board and its supporting committees are responsible for:

- Overseeing implementation of the Climate Policy including monitoring of progress made to meet targets
- Reviewing outputs of internal scenario analysis and regulatory climate risk stress tests, as well as other
- Assessing executive performance in relation to climate policy commitments and targets.

The Group risk oversight committee (GROC), chaired by the Group chief risk officer, oversees financial and non-financial related risk, including climate-related risk. GROC is responsible for overseeing the embedment of climate-related risk-identification, classification, analysis, monitoring and reporting in the enterprise-wide risk management system. The Group portfolio risk management committee (GPRMC) assesses composition of the group's portfolio including for lending to sectors more vulnerable to climate-related risks, the implications thereon of stressed scenarios (including going forward for climate-related risk scenarios) and sets concentration limits or thresholds of portfolios and risk appetite indicator guidelines for group. The refinement of quantified limits and thresholds for exposures to climate-related risks is ongoing across impacted portfolios.

Strategy

The Group supports a just energy transition that prioritises environmental sustainability in a manner that creates work opportunities and social inclusion, addresses Kenya and South Sudan's energy poverty and acknowledges their very limited contribution to global emissions. As part of the efforts to achieve this transition, the Group has committed to reducing its financed emissions while responsibly managing its exposure to fossil fuels, specifically where there is a national level energy transition roadmap that supports cleaner fuels.

The Group has adopted a phased and progressive approach to understanding its climate risk exposures, designing sector-specific strategies and setting appropriate targets to reduce exposures and maximise opportunities. The Group has undertaken a rigorous process of research, internal consultation and expert engagement designed to develop a clear understanding of risks and opportunities in each sector, set appropriate strategies and to determine appropriate targets to manage portfolio risk and maximise opportunity.

The first phase included the identification of five client sectors that face material climate-related risk and opportunity, namely: agriculture, gas, oil thermal coal and renewable energy. The Group's climate policy published in March 2022, sets targets and commitments in respect of these sectors. The second phase extended targets and commitments to the residential real estate, commercial real estate and short-term insurance sectors. These additional sectors are reflected in the group climate strategy published in March 2023. The updated climate policy, published in March 2025,

Financial statements
For the year ended 31 December 2024

Notes (continued)

4. Financial risk management (continued)

4.8 Climate-related emerging risks (continued)

Strategy (continued)

includes additional sectors, and sets out the group's plans to develop targets for the reduction of financed emissions in relation to specific sectors.

The climate policy is a group-wide policy with application across all legal entities in the Group. The Group's approach to climate risk and opportunities is primarily sector-led across all countries, with business teams developing their climate targets, commitments and climate risk appetite as part of their sector-specific business strategies. Country-specific climate risk assessment capabilities are being developed within the Group's sovereign risk function.

Risk management

The climate risk team in Group sustainability program is driving the establishment of standards for climate data management and assurance. The Group continues refining data and reporting structures within which our counterparties and their activities are classified. The objective, is to enhance sector classifications to more accurately reflect the extent to which the sectors are, or may be, vulnerable to climate-related risks. This will support reporting for climate metric purposes, as well as the Group's internal and external portfolio-level scenario analysis.

Our capacity to identify and assess climate-related risks using scenario analysis continues to improve. The Group invested in new Group-wide climate risk analytics technology in 2024 and partnered with a global ratings, research and data provider to significantly enhance our ability to measure, model, manage and report our climate related risk exposure. Using data on the locations of our clients' climate sensitive operations and assets, as well as information on the nature of their sensitivity to transition risk, we are now better able to estimate the credit and market risk-related impacts of transition and physical risks in our banking and trading portfolios. Analysis in 2024 included:

- Carbon emissions modelling.
- Physical risk impacts scores and damage rates.
- Scenario specific climate adjusted probabilities of default and loss given default.
- Value impact assessments for traded instruments.

Transition risks

- Exposure to policy risk over the medium to long term associated with uncertain long-term demand for fossil fuels, especially coal, and other high emitting sectors. Key drivers for this risk include expected policy actions such as more onerous carbon-pricing regulations to limit emissions on business activities. Such action could lead to higher risks of stranded assets and the related financial risks for the group arising from an impairment in value of clients' operating assets pledged as collateral and leading therefore to an increase in the probability risk of client defaults.
- Market risk primarily over the short to medium term related to changing client expectations for greener products and services, potentially impacting on some of our clients' future business opportunities. Likewise, expectations from investors will also adjust to an appetite for lower financed emissions, applying pressure on the group to align with low emissions pathways.
- Higher reputational risk including in the immediate short-term arising from negative stakeholder sentiment and adverse media coverage related to support of projects or activities with negative impacts on the climate, including oil and gas related infrastructure projects.

Physical Risk

Acute physical risks such as more frequent and more intense extreme weather events, pose a risk to the Group's own operations and those of its customers in sectors the group has identified as being vulnerable, including agriculture and others. Chronic physical risks such as rising average temperatures and changing precipitation patterns over the medium to long term, that lead to heat stress, droughts, higher wildfire risks and water shortages, may impact the group's clients in affected sectors including mining, industrial, manufacturing and agriculture through water shortages, labour productivity, economic output and occupational health.

Opportunities

The Group continues to work with its clients and partners to help them address their climate impacts, lower their emissions and improve their resilience. The Group continues to expand its offering of sustainability linked lending solutions, green and social bonds. The Group supports sustainable agricultural practices that promote reduced carbon emissions and improved resilience to climate risk.

Metrics and targets

In setting its targets for reducing exposure concentrations to affected sectors, setting future origination goals and driving its offerings, the group referenced the NGFS Net Zero 2050 scenario, publicly available national research and statistics, including electricity planning forecasts (where available) and internal economic forecasts and research obtained from credible external sources. Detailed information in this regard can be found in the Group's climate-related disclosures report and the climate policy.

Financial statements

For the year ended 31 December 2024

Notes (continued)

5. Segment information

The Group is required to disclose information to the users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates in compliance with IFRS 8.

An operating segment is a component of the Group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. Identification of segments and the measurement of segment results is based on the Group's internal reporting to management.

Management has determined the operating segments based on the reports reviewed by the Group's Chief Executive (CE) with the assistance of the Group's Leadership Council (KLC) and the Asset and Liability Committee (ALCO). Management considers the business from client turnover perspective.

The Group's operating model is client led and structured around segments, namely: Personal & Private Banking (PPB), Business & Commercial Banking(BCB), Corporate & Investment Banking (CIB) and Insurance & Asset Management (IAM).

Business unit reporting evolves to reflect changes in reporting responsibility for individual cost centres and divisions across the group.This is in line with Group reporting and decision-making reports.

The geographical spread (across borders) is also used as a part of performance analysis. The Group's main subsidiary (Stanbic Bank Kenya Limited) operates one Branch in the Republic of South Sudan.

Insurance and Asset Management (IAM)

The Insurance & Asset Management (IAM) business unit offers partnerships for the sale of the Group's insurance agency offerings within the Group's banking sales channels. Its clients, who range from individual customers to corporate and institutional clients, can leverage Group's extensive market leading range of propositions and services to help build and protect their wealth and lifestyle.

Personal & Private Banking (PPB)

PPB provides banking services to individual customers and small to medium sized enterprises. The products offered include:

(i) Mortgage Lending – provides residential accommodation loans to individual customers.

(ii) Instalment Sales and Finance Leases – comprises two areas, instalment finance in the consumer market, mainly vehicles, and secondly, finance of vehicles and equipment in the business market.

(iii) Card Products – provides card facilities to individuals and businesses.

(iv) Transactional and Lending Products – transactions in products associated with the various points of contact channels such as Automated Teller Machines (ATMs), Internet, and branches. This includes deposit taking activities, electronic banking, cheque accounts and other lending products.

Business and Commercial Banking (BCB)

The BCB business unit provides broad based client solutions for a wide spectrum of small and medium-sized businesses as well as large commercial enterprises. Our client coverage extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by our clients to enable their growth. The products offered include:

i) Transactional products associated with payments such as salaries, suppliers and bill payments and collections for cash, cheques and electronic money as well as all foreign currency requirements.

ii) Lending solutions: Pre & post shipment financing, Working capital financing, Asset Finance, capex and expansion loans and Insurance financing.

iii) Savings and Investment

Corporate and Investment Banking (CIB)

CIB provides commercial and investment banking services to larger corporates, financial institutions, and international counter-parties. The products offered include:

- Global Markets – includes foreign exchange and debt securities trading.
- Transactional banking services – includes transactional banking and investor services.
- Investment Banking – includes project finance, advisory, structured finance, structured trade finance, corporate lending, primary markets and property finance.

The Group does not have any customer that contributes more than 10% of its revenue nor a customer that constitutes more than 10% of deposits or loans (2023: None)

Financial statements
For the year ended 31 December 2024

Notes (continued)

5. Segment information (continued)

5 (a) Results by business units

Statement of profit and loss	Total	Total	CIB	CIB	BCB	BCB	PPB	PPB	IAM	IAM
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Interest income	48,165	37,942	33,619	25,457	5,126	4,719	9,408	7,758	12	8
Interest expense	(23,828)	(12,294)	(22,026)	(12,047)	1,297	1,220	(3,098)	(1,469)	(1)	2
Net interest income	**24,337**	**25,648**	**11,593**	**13,410**	**6,423**	**5,939**	**6,310**	**6,289**	**11**	**10**
Fees and commission revenue	6,042	6,670	3,060	3,660	1,181	1,347	1,352	1,222	449	441
Fees and commission expense	(1,069)	(1,032)	(237)	(148)	(317)	(323)	(515)	(561)	-	-
Net fees and commission income	**4,973**	**5,638**	**2,823**	**3,512**	**864**	**1,024**	**837**	**661**	**449**	**441**
Trading revenue	7,662	10,247	5,982	7,326	834	1,737	752	1,095	94	89
Net gain/ (loss) from financial instruments at fair value through profit or loss	2,849	(92)	2,849	(92)	-	-	-	-	-	-
Other income	114	153	72	142	20	7	15	4	7	-
Other losses on financial instruments	(32)	(277)	(32)	(277)	-	-	-	-	-	-
Trading and other income	**10,593**	**10,031**	**8,871**	**7,099**	**854**	**1,744**	**767**	**1,099**	**101**	**89**
Total income	**39,903**	**41,317**	**23,287**	**24,021**	**8,141**	**8,707**	**7,914**	**8,049**	**561**	**540**
Credit impairment losses	(3,099)	(6,236)	(909)	(1,142)	(901)	(3,407)	(1,289)	(1,687)	-	-
Net income before operating expenses	**36,804**	**35,081**	**22,378**	**22,879**	**7,240**	**5,300**	**6,625**	**6,362**	**561**	**540**
Employee benefits expense	(9,135)	(8,656)	(4,032)	(4,199)	(2,455)	(2,257)	(2,462)	(2,015)	(186)	(185)
Depreciation and amortisation expense	(707)	(622)	(256)	(248)	(189)	(170)	(254)	(201)	(8)	(3)
Depreciation on right-of use assets	(324)	(336)	(74)	(89)	(114)	(118)	(136)	(128)	-	(1)
Other operating expenses	(7,657)	(8,367)	(3,662)	(4,331)	(1,681)	(1,719)	(2,170)	(2,240)	(144)	(77)
Finance costs	(10)	(6)	(10)	(6)	-	-	-	-	-	-
Total operating expenses	**(17,833)**	**(17,987)**	**(8,034)**	**(8,873)**	**(4,439)**	**(4,264)**	**(5,022)**	**(4,584)**	**(338)**	**(266)**
Profit before income tax	**18,971**	**17,094**	**14,344**	**14,006**	**2,801**	**1,036**	**1,603**	**1,778**	**223**	**274**
Income tax expense	(5,255)	(4,936)	(3,816)	(4,028)	(884)	(321)	(480)	(509)	(75)	(78)
Profit for the year	**13,716**	**12,158**	**10,528**	**9,978**	**1,917**	**715**	**1,123**	**1,269**	**148**	**196**

Financial statements
For the year ended 31 December 2024

Notes (continued)

5. Segment information (continued)

5 (a) Results by business units (continued)

Statement of financial position	Total	Total	CIB	CIB	BCB	BCB	PPB	PPB	IAM	IAM
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Assets										
Cash and balances with central banks	24,677	25,503	21,779	23,814	1,856	1,039	1,042	650	-	-
Financial assets – (FVTPL)	54,649	2,898	54,649	2,898	-	-	-	-	-	-
Financial assets – (FVOCI)	15,462	19,892	15,462	19,892	-	-	-	-	-	-
Financial assets – (amortised cost)	29,079	22,555	29,079	22,555	-	-	-	-	-	-
Derivative assets	2,095	2,250	2,095	2,250	-	-	-	-	-	-
Current tax asset	1,461	-	858	-	283	-	307	-	13	-
Loans and advances to banks	64,486	95,705	64,486	95,266	-	337	-	-	-	102
Loans and advances to customers	230,218	260,509	146,696	167,178	32,312	39,820	51,210	53,511	-	-
Other assets and prepayments	10,449	7,608	2,077	1,934	3,323	2,004	4,778	3,426	271	244
Investment in subsidiaries and other investment	18	18	11	11	4	4	3	3	-	-
Property and equipment	2,231	2,078	718	684	721	663	792	731	-	-
Right-of-use assets (buildings)	693	858	205	282	249	319	239	257	-	-
Right-of-use assets (leasehold land)	30	33	15	17	7	7	8	9	-	-
Other intangible assets	993	740	339	338	150	113	487	282	17	7
Intangible assets - goodwill	9,350	9,350	8,883	7,572	467	616	-	1,162	-	-
Deferred tax asset	8,943	9,287	5,961	6,194	1,978	1,504	979	1,584	25	5
Total assets	**454,834**	**459,284**	**353,313**	**350,885**	**41,350**	**46,426**	**59,845**	**61,615**	**326**	**358**
Liabilities										
Derivative liabilities	2,746	2,570	2,746	2,570	-	-	-	-	-	-
Financial liabilities – FVTPL	16,322	14,071	16,322	14,071	-	-	-	-	-	-
Current tax liability	20	2,192	20	1,515	-	307	-	318	-	52
Deposits from banks	20,819	26,004	20,819	24,869		1,135		-	-	-
Deposits from customers	318,193	321,234	156,516	153,498	73,758	79,951	87,919	87,785	-	-
Borrowings	10,482	12,713	7,275	7,725	1,531	2,591	1,676	2,397	-	-
Other liabilities and accrued expenses	10,140	10,939	4,870	5,189	3,012	3,249	2,246	2,437	12	64
Lease liabilities	712	1,007	446	618	214	298	52	91	-	-
Total liabilities	**379,434**	**390,730**	**209,014**	**210,055**	**78,515**	**87,531**	**91,893**	**93,028**	**12**	**116**
Equity	**75,400**	**68,554**	**47,324**	**40,162**	**13,196**	**14,013**	**14,669**	**14,118**	**211**	**261**
Inter-divisional funding	-	-	**96,975**	**100,668**	**(50,361)**	**(55,118)**	**(46,717)**	**(45,531)**	**103**	**(19)**
Total equity and liabilities	**454,834**	**459,284**	**353,313**	**350,885**	**41,350**	**46,426**	**59,845**	**61,615**	**326**	**358**

Financial statements
For the year ended 31 December 2024

Notes (continued)

5. Segment information (continued)

5 (b) Results by geographical area

Statement of profit and loss	Total	Total	Kenya	Kenya	South Sudan	South Sudan
	2024	2023	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Interest income	48,165	37,942	48,161	37,935	4	7
Interest expense	(23,828)	(12,294)	(23,807)	(12,272)	(21)	(22)
Net interest income	**24,337**	**25,648**	**24,354**	**25,663**	**(17)**	**(15)**
Fees and commission revenue	6,042	6,670	5,190	5,569	852	1,101
Fees and commission expense	(1,069)	(1,032)	(1,058)	(1,026)	(11)	(6)
Net fees and commission income	**4,973**	**5,638**	**4,132**	**4,543**	**841**	**1,095**
Trading revenue	7,502	10,247	6,738	9,331	764	916
Net gain/ (loss) from financial instruments at fair value through profit or loss	2,849	(92)	2,849	(92)	-	-
Other income	114	153	114	153	-	-
Other losses on financial instruments	(32)	(277)	(32)	(277)	-	-
Trading and other income	**10,433**	**10,031**	**9,669**	**9,115**	**764**	**916**
Total income	**39,743**	**41,317**	**38,155**	**39,321**	**1,588**	**1,996**
Credit impairment losses	(3,099)	(6,236)	(3,081)	(6,225)	(18)	(11)
Net income before operating expenses	**36,644**	**35,081**	**35,074**	**33,096**	**1,570**	**1,985**
Employee benefits expense	(9,135)	(8,656)	(8,340)	(7,902)	(795)	(754)
Depreciation and amortisation expense	(707)	(622)	(695)	(599)	(12)	(23)
Depreciation on right-of use assets	(324)	(336)	(304)	(298)	(20)	(38)
Other operating expenses	(7,497)	(8,367)	(6,991)	(7,860)	(506)	(507)
Finance costs	(10)	(6)	(1)	(1)	(9)	(5)
Total operating expenses	**(17,673)**	**(17,987)**	**(16,331)**	**(16,660)**	**(1,342)**	**(1,327)**
Profit before income tax	**18,971**	**17,094**	**18,743**	**16,436**	**228**	**658**
Income tax expense	(5,255)	(4,936)	(5,202)	(4,738)	(53)	(198)
Profit for the year	**13,716**	**12,158**	**13,541**	**11,698**	**175**	**460**

Financial statements
For the year ended 31 December 2024

Notes (continued)

5. Segment information (continued)

5 (b) Results by geographical area (continued)

Statement of financial position	Total	Total	Kenya	Kenya	South Sudan	South Sudan
	2024	2023	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Assets						
Cash and balances with central banks	24,677	25,503	17,806	16,617	6,871	8,886
Financial assets – (FVTPL)	54,649	2,898	54,649	2,898	-	-
Financial assets – (FVOCI)	15,462	19,892	15,462	19,892	-	-
Financial assets – (amortised cost)	29,079	22,555	29,079	22,555	-	-
Derivative assets	2,095	2,250	2,095	2,250	-	-
Current tax asset	1,461	-	1,461	-	-	-
Loans and advances to banks	64,486	95,705	55,183	82,150	9,303	13,555
Loans and advances to customers	230,218	260,509	230,188	260,482	30	27
Other assets and prepayments	10,449	7,608	10,402	7,551	47	57
Investment in subsidiaries and other investments	18	18	18	18	-	-
Property and equipment	2,231	2,078	2,162	1,981	69	97
Right-of-use assets (buildings)	693	858	651	814	42	44
Right-of-use assets (leasehold land)	30	33	30	33	-	-
Other intangible assets	993	740	993	736	-	4
Intangible assets - goodwill	9,350	9,350	9,350	9,350	-	-
Deferred tax asset	8,943	9,287	8,918	9,206	25	81
Total assets	**454,834**	**459,284**	**438,447**	**436,533**	**16,387**	**22,751**
Liabilities						
Derivative liabilities	2,746	2,570	2,746	2,570	-	-
Financial liabilities – FVTPL	16,322	14,071	16,322	14,071	-	-
Current tax liability	20	2,192	-	2,073	20	119
Deposits from banks	20,819	26,004	20,807	25,989	12	15
Deposits from customers	318,193	321,234	304,138	301,960	14,055	19,274
Borrowings	10,482	12,713	10,482	12,713	-	-
Other liabilities and accrued expenses	10,140	10,939	8,367	8,988	1,773	1,951
Lease liabilities	712	1,007	639	846	73	161
Total liabilities	**379,434**	**390,730**	**363,501**	**369,210**	**15,933**	**21,520**
Equity	**75,400**	**68,554**	**74,946**	**67,323**	**454**	**1,231**
Total equity and liabilities	**454,834**	**459,284**	**438,447**	**436,533**	**16,387**	**22,751**

Financial statements
For the year ended 31 December 2024

Notes (continued)

5. Segment information (continued)

5 (b) Results by geographical area (continued)

Reconciliation of reportable assets and liabilities

	GROUP	
	2024	2023
	KShs Million	KShs Million
Assets		
Total assets for reportable segments	475,544	483,503
Elimination of inter-branch balances with South Sudan	(20,710)	(24,219)
Entity's assets Liabilities	**454,834**	**459,284**
Liabilities		
Total liabilities and equities for reportable segments	475,544	483,503
Elimination of inter-branch balances with South Sudan	(20,710)	(24,219)
Entity's liabilities and equities	**454,834**	**459,284**

6. Interest income

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million
Loans and advances to customers	35,952	29,469	-	-
Financial assets – (FVOCI)	3,100	2,530	-	-
Financial assets – (amortised cost)	3,016	2,547	-	-
Placements and other bank balances	6,097	3,396	25	16
	48,165	**37,942**	**25**	**16**

Interest income and interest expense calculated using the effective interest method.

7. Interest expense

Current accounts	4,502	2,624	-	-
Savings and term deposit accounts	17,087	7,928	-	-
Deposits and placements from other banks	1,061	537	-	-
Interest on borrowed funds (Note 35)	1,062	1,084	-	-
Interest expense on lease liabilities (Note 31)	116	121	-	-
	23,828	**12,294**	**-**	**-**
Net interest income	**24,337**	**25,648**	**25**	**16**

All interest income reported above relates to financial assets not carried at fair value through profit or loss and all interest expense reported relates to financial liabilities not carried at fair value through profit or loss.

Financial statements
For the year ended 31 December 2024

Notes (continued)

8. Fees and commission revenue

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million
Account transaction fees	1,453	1,856	-	-
Knowledge based and client administration fees	1,323	1,705	-	-
Electronic banking fees	1,201	1,204	-	-
Foreign service fees	659	644	-	-
Documentation and administration fees	91	109	-	-
Brokerage commission	235	204	-	-
Other bank related fees and commission	1,080	948	-	-
	6,042	**6,670**	**-**	**-**

The net fees and commission earned by the Group on trust and fiduciary activities where the Group holds or invests assets on behalf of its customers is KShs 450,725,479 (2023: KShs 353,397,281).

All net fee and commission revenue reported above relates to financial assets or liabilities not carried at fair value through profit or loss.

Fees and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

9. Fees and commission expense

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million
Card based commission expenses	477	473	-	-
Brokerage fees	74	27	-	-
Other bank related fees and commission expenses	518	532	-	-
	1,069	**1,032**	**-**	**-**

10. Trading revenue

Net foreign exchange income	7,591	10,247	-	-
Loss in monetary value	(89)	-	-	-
	7,502	**10,247**	**-**	**-**

11. (a) Net gain/ (loss) from financial instruments at fair value through profit or loss

Fixed gain/ (loss) -financial instruments-(FVTPL)	2,849	(92)	-	-

11 (b) Other (losses)/gains on financial instruments

Net loss on disposal of financial assets	(32)	(277)	-	-

Financial statements
For the year ended 31 December 2024

Notes (continued)

12. Other income

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million
Gain on disposal of property and equipment	24	14	-	-
Dividend income	-	-	6,352	5,654
Other income	90	139	-	-
	114	**153**	**6,352**	**5,654**

13. Employee benefits expense

Salaries and wages	8,449	8,027	158	76
Retirement benefit costs	686	629	8	5
	9,135	**8,656**	**166**	**81**

Included in retirement benefit costs are;

Defined contribution scheme	650	610	-	-
National Social Security Fund	36	19	-	-
	686	**629**	**-**	**-**

Average staff numbers for the year;

Management	475	445	2	2
Supervisory	495	471	-	-
Clerical and other categories	260	258	1	1
Total	**1,230**	**1,174**	**3**	**3**

14. Breakdown of expenses by nature

		GROUP		COMPANY	
		2024	2023	2024	2023
	Notes	KShs Million	KShs Million	KShs Million	KShs Million
Profit before tax has been arrived at after charging-;					
Employee benefits	13	9,135	8,656	166	8
Depreciation of property and equipment	26	456	400	-	-
Depreciation on right-of use assets	30	324	336	-	-
Amortisation of right-of-use leasehold land	27	3	3	-	-
Amortisation of intangible assets	28	248	219	-	-
Finance costs	15	10	6	1	1
Other operating expenses					
Audit fees		37	54	3	4
Directors' fees	42(f)	156	150	8	8
Franchise fees	42(i)	1,148	1,221	-	-
Information technology costs		2,226	2,371	-	-
Communication costs		307	344	-	-
Consultancy, legal and professional fees		283	199	-	-
Marketing and advertising costs		432	334	-	-
Deposit protection scheme contribution		500	417	-	-
Travel and accomodation costs		249	257	-	-
Other expenses*		2,159	3,020	15	15
Total other operating expenses		**7,497**	**8,367**	**26**	**27**
Total		**17,673**	**17,987**	**193**	**109**

Included in consultancy, legal and pofessional fees is an amount of KShs 15,614,000 that relates to non-audit services offered by the current auditor to the Group.

*Other expenses mainly includes operational expenses.

Financial statements
For the year ended 31 December 2024

Notes (continued)

15. Finance costs

		GROUP		COMPANY	
		2024	2023	2024	2023
	Notes	KShs Million	KShs Million	KShs Million	KShs Million
Bank charges		10	6	1	1
		10	**6**	**1**	**1**

16. Income tax expense

Current income tax		5,181	6,904	12	-
Current year charge	37 (a)	4,637	7,231	12	-
Previous year current income tax under/ (over) provision		544	(327)	-	-
Deferred income tax		74	(1,968)	-	-
Current year charge/ (credit) Kenya operations	38 (a)	81	(1,899)	-	-
Current year credit foreign operations	38 (b)	(7)	(69)	-	-
Income tax expense for the year		**5,255**	**4,936**	**12**	**-**

Reconciliation of tax expense to expected tax base based on accounting profit:

The tax on the profit before tax differs from the theoretical amount using the statutory income tax rate as follows:

	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million
Profit before income tax	**18,971**	**17,094**	**6,184**	**5,561**
Tax at statutory tax rate of 30% (2023: 30%)	5,630	5,133	1,855	1,668
Tax effect of:				
Income not subjected to tax	(699)	(298)	(1,907)	(1,696)
Expenses not deductible for tax purposes	(146)	501	64	28
Previous year's current tax over provision	544	(327)	-	-
Effect of tax paid in other jurisdictions	(74)	(73)	-	-
Income tax expense	**5,255**	**4,936**	**12**	**-**

Financial statements
For the year ended 31 December 2024

Notes (continued)

17. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million
Earnings (Profit after tax)				
Earnings for the purposes of basic earnings per share (KShs Million)	13,716	12,158	6,172	5,561
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share (in millions)	395	395	395	395
Earnings per share (KShs) basic and diluted	**34.70**	**30.75**	**15.61**	**14.07**

There were no dilutive potential ordinary shares as at 31 December 2024 or 31 December 2023. Therefore, diluted earnings per share are the same as basic earnings per share.

18. Dividend

	GROUP	COMPANY
	2024	2023
The calculation of dividends per share is based on: Dividends for the year attributable to ordinary shareholders:		
Interim dividend paid (KShs 'millions)	727	454
Final dividend proposed (KShs 'millions)	7,472	5,614
	8,199	**6,068**
Number of ordinary shares at issue date (in millions)	395	395
	20.74	**15.35**

Dividends per share – KShs

Proposed dividends are presented within retained earnings until they have been approved at an Annual General Meeting.

At the next annual general meeting, a final dividend in respect of the year ended 31 December 2024 of KShs 18.90. (2023: KShs 14.20) per share amounting to a total of KShs 7,471,578,958 (2023: KShs 5,613,567,260) is to be proposed. These financial statements do not reflect this dividends as payable."

During the year an interim dividend of KShs 1.84 (2023: KShs 1.15) per share amounting to a total of KShs 727,391,814 was paid (2023: KShs 454,095,000).

Payment of dividends is subject to withholding tax at a rate of either 5% for resident and 15% for non-resident shareholders. Dividend paid to resident companies who own more than 12.5% shareholding are exempt from withholding tax. Dividends payable to South African residents as a shareholder are subjected to 10% withholding tax.

Financial statements
For the year ended 31 December 2024

Notes (continued)

19. Cash and balances with central banks

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million
Cash in hand	3,795	4,177	-	-
Balances with Central Bank of Kenya	20,882	21,326	-	-
	24,677	**25,503**	**-**	**-**

The Group's key subsidiary, Stanbic Bank Kenya Limited is required to maintain a prescribed minimum cash reserve ratio (CRR) including cash in hand and balances with Central Bank of Kenya. The minimum cash reserve is non-interest earning and is based on the value of deposits as adjusted for Central Bank of Kenya requirements. At 31 December 2024, the cash reserve requirement was 4.25% of the eligible deposits (2023: 4.25%).

The cash reserve requirement balance for the year ended 31 December 2024 was KShs. 12,759,987,712 (2023: KShs 13,259,326,588).The Central Bank of Kenya allows a daily minimum of 3% (2023: 3%) of eligible deposits as long as the average total reserving for the month is above the CRR. The applicable daily minimum for the Bank therefore was KShs 9,007,050,150 as at 31 December 2024 (2023: KShs 9,359,524,650). These balances are restricted. The Bank complied with the CRR requirement throughout the reporting period.

20. Financial assets and liabilities – FVTPL

20 (a) Financial assets – (FVTPL)

	GROUP	
	2024	2023
Debt securities	KShs Million	KShs Million
Government treasury bills and bonds	32,815	2,898
Trading assets	21,782	-
Investment in unit trusts	52	-
	54,649	**2,898**
Maturity analysis;		
Maturing on demand	52	-
Maturing within 1 month	3,874	5
Maturing after 1 months but within 6 months	22,596	2
Maturing after 6 months but within 12 months	19,643	37
Maturing after 12 months but within 5 years	4,657	2,675
Maturing after 5 years	3,827	179
	54,649	**2,898**

The maturities represent periods to contractual redemption of financial assets - FVPTL. Financial assets - FVTPL had a redemption value at 31 December 2024 of KShs 51,293,475,000 (2023: KShs 2,974,921,000). The weighted average effective interest yield on debt securities held for trading at 31 December 2024 was 11.45% (2023: 17.81%).

20 (b) Financial liabilities – FVTPL

	GROUP	
	2024	2023
	KShs Million	KShs Million
Unlisted	16,322	14,071
Maturity analysis;		
Maturing within 1 month	5,546	88
Maturing after 1 months but within 6 months	4,121	6,316
Maturing after 6 months but within 12 months	887	3,044
Maturing after 12 months but within 5 years	3,018	4,055
Maturing after 5 years	2,750	568
	16,322	**14,071**

The maturities represent periods to contractual redemption of trading liabilities recorded. Dated trading liabilities had a redemption value at 31 December 2024 of KShs. 15,730,899,000 (2023: KShs 14,395,175,000). The weighted average effective interest cost on debt securities held for trading at 31 December 2024 was 10.84% (2023: 10.12%).

Financial statements
For the year ended 31 December 2024

Notes (continued)

21. Financial assets – (FVOCI)

	GROUP	
	2024	2023
	KShs Million	KShs Million
Financial assets – (FVOCI)	15,462	19,892
	15,462	**19,892**
Debt securities – at fair value:		
Listed	9,330	7,964
Unlisted	6,146	11,934
	15,476	**19,898**
Comprising:		
Government bonds	9,330	7,964
Government treasury bills	6,146	11,772
Corporate bonds	-	162
	15,476	**19,898**
Allowances for impairments		
Expected credit loss for debt securities measured at fair value through OCI (IFRS 9)	(14)	(6)
Credit impairment losses(Note 21.1)	**(14)**	**(6)**
Net debt securities at FVOCI	**15,462**	**19,892**
Maturity analysis		
Maturing within 1 month	-	985
Maturing after 1 month but within 6 months	8,766	11,799
Maturing after 6 months but within 12 months	5,688	188
Maturing after 12 months but within 5 years	1,008	6,920
	15,462	**19,892**

Financial investment securities had a redemption value at 31 December 2024 of KShs. 18,306,251,000 (2023: KShs 20,270,000,000).The weighted average effective interest cost on debt securities available for sale at 31 December 2024 was 10.46% (2023: 15.66%).

Financial statements
For the year ended 31 December 2024

Notes (continued)

21.1 Reconciliation of expected credit losses for debt financial assets measured at fair value through OCI:

GROUP	Opening ECL 1 Jan 2024	Total transfers between stages	Income statement movements: ECL on new exposure raised	Income statement movements: Change in ECL due to modifications	Income statement movements: Subsequent changes in ECL	Income statement movements: Change in ECL due to derecognition	Net ECL raised/ (released)[1]	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 Dec 2024
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Financial assets (Fair value through OCI)										
Debt securities	**6**	**-**	**10**	**-**	**(2)**	**(2)**	**6**	**-**	**2**	**14**
Stage 1	6	-	10	-	(2)	(2)	6	-	2	14
Total	**6**	**-**	**10**	**-**	**(2)**	**(2)**	**6**	**-**	**2**	**14**

[1] Net impairments raised/(released) less recoveries of amounts written off in previous years equals impairment charge in the statement of profit or loss (refer credit impairment charges note)

GROUP	Opening ECL 1 Jan 2023	Total transfers between stages	Income statement movements: ECL on new exposure raised	Income statement movements: Change in ECL due to modifications	Income statement movements: Subsequent changes in ECL	Income statement movements: Change in ECL due to derecognition	Net ECL raised/ (released)[1]	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 Dec 2023
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Financial assets (Fair value through OCI)										
Debt securities	**4**	**-**	**5**	**-**	**(1)**	**(2)**	**2**	**-**	**-**	**6**
Stage 1	4	-	5	-	(1)	(2)	2	-	-	6
Total	**4**	**-**	**5**	**-**	**(1)**	**(2)**	**2**	**-**	**-**	**6**

[1] Net impairments raised/(released) less recoveries of amounts written off in previous years equals impairment charge in the statement of profit or loss (refer credit impairment charges note)

Financial statements
For the year ended 31 December 2024

Notes (continued)

21. Financial assets – (FVOCI) (continued)

21.2 Reconciliation of fair value through OCI reserve for debt financial assets measured at fair value through OCI

GROUP	Balance at beginning of the year 2024	Reclassifications	Net change in fair value	Realised fair value adjustments and reversal to profit or loss	Net expected credit loss raised/ (released) during the period	Exchange and other movements	Balance at end of the year 2024
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Debt securities	189	-	(422)	-	(422)	(76)	(309)
Total	189	-	(422)	-	(422)	(76)	(309)

GROUP	Balance at beginning of the year 2023	Reclassifications	Net change in fair value	Realised fair value adjustments and reversal to profit or loss	Net expected credit loss raised/ (released) during the period	Exchange and other movements	Balance at end of the year 2023
	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Debt securities	45	-	144		144	-	189
Total	45	-	144	-	144	-	189

22. Financial assets – (amortised cost)

		GROUP	
		2024	2023
	Note	KShs Million	KShs Million
Pledged assets – (amortised cost)	22 (a)	6,222	2,600
Financial assets – (amortised cost)	22 (b)	22,857	19,955
		29,079	**22,555**

22 (a) Pledged assets – (amortised cost)

Amortised cost/held to collect debt securities		6,305	2,673
Gross pledged assets at amortised cost		**6,305**	2,673
Allowances for impairments			
Expected credit loss for financial assets measured at amortised cost (IFRS 9)	22.1	(83)	(73)
Credit impairment losses		**(83)**	**(73)**
Net pledged assets at amortised cost		**6,222**	**2,600**
Maturity analysis:			
Maturing after 1 months but within 6 months		642	690
Maturing after 6 months but within 12 months		3,113	-
Maturing after 12 months but within 5 years		-	-
Maturing after 5 years		2,467	1,910
		6,222	**2,600**

Dated pledged assets at amortized cost had a redemption value at 31 December 2024 of KShs. 6,025,600,000 (2023: KShs 2,625,600,000).

The weighted average effective interest yield on the investment securities on 31 December 2024 was 14.01% (2023: 16.15%).

These transactions are conducted under terms that are usual and customary to security lending, and security borrowings and lending activities.

Financial statements
For the year ended 31 December 2024

Notes (continued)

22. Financial assets – (amortised cost) (continued)

22 (b) Financial assets – (amortised cost)

		GROUP	
		2024	2023
Debt securities:	**Note**	**KShs Million**	**KShs Million**
Listed		22,893	19,966
Unlisted		-	-
Gross financial assets at amortised cost		22,893	19,966
Allowances for impairments			
Expected credit loss for financial assets measured at amortised cost (IFRS 9)	22.1	(36)	(11)
Credit impairment losses		(36)	(11)
Net debt securities at amortised cost		**22,857**	**19,955**

		GROUP	
		2024	2023
Comprising:	**Note**	**KShs Million**	**KShs Million**
Government bonds		21,077	19,966
Corporate bonds		1,816	-
		22,893	19,966
Maturity analysis:			
Maturing within 1 month		-	1,036
Maturing after 1 month but within 6 months		3,487	11,819
Maturing after 6 months but within 12 months		4,532	188
Maturing after 12 months but within 5 years		9,520	6,923
Maturing after 5 years		5,354	-
		22,893	**19,966**

Dated held to collect assets had a redemption value at 31 December 2024 of KShs 20,589,148,000 (2023: KShs 19,540,235,000).

The weighted average effective interest yield on held to collect investment securities at 31 December 2024 was 12.41% (2023: 15.69%).

Financial statements
For the year ended 31 December 2024

Notes (continued)

22. Financial assets – (amortised cost) (continued)

22.1 Reconciliation of expected credit losses for debt financial assets measured at amortised cost (KShs Million)

	Opening ECL 1 January 2024	Total transfers between stages	Income statement movements				Net ECL raised/ (released)[1]	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2024
			ECL on new exposure raised	Change in ECL due to modifications	Subsequent changes in ECL	Change in ECL due to derecognition				
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Sovereign - Debt securities	**10**	**-**	**30**	**-**	**(1)**	**(7)**	**22**	**-**	**-**	**32**
Stage 1	10	-	30	-	(1)	(7)	22	-	-	32
Pledged assets	**71**	**-**	**-**	**-**	**17**	**(5)**	**12**	**-**	**-**	**83**
Stage 1	-	-	-	-	-	-	-	-	-	-
Stage 2	71	-	-	-	17	(5)	12	-	-	83
Corporate	**3**	**-**	**-**	**-**	**2**	**(1)**	**1**	**-**	**-**	**4**
Stage 1	3	-	-	-	2	(1)	1	-	-	4
Total	**84**	**-**	**30**	**-**	**18**	**(13)**	**35**	**-**	**-**	**119**

[1] Net impairments raised/(released) less recoveries of amounts written off in previous years equals impairment charge in the statement of profit or loss (refer credit impairment charges note).

	Opening ECL 1 January 2023	Total transfers between stages	Income statement movements				Net ECL raised/ (released)[1]	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2023
			ECL on new exposure raised	Change in ECL due to modifications	Subsequent changes in ECL	Change in ECL due to derecognition				
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Sovereign - Debt securities	**54**	**(8)**	**-**	**-**	**(9)**	**(26)**	**(43)**	**-**	**(1)**	**10**
Stage 1	54	(8)	-	-	(9)	(26)	(43)	-	(1)	10
Pledged assets	**-**	**8**	**-**	**-**	**63**	**-**	**63**	**-**	**-**	**71**
Stage 1	-	-	-	-	-	-	-	-	-	-
Stage 2	-	8	-	-	63	-	63	-	-	71
Corporate	**1**	**-**	**2**	**-**	**-**	**-**	**2**	**-**	**-**	**3**
Stage 1	1	-	2	-	-	-	2	-		3
Stage 2									-	-
Total	**55**	**-**	**2**	**-**	**54**	**(26)**	**22**	**-**	**(1)**	**84**

[1] Net impairments raised/(released) less recoveries of amounts written off in previous years equals impairment charge in statement of profit or loss (refer credit impairment charges note).

*The note has been enhanced to disclose the respective categories of financial assets at amortised costs into corporate, sovereign and pledged assets

Financial statements
For the year ended 31 December 2024

Notes (continued)

23. Loans and advances

23 (a) Loans and advances to banks

		GROUP		COMPANY	
		2024	2023	2024	2023
	Note	KShs Million	KShs Million	KShs Million	KShs Million
Balances with banks		5,077	5,128	-	-
Balances due from Group banks	42 (a)	59,421	90,578	159	216
		64,498	**95,706**	**159**	**216**
Allowances for impairments*					
Impairment Stages 1 & 2 (performing loans)	23.1	(12)	(1)	-	-
Impairment Stage 3 (non-performing loans)		-	-	-	-
Credit impairment allowances		**(12)**	**(1)**	**-**	**-**
Net loans and advances		**64,486**	**95,705**	**159**	**216**
Maturity analysis:					
Redeemable on demand		5,494	5,036	159	216
Maturing within 1 month		10,292	46,192	-	-
Maturing after 1 month but within 12 months		27,963	39,565	-	-
Maturing after 12 month but within 5 years		20,737	-	-	-
Maturing after 5 years		-	4,912	-	-
Net loans and advances to banks		**64,486**	**95,705**	**159**	**216**

* The Group hold balances with well rated commercial banks categorised under stage 1 and stage 2.

Financial statements
For the year ended 31 December 2024

Notes (continued)

23. Loans and advances (continued)

23 (a) Loans and advances to banks (continued)

23.1 Reconciliation of expected credit losses for loans and advances to banks measured at amortised cost: (KShs Million)

	Opening ECL 1 January 2024	Total transfers between stages	Income statement movements				Net ECL raised/ (released)[1]	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2024
			ECL on new exposure raised	Change in ECL due to modifications	Subsequent changes in ECL	Change in ECL due to derecognition				
BANKS	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Stage 1	(1)	-	(1)	-	-	-	(1)	-	1	(1)
Stage 2	-	-	(12)	-	1	(7)	(18)	-	7	(11)
Stage 3	-	-	-	-	-	-	-	-	-	-
Total	**(1)**	**-**	**(13)**	**-**	**1**	**(7)**	**(19)**	**-**	**8**	**(12)**

[1] Net impairments raised/(released) less recoveries of amounts written off in previous years equals impairment charge in statement of profit or loss (refer credit impairment charges note).

	Opening ECL 1 January 2023	Total transfers between stages	Income statement movements				Net ECL raised/ (released)[1]	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2023
			ECL on new exposure raised	Change in ECL due to modifications	Subsequent changes in ECL	Change in ECL due to derecognition				
BANKS	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Stage 1	-	-	(1)	-	-	-	(1)	-	-	(1)
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**(1)**	**-**	**-**	**-**	**(1)**	**-**	**-**	**(1)**

Financial statements
For the year ended 31 December 2024

Notes (continued)

23. Loans and advances (continued)

23 (b) Loans and advances to customers

		GROUP	
		2024	2023
	Note	KShs Million	KShs Million
Mortgage lending		36,365	40,794
Vehicle and asset finance (note 23(e))		13,920	13,047
Overdraft and other demand lending		28,854	32,518
Term lending		168,035	192,564
Card lending		883	801
Gross loans and advances to customers		**248,057**	**279,724**
Allowances for impairments			
Expected credit loss for loans and advances measured at amortised cost (IFRS 9)	23(d (i))	(17,839)	(19,215)
Credit impairment allowances		**(17,839)**	**(19,215)**
Net loans and advances		**230,218**	**260,509**
Maturity analysis:			
Redeemable on demand		16,430	5,670
Maturing within 1 month		17,057	50,921
Maturing after 1 month but within 6 months		32,396	55,387
Maturing after 6 months but within 12 months		12,933	6,674
Maturing after 12 months but within 5 years		83,301	78,251
Maturing after 5 years		68,101	63,606
Net loans and advances		**230,218**	**260,509**

The weighted average effective interest rate on loans and advances to customers as at 31 December 2024 was 12.35% (2023: 12.33%). The Group extends advances to personal, commercial and corporate sectors as well as to the public sector. Advances made to individuals are mostly in the form of mortgages, vehicle and asset finance, and overdrafts.

Financial statements
For the year ended 31 December 2024

Notes (continued)

23. Loans and advances (continued)

23 (c) Loans and advances to customers at amortised cost

In millions of KShs	Stage 1 12 month	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance at 1 January 2024	**233,869**	**19,387**	**26,468**	**279,724**
Transfer to stage 1	1,324	(1,267)	(57)	-
Transfer to stage 2	(2,106)	2,281	(175)	-
Transfer to stage 3	(1,592)	(1,305)	2,897	-
New financial assets originated or purchased	127,732	-	-	**127,732**
Financial assets that have been derecognised	(127,427)	(6,867)	(1,655)	**(135,949)**
Write-offs	-	-	(5,507)	**(5,507)**
Foreign exchange and other movements	(13,338)	(2,036)	(2,569)	**(17,943)**
Balance at 31 December 2024	**218,462**	**10,193**	**19,402**	**248,057**

In millions of KShs	Stage 1 12 month	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance at 1 January 2023	**209,419**	**18,594**	**28,450**	**256,463**
Transfer to stage 1	922	(918)	(4)	-
Transfer to stage 2	(3,944)	4,420	(476)	-
Transfer to stage 3	(1,326)	(2,825)	4,151	-
New financial assets originated or purchased	158,293	-	-	**158,293**
Financial assets that have been derecognised	(147,148)	(5,893)	(4,601)	**(157,642)**
Write-offs	-	-	(8,490)	**(8,490)**
Foreign exchange and other movements	27,494	1,044	2,562	**31,100**
Balance at 31 December 2023	**243,710**	**14,422**	**21,592**	**279,724**

Financial statements

For the year ended 31 December 2024

Notes (continued)

23. Loans and advances (continued)

23. (d) Allowances for Impairment

23 (d (i)) Reconciliation of expected credit losses for loans and advances to customers measured at amortised cost:

A reconciliation of the expected credit loss for loans and advances, by class: (KShs Million)

			Income statement movements								
	Opening ECL 1 Jan 2024	Total transfers between stages	ECL on new exposure raised	Subsequent changes in ECL	Change in ECL due to derecognition	Net ECL raised/ (released)[1]	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 Dec 2024	Interest in suspense	Total
Customers	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Mortgage loans	**2,376**	**-**	**29**	**135**	**-**	**164**	**(254)**	**109**	**2,395**	**(301)**	**2,094**
Stage 1	77	61	8	(68)	-	1	-	-	78	-	78
Stage 2	392	(73)	15	39	-	(19)	-	109	482	-	482
Stage 3	1,907	12	6	164	-	182	(254)	-	1,835	(301)	1,534
Vehicle and asset finance	**969**	**-**	**74**	**33**	**-**	**107**	**(179)**	**171**	**1,068**	**(10)**	**1,058**
Stage 1	91	8	39	(46)	-	1	-	-	92	-	92
Stage 2	473	(15)	17	(49)	-	(47)	-	(91)	335	-	335
Stage 3	405	7	18	128	-	153	(179)	262	641	(10)	631
Card debtors	**78**	**-**	**3**	**76**	**-**	**79**	**(83)**	**(4)**	**70**	**-**	**70**
Stage 1	18	6	1	(2)	-	5	-	-	23	-	23
Stage 2	34	(7)	2	3	-	(2)	-	(4)	28	-	28
Stage 3	26	1	-	75	-	76	(83)	-	19	-	19
Other loans and advances	**9,510**	**-**	**1,227**	**974**	**-**	**2,201**	**(3,661)**	**469**	**8,519**	**41**	**8,560**
Stage 1	482	35	249	(291)	-	(7)	-	45	520	-	520
Stage 2	1,078	(183)	169	(207)	-	(221)	-	(71)	786	-	786
Stage 3	7,950	148	809	1,472	-	2,429	(3,661)	495	7,213	41	7,254
Corporate	**6,282**	**-**	**576**	**639**	**(253)**	**962**	**(175)**	**(894)**	**6,175**	**(118)**	**6,057**
Stage 1	757	(35)	430	(119)	(206)	70	-	41	868	-	868
Stage 2	52	35	6	764	(13)	792	-	(192)	652	-	652
Stage 3	5,473	-	140	(6)	(34)	100	(175)	(743)	4,655	(118)	4,537
Total	**19,215**	**-**	**1,909**	**1,857**	**(253)**	**3,513**	**(4,352)**	**(149)**	**18,227**	**(388)**	**17,839**

[1] Net impairments raised/(released) less recoveries of amounts written off in previous years equals income statement impairment charge (refer credit impairment charges note 23(d)).

Financial statements

For the year ended 31 December 2024

Notes (continued)

23. Loans and advances (continued)

23 (d) Allowances for Impairment (continued)

23 (d (i)) Reconciliation of expected credit losses for loans and advances to customers measured at amortised cost (KShs 'millions'): (continued)

	Opening ECL 1 Jan 2023	Total transfers between stages	Income statement movements								
			ECL on new exposure raised	Subsequent changes in ECL	Change in ECL due to derecognition	Net ECL raised/ (released)[1]	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 Dec 2023	Interest in suspense	Total
Customers	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**
Mortgage loans	**2,096**	**-**	**26**	**428**	**-**	**454**	**(131)**	**(16)**	**2,403**	**(27)**	**2,376**
Stage 1	78	65	9	(75)	-	(1)	-	-	77	-	77
Stage 2	319	(46)	16	103	-	73	-	-	392	-	392
Stage 3	1,699	(19)	1	400	-	382	(131)	(16)	1,934	(27)	1,907
Vehicle and asset finance	**1,368**	**-**	**328**	**99**	**-**	**427**	**(604)**	**(108)**	**1,083**	**(114)**	**969**
Stage 1	71	17	46	(43)	-	20	-	-	91	-	91
Stage 2	235	4	23	211	-	238	-	-	473	-	473
Stage 3	1,062	(21)	259	(69)	-	169	(604)	(108)	519	(114)	405
Card debtors	**58**	**-**	**-**	**81**	**-**	**81**	**(61)**	**-**	**78**	**-**	**78**
Stage 1	18	-	-	-	-	-	-	-	18	-	18
Stage 2	19	(1)	-	16	-	15	-	-	34	-	34
Stage 3	21	1	-	65	-	66	(61)	-	26	-	26
Other loans and advances	**8,831**	**-**	**814**	**3,794**	**-**	**4,608**	**(3,642)**	**(275)**	**9,522**	**(12)**	**9,510**
Stage 1	434	10	234	(196)	-	48	-	-	482	-	482
Stage 2	1,159	(203)	292	20	-	109	-	(190)	1,078	-	1,078
Stage 3	7,238	193	288	3,970	-	4,451	(3,642)	(85)	7,962	(12)	7,950
Corporate	**8,243**	**-**	**8,054**	**(413)**	**(5,895)**	**1,746**	**(4,052)**	**746**	**6,683**	**(401)**	**6,282**
Stage 1	789	-	722	36	(789)	(31)	-	(1)	757	-	757
Stage 2	157	-	50	(329)	(151)	(430)	-	325	52	-	52
Stage 3	7,297	-	7,282	(120)	(4,955)	2,207	(4,052)	422	5,874	(401)	5,473
Total	**20,596**	**-**	**9,222**	**3,989**	**(5,895)**	**7,316**	**(8,490)**	**347**	**19,769**	**(554)**	**19,215**

[1] Net impairments raised/(released) less recoveries of amounts written off in previous years equals income statement impairment charge (refer credit impairment charges note 23(d)).

Financial statements
For the year ended 31 December 2024

Notes (continued)

23. Loans and advances (continued)

23 (e) Credit impairment losses

		GROUP	
		2024	2023
	Note	KShs Million	KShs Million
Loans impairment charge for financial assets		42	31
Loans impairment for customer loans		3,513	7,316
Loans impairment charge/(credit) for performing bank loans		19	1
Loans impairment for performing off balance sheet Letters of credit and guarantees	43 (c)	(38)	(24)
Amounts recovered during the year		(437)	(1,088)
Net credit impairment losses		**3,099**	**6,236**

The Directors are of the opinion that net recoverable amounts are reasonable and are expected to be realised based on past experience.

23 (f) Vehicle and asset finance

The Group holds contracts with customers where the Group finances the purchase of assets under a series of contracts which transfer title to the Group as security for the loan. The Group receives the loan repayments and sets off the repayments against the principal loan and interest.

	GROUP	
	2024	2023
Maturity analysis:	KShs Million	KShs Million
Not later than 1 year	1,053	1,058
Later than 1 year and not later than 5 years	12,200	11,396
Later than 5 years	667	593
	13,920	**13,047**

23 (g) Loans to employees

The aggregate amount of loans and advances to employees on the statement of financial position is:

	GROUP	
	2024	2023
	KShs Million	KShs Million
At start of year	3,898	4,290
New loans issued	1,979	1,430
Interest on loans	623	597
Loan repayments	(2,576)	(2,419)
At end of year	**3,924**	**3,898**

Financial statements
For the year ended 31 December 2024

Notes (continued)

24. Other assets and prepayments

		GROUP		COMPANY	
		2024	2023	2024	2023
	Note	KShs Million	KShs Million	KShs Million	KShs Million
Uncleared effects		6,871	5,002	20	20
Off market loan adjustment		1,409	1,057	-	-
Trade receivables and prepayments		1,309	1,087	-	-
Due from related companies	42 (g)	860	408	-	-
Others		-	54	-	-
		10,449	**7,608**	**20**	**20**

The off-market adjustment relates to the prepaid benefit granted to staff, being the difference between the fair value of the loan and the initial cash outflow. The fair value of future cash flows is discounted at a market related rate. The asset represents the group's right to receive future service from employees.

25. Investment in subsidiaries and other investments

25 (a) Investment in subsidiaries

	COMPANY			
	Beneficial ownership	Country of Incorporation	2024	2023
			KShs Million	KShs Million
Stanbic Bank Kenya Limited	100%	Kenya	18,010	18,010
SBG Securities Limited	100%	Kenya	166	166
Stanbic Bancassurance Intermediary Limited	100%	Kenya	42	42
Stanbic Kenya Foundation Limited*	100%	Kenya	-	-
			18,218	**18,218**

*The Stanbic Kenya Foundation Limited is fully owned by Stanbic Bank Kenya Limited.

All subsidiary entities are incorporated and domiciled in Kenya. The consolidated financial statements are available to the public and can be accessed on http://www.stanbicbank.co.ke/kenya/About-Us/Investor-relations.

The principal place of business for the subsidiaries is Stanbic Bank Centre, Chiromo Road.

There were no significant restrictions on the Group's ability to access the assets and settle liabilities of the subsidiaries. The total amount disclosed as investment in subsidiaries is a non-current asset.

25 (b) Other investments

	GROUP		COMPANY	
	2024	2023	2024	2023
Unquoted:	KShs Million	KShs Million	KShs Million	KShs Million
Equity investment at fair value through profit and loss default	18	18	-	-
At 31 December	**18**	**18**	**-**	**-**

The investment is in Anglo African Property Holding Limited where the Group holds a beneficial interest of 1%. The investment is unquoted and its carrying amount (cost) approximates its fair value.

Financial statements

For the year ended 31 December 2024

Notes (continued)

26. Property and equipment

26 (a) GROUP

Year ended 31 December 2024	Land and premises KShs Million	Equipment, furniture & fittings KShs Million	Motor vehicles KShs Million	Work in progress KShs Million	Total KShs Million
Cost					
At 1 January 2024	**385**	**5,720**	**122**	**30**	**6,257**
Additions	-	633	-	41	674
Disposals/retirement	-	(195)	(82)	-	(277)
Translation differences	-	(98)	(11)	-	(109)
Hyperinflation adjustment	-	44	-	-	44
At 31 December 2024	**385**	**6,104**	**29**	**71**	**6,589**
Depreciation					
At 1 January 2024	(190)	(3,889)	(100)	-	(4,179)
Depreciation for the year	(13)	(436)	(7)	-	(456)
Disposals/ Retirement	-	195	82	-	277
At 31 December 2024	**(203)**	**(4,130)**	**(25)**	**-**	**(4,358)**
Carrying amount at 31 December 2024	**182**	**1,974**	**4**	**71**	**2,231**

Year ended 31 December 2023	Land and premises KShs Million	Equipment, furniture & fittings KShs Million	Motor vehicles KShs Million	Work in progress KShs Million	Total KShs Million
Cost					
At 1 January 2023	**385**	**5,174**	**156**	**11**	**5,726**
Additions	-	588	7	20	615
Disposals/retirement	-	(7)	(39)	-	(46)
Foreign exchange revaluation		(35)	(2)	(1)	(38)
At 31 December 2023	**385**	**5,720**	**122**	**30**	**6,257**
Depreciation					
At 1 January 2023	**(177)**	**(3,519)**	**(129)**	**-**	**(3,825)**
Depreciation for the year	(13)	(377)	(10)	-	(400)
Disposals/ Retirement	-	7	39	-	46
At 31 December 2023	**(190)**	**(3,889)**	**(100)**	**-**	**(4,179)**
Carrying amount at 31 December 2023	**195**	**1,831**	**22**	**30**	**2,078**

Financial statements
For the year ended 31 December 2024

Notes (continued)

26. Property and equipment (continued)

26 (b) COMPANY

	Computer Equipment	
	2024	2023
Cost	**KShs Million**	**KShs Million**
At 1 January	2	2
At 31 December	**2**	**2**
Depreciation		
At 1 January	(2)	(2)
Charge for the year	-	-
At 31 December	**(2)**	**(2)**
Carrying amount at 31 December	**-**	**-**

The Group's work in progress is composed of refurbishments and equipment for branches and projects that had not been completed as at year end. The total amount disclosed as property and equipment is non-current.

As at 31 December 2024 and 31 December 2023, there were no items of property and equipment pledged by the Group and Company to secure liabilities. No items of property and equipment were obtained from borrowed funds hence no capitalization of borrowing costs.

Revaluation of land and buildings

The revaluation reserve in equity relates to the value of the Stanbic office in Chiromo at the point of merger between CFC Bank and Stanbic Bank in 2008. The fair value of the properties was determined using the market comparable method. This means that valuations performed by the valuer were based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property.

27. Right-of-use leasehold land

	GROUP	
	2024	2023
Cost	**KShs Million**	**KShs Million**
At 1 January	85	85
At 31 December	**85**	**85**
Amortisation		
At 1 January	(52)	(49)
Charge for the year	(3)	(3)
At 31 December	**(55)**	**(52)**
Carrying amount at 31 December	**30**	**33**

This relates to land leased by the Group from the Government of Kenya for a lease term period of 99 years. The total amount disclosed as a lease liability in respect of this lease is non-current.

Financial statements
For the year ended 31 December 2024

Notes (continued)

28. Other Intangible assets

	GROUP			
	Work in progress	Software	Other intangible assets	Total
Year ended 31 December 2024	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
Cost				
At 1 January 2024	196	3,857	1,126	5,179
Additions	-	505	-	505
Transfer from work in progress	(92)	92	-	-
Translation differences	-	(4)	-	(4)
At 31 December 2024	**104**	**4,450**	**1,126**	**5,680**
Amortisation				
At 1 January 2024	-	(3,313)	(1,126)	(4,439)
Amortisation charge for the year	-	(248)	-	(248)
At 31 December 2024	**-**	**(3,561)**	**(1,126)**	**(4,687)**
Carrying amount at 31 December 2024	**104**	**889**	**-**	**993**
Year ended 31 December 2023				
Cost				
At 1 January 2023	101	3,857	1,099	5,057
Additions	122	-	-	122
Transfer from work in progress	(27)	-	27	-
At 31 December 2023	**196**	**3,857**	**1,126**	**5,179**
Amortisation				
At 1 January 2023	-	(3,140)	(1,080)	(4,220)
Amortisation charge for the year	-	(173)	(46)	(219)
At 31 December 2023	**-**	**(3,313)**	**(1,126)**	**(4,439)**
Carrying amount at 31 December 2023	**196**	**544**	**-**	**740**

The total amount disclosed as intangible assets is non-current and relates to computer software. Work in progress relates to computer software for upgrades and development of banking systems that had not been completed as at year end.

As at 31 December 2024, the intangible assets had an average remaining useful life of 3 years.

The intangible assets that arose from the business combination comprise of the following:

	Cost	Useful life
	KShs Million	**Years**
Trade names	260	15
Customer relationships	475	5 - 15
Others	364	2 - 5
	1,099	

Financial statements
For the year ended 31 December 2024

Notes (continued)

29. Intangible assets - goodwill

	GROUP		COMPANY	
	2024	2023	2024	2023
Cost	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
At 1 January and 31st December	9,350	9,350	-	-

Goodwill arose from the merger between CfC Bank and Stanbic Bank in 2008.

Goodwill relating to Stanbic Holdings Plc was tested for impairment on 31 December 2024. The recoverable amount was determined to be the value in use. Unless indicated otherwise, the value in use in 2024 was determined in a manner consistent with that used in prior years. Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value in use.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the Group of Cash Generating Units (CGUs) to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of 'the Group' is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

(a) Future cash flows

The forecast periods adopted reflect a set of cash flows that based on management judgement and expected market conditions could be sustainably generated over such a period. A five-year forecast was used as a basis for future cash flows, extrapolated in perpetuity to reflect the long-term plans for the entity, using a nominal growth rate of 8.12% (2023: 7.37%). These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter. Based on the testing performed, no impairment was identified.

(b) Discount rate

The pre-tax discount rate used was based on an assessment of the risks applicable to the Stanbic Holdings Plc. The cost of equity discount rate calculated for the forecast years was 22.77% per annum (2023: 21.73%). The cost of equity assigned to the cash-generating unit and used to discount its future cash flows can have a significant effect on its valuation. The cost of equity percentage is derived from an equity pricing model deemed appropriate based on the entity under review. The risk-free rate used to determine the cost of equity has been derived from the 10-year US Dollar government bonds adjusted for inflation differential and country risk yield.

Goodwill is allocated to the Group's cash-generating units (CGUs) according to operating segments. 95% of the goodwill has been allocated to the Corporate and Investment Banking CGU and the remaining 5% has been allocated to Business and Commercial Banking CGU.

Financial statements
For the year ended 31 December 2024

Notes (continued)

30. Right-of-use assets (buildings)

Year ended 31 December 2024

	Buildings	Branches	ATM Space	Others	Total
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Cost					
At start of year	314	1,873	95	220	2,502
Additions	38	62	19	37	156
Modifications	-	-	-	-	-
Translation difference	(10)	(120)	(2)	-	(132)
	342	1,815	112	257	2,526
Depreciation					
At start of year	218	1,210	74	142	1,644
Depreciation charge for the year	52	214	12	46	324
Translation difference	(10)	(121)	(4)	-	(135)
	260	1,303	82	188	1,833
At end of year	**82**	**512**	**30**	**69**	**693**

Year ended 31 December 2023

	Buildings	Branches	ATM Space	Others	Total
Cost					
At start of year	228	1,773	91	167	2,259
Additions	86	139	5	53	283
Modifications	-	5	-	-	5
Translation difference	-	(44)	(1)	-	(45)
	314	1,873	95	220	2,502
Depreciation					
At start of year	165	1,002	59	109	1,335
Depreciation charge for the year	53	235	15	33	336
Translation difference	-	(27)	-	-	(27)
	218	1,210	74	142	1,644
At end of year	**96**	**663**	**21**	**78**	**858**

The Group leases property for use as branches, offices, ATMs and parking spaces. The leases of offices and ATM spaces are typically for periods of between 2 and 30 years, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

Financial statements
For the year ended 31 December 2024

Notes (continued)

31. Lease liabilities

	2024	2023
	KShs Million	KShs Million
Non-current	497	571
Current	215	436
	712	1,007

Reconciliation of lease liabilities arising from financing activities:

31 December 2024	Buildings	Branches	ATM Space	Others	Total
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
At start of year	113	781	34	79	1,007
Additions	38	62	19	37	156
Interest charged to profit or loss	14	82	6	14	116
Foreign exchange (gain)/loss	5	39	43	-	87
Translation difference	(13)	(108)	(2)	-	(123)
Cash flows:					
- Operating activities (interest paid)	(14)	(82)	(6)	(14)	(116)
- Payments under leases	(101)	(258)	(13)	(43)	(415)
At end of year	**42**	**516**	**81**	**73**	**712**

31 December 2023	Buildings	Branches	ATM Space	Others	Total
	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
At start of year	95	949	47	66	1,157
Additions	86	144	3	53	286
Interest charged to profit or loss	14	95	3	9	121
Foreign exchange (gain)/loss	-	(61)	(1)	-	(62)
Translation difference	-	102	-		102
Cash flows:					
- Operating activities (interest paid)	(14)	(95)	(3)	(9)	(121)
- Payments under leases	(68)	(353)	(15)	(40)	(476)
At end of year	**113**	**781**	**34**	**79**	**1,007**

	2024	2023
	%	%
Weighted average effective interest rates at the reporting date was:	15.60	18.12

Maturity analysis of lease liabilities is as follows:

	Group	Group
	2024	2023
	KShs Million	KShs Million
Within 1 year	361	482
From 1 year to 5 years	558	747
More than 5 years	14	19
	933	**1,248**

The maturity analysis disclosed refers to undiscounted amounts as required by IFRS 7. Lease liabilities do not face a significant liquidity risk and/or foreign currency risk.

Financial statements
For the year ended 31 December 2024

Notes (continued)

32. Ordinary share capital and share premium(Group and Company)

32 (a) Authorised share capital

	2024		2023	
	Number of shares	Share capital	Number of shares	Share capital
	(millions)	KShs Million	(millions)	KShs Million
Balance as at 1 January and 31 December	474	2,368	474	2,368

32 (b) Issued share capital

	2024		2023	
	Number of shares	Share capital	Number of shares	Share capital
	(millions)	KShs Million	(millions)	KShs Million
Balance as at 1 January and 31 December	395	1,977	395	1,977
Unissued shares	79	391	79	391

32 (c) Ordinary share premium

	2024	2023
	KShs Million	KShs Million
At 1 January and 31 December	16,897	16,897

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

33. Derivative assets and derivative liabilities

All derivatives are classified as fair value through profit or loss (FVTPL).

33.1 Use and measurement of derivative instruments

In the normal course of business, the Group enters into a variety of derivative transactions for trading purposes. Derivative financial instruments are entered into for trading purposes and for hedging foreign exchange, interest rate, inflation and for credit exposures. Derivative instruments used by the Group in both trading and hedging activities include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, credit risk, inflation risk, interest rates and the prices of equities.

The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

The fair value of all derivatives is recognised in the statement of financial position and is only netted to the extent that there is both a legal right of set-off and an intention to settle on a net basis, or the intention to realise the derivative asset and settle the derivative liability simultaneously.

Swaps are transactions in which two parties exchange cash flows on a specified notional amount for a predetermined period.

The major types of swap transactions undertaken by the Bank are as follows:

a) **Interest rate swap** contracts which generally entail the contractual exchange of fixed and floating interest payments in a single currency, based on a notional amount and an interest reference rate.

b) **Options** are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (call option) or to sell (put option) by or at a set date, a specified amount of a financial instrument or commodity at a predetermined price. The seller receives a premium from the purchaser for this right. Options may be traded Over The Counter (OTC) or on a regulated exchange.

Financial statements
For the year ended 31 December 2024

Notes (continued)

33. Derivative assets and derivative liabilities (continued)

33.1 Use and measurement of derivative instruments (continued)

c) **Forwards and futures** are contractual obligations to buy or sell financial instruments on a future date at a specified price. Forward contracts are tailor-made agreements that are transacted between counterparties in the OTC market, whereas futures are standardised contracts transacted on regulated exchanges.

33.2 Derivatives held-for-trading

The Group transacts derivative contracts to address client demand both as a market maker in the wholesale markets and in structuring tailored derivatives for clients. The Group also takes proprietary positions for its own account. Trading derivative products include the following derivative instruments:

33.2.1 Foreign exchange derivatives

Foreign exchange derivatives are primarily used to economically address foreign currency risks on behalf of clients and for the bank's own positions. Foreign exchange derivatives primarily consist of foreign exchange forwards and swaps, foreign exchange futures and foreign exchange options.

33.2.2 Interest rate derivatives

Interest rate derivatives are primarily used to modify the volatility and interest rate characteristics of interest- earning assets and interest-bearing liabilities on behalf of clients and for the Group's own positions. Interest rate derivatives primarily consist of bond options, caps and floors, forwards, options, swaps and swap options.

33.3 Day one profit or loss

Where the fair value of an instrument differs from the transaction price, and the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument, or based on a valuation model whose variables include only data from observable markets, the difference, commonly referred to as day one profit or loss, is recognised in profit or loss immediately. If the fair value of the financial instrument cannot be evidenced by comparison with other observable current market transactions in the same instrument or non-observable market data is used as part of the input to the valuation models, any resulting difference between the transaction price and the valuation model is deferred and subsequently recognised in accordance with the Group's accounting policies (refer to accounting policy 2.6 – Financial instruments).

33.4 Fair values

The fair value of a derivative financial instrument represents, for quoted instruments in an active market, the quoted market price and, for an unquoted instrument, the present value of the positive and/or negative cash flows which would have occurred if the rights and obligations arising from that instrument were closed out in an orderly marketplace transaction at the reporting date.

33.5 Notional amount

The contract/notional amount is the sum of the absolute value of all bought and sold contracts. The notional amounts have been translated at the closing exchange rate at the reporting date where cash flows are receivable in foreign currency. The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the Group's participation in derivative contracts.

Financial statements
For the year ended 31 December 2024

Notes (continued)

33. Derivative assets and derivative liabilities (continued)

33.5 Notional amount (continued)

	GROUP					
	2024 Fair values			2023 Fair values		
	Notional contract amount KShs Million	Assets KShs Million	Liabilities KShs Million	Notional contract amount KShs Million	Assets KShs Million	Liabilities KShs Million
Foreign exchange derivatives						
Currency forwards	7,186	779	983	6,473	312	104
Currency swaps	32,651	1,184	1,297	81,851	1,578	1,620
Currency options	7,137	62	106	2,565	100	147
Total over-the-counter derivatives	**46,974**	**2,025**	**2,386**	**90,889**	**1,990**	**1,871**
Interest rate derivatives						
Cross currency interest rate swaps	2,510	70	360	2,411	260	699
Total over-the-counter derivatives	**2,510**	**70**	**360**	**2,411**	**260**	**699**
Total derivative assets held for trading	**49,484**	**2,095**	**2,746**	**93,300**	**2,250**	**2,570**
Current	46,974	1,962	2,338	90,887	2,075	2,044
Non-current	2,510	133	408	2,413	175	526
Total	**49,484**	**2,095**	**2,746**	**93,300**	**2,250**	**2,570**

34. Deposits and current accounts from banks and customers

34 (a) Deposits from banks

		GROUP	
		2024	2023
	Note	KShs Million	KShs Million
Deposits from banks		12,179	12,972
Deposits due to Group banks	42 (b)	8,640	13,032
Total deposits from banks		**20,819**	**26,004**

Maturity analysis of deposits from banks

The maturity analysis is based on the remaining periods to contractual maturity from year end.

	GROUP	
	2024	2023
	KShs Million	KShs Million
Repayable on demand	5,423	2,668
Maturing within 1 month	7,417	11,404
Maturing after 1 month but within 6 months	515	869
Maturing after 6 months but within 12 months	117	32
Maturing after 12 months	7,347	11,031
	20,819	**26,004**

Included in balances due to group companies are borrowings of KShs. 8,085,264,278 (2023: KShs.10,185,211,000). The weighted average interest rate for these borrowings is 6.71% (2023: 6.77%).

Financial statements
For the year ended 31 December 2024

Notes (continued)

34. Deposits and current accounts from banks and customers (continued)

34 (b) Deposits from customers

	GROUP	
	2024	2023
	KShs Million	KShs Million
Current accounts	176,711	170,757
Call deposits	15,916	24,460
Savings accounts	76,649	74,150
Term deposits	38,557	50,986
LC acceptances	10,360	881
Total deposits from customers	**318,193**	**321,234**
Total deposits from banks and customers	**339,012**	**347,238**

Maturity analysis of deposits from customers
The maturity analysis is based on the remaining periods to contractual maturity from year end.

Repayable on demand	242,185	192,147
Maturing within 1 month	52,092	100,373
Maturing after 1 month but within 6 months	13,356	9,336
Maturing after 6 months but within 12 months	4,430	6,740
Maturing after 12 months	6,130	12,638
	318,193	**321,234**

Deposit products include current accounts, savings accounts, call deposits and fixed deposits. The weighted average interest rate on customer deposits as at 31 December 2024 was 4.81% (2023: 4.28%).

Financial statements
For the year ended 31 December 2024

Notes (continued)

35. Borrowings

At 31 December 2024

	Notional value	Carrying amounts			
	KShs Million	KShs Million	Interest Rate	Date of Issue	Maturity date
Subordinated debt - USD 30M	3,875	3,902	9.21%	01-Mar-23	01-Mar-33
Subordinated debt - USD 20M	2,583	2,703	10.89%	25-Oct-24	25-Oct-34
Subordinated debt - USD 30M	3,875	3,877	9.97%	28-Sep-22	30-Sep-32
Total	**10,333**	**10,482**			

At 31 December 2023

	Notional value	Carrying amounts			
	KShs Million	KShs Million	Interest Rate	Date of Issue	Maturity date
Subordinated debt - USD 30M	4,705	4,742	9.18%	01-Mar-23	01-Mar-33
Subordinated debt - USD 20M	3,137	3,259	10.09%	25-Oct-24	25-Oct-34
Subordinated debt - USD 30M	4,705	4,712	9.86%	28-Sep-22	30-Sep-32
Total	**12,547**	**12,713**			

There were no charges placed on any of the Group's assets in relation to these borrowings. The borrowings are unsecured subordinated debt instruments.

The difference between the carrying and notional value represents, accrued interest and the unamortised issue costs.

Interest expense incurred in the above borrowings was KShs. 1,061,891,971 (2023: KShs 1,017,194,674). The weighted average effective interest rate on borrowings as at 31 December 2024 was 9.96% (2023: 9.45%) on the back of higher SOFR rate Year on Year.

The Group has not had any defaults of principal, interest or other breaches with regard to any borrowings during 2024 and 2023. The borrowings are payable on their maturity dates at the notional value.

Counterparties and covenants to the subordinated debt facilities are as follows:

a) USD 30 million obtained from Standard Bank of South Africa in 2023.There are no covenants relating to this financing.

b) USD 20 million obtained from the Deutsche Investitions- und Entwicklungsgesellschaft (DEG) in 2024. The Group has complied with all covenants throughout the reporting year.

c) USD 30 million obtained from Standard Bank of South Africa in 2022. There are no covenants relating to this financing.

	GROUP	
	2024	2023
Reconciliation of liabilities arising from financing activities:	**KShs Million**	**KShs Million**
At start of year	12,713	10,141
Interest charged to profit or loss	1,062	1,084
Foreign exchange loss/(gain)	(2,263)	2,452
Cash flows:		
- Operating activities (Interest paid)	(1,030)	(964)
At end of year	**10,482**	**12,713**

Financial statements

For the year ended 31 December 2024

Notes (continued)

36. Other liabilities and accrued expenses

36 (a) Other liabilities and accrued expenses

		GROUP		COMPANY	
		2024	2023	2024	2023
	Note	KShs Million	KShs Million	KShs Million	KShs Million
Accruals		3,346	3,816	30	38
Deferred bonus scheme	36 (b)	840	250	-	-
Unpresented bank drafts		70	70	-	-
Margin on guarantees and letters of credit		1,771	1,774	-	-
Items in transit		8	233	-	-
Due to group companies	42 (h)	1,044	1,002	-	-
Sundry creditors		2,999	3,701	234	118
Expected credit losses on off balance sheet items	43 (c)	62	93	-	-
		10,140	**10,939**	**264**	**156**

Sundry creditors relate to accounts payable, credits in transit, PAYE and VAT payables.

36 (b) Share based payment schemes

It is essential for the Group to retain key skills over the longer term. This is done particularly through share- based incentive plans. The purpose of these plans is to align the interests of the Group and employees, as well as to attract and retain skilled, competent people.

The Group has implemented schemes to defer a portion of incentive bonuses over a minimum threshold for key management and executives. This improves the alignment of shareholder and management interests by creating a closer linkage between risk and reward, and also facilitates retention of key employees.

All employees granted an annual performance award over a threshold have part of their award deferred. The award is indexed to Standard Bank Group's (SBG) share price and accrues notional dividends during the vesting period, which are payable on vesting. The awards vest in three equal amounts at 18 months, 30 months and 42 months from the date of award. The final pay-out is determined with reference to SBG's share price on vesting date.

The provision in respect of liabilities under the scheme amounts to KShs 840,004,730 at 31 December 2024 (2023: KShs 250,224,853) and the amount charged for the year was KShs 962,489,787 (2023: KShs 277,101,514).

	2024	2023
Scheme	**KShs Million**	**KShs Million**
Cash Settled Deferred Bonus Scheme (CS DBS)	367	114
Deferred Bonus Scheme (DBS)	87	40
Performance Reward Plan (PRP)	269	48
Equity Growth Scheme (EGS)	2	12
Standard Bank Asset Manager Deferred Bonus Scheme (SARP)	115	36
	840	**250**

	Units	Units
Reconciliation	**2024**	**2023**
Units outstanding at beginning of the year	67,837	53,408
Granted	46,427	40,597
Exercised	(33,810)	(24,639)
Lapsed	-	-
Transfers	4,713	(1,529)
Units outstanding at end of the year	**85,167**	**67,837**
Weighted average fair value at grant date (ZAR)*	165.94	161.99
Expected life (years)	2.51	2.51

* South African Rand

Financial statements
For the year ended 31 December 2024

Notes (continued)

37. Current income tax asset/ (liability)

The current income tax payable and current income tax receivable have been separately recognised as Kenya and South Sudan have no legal enforceable right to set off current tax.

The tax receivable/(payable) from the tax authorities in the jurisdictions of operations are highlighted below;

		GROUP	
		2024	2023
	Note	KShs Million	KShs Million
Kenya operations	37 (a)	1,461	(2,073)
Foreign operations	37 (b)	(20)	(119)
As at 31 December		**1,441**	**(2,192)**

37 (a) Current income tax asset/ (liability)

		GROUP		COMPANY	
		2024	2023	2024	2023
	Note	KShs Million	KShs Million	KShs Million	KShs Million
At 1 January		(2,192)	(1,409)	13	10
Exchange difference on translation		91	-	-	-
Current income tax charge	16	(4,637)	(7,231)	(12)	-
Income tax paid		8,723	6,173	8	3
Prior year over-provision		(544)	327	-	-
Tax reallocation		-	(52)	-	-
		1,441	**(2,192)**	**9**	**13**

Made up of:

	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Tax payable	(20)	(2,192)	-	-
Tax recoverable	1,461	-	9	13
	1,441	**(2,192)**	**9**	**13**

The Group and Company amount above relates to current income tax receivable/ (payable) from the Kenyan tax authority and South Sudan's National revenue authority, and is current.

37 (b) Current income tax asset/ (liability)

Foreign operations

		GROUP	
		2024	2023
	Note	KShs Million	KShs Million
As at 1 January		(119)	-
Current tax charge		(47)	(266)
Tax paid		68	131
Exchange difference on translation		91	-
Transfer to tax receivable/ (payable) account prior year	37 (a)	-	21
Prior year-provision		(13)	(5)
Transfer to tax payable/ (receivable) account	37 (a)	20	119
As at 31 December		**-**	**-**

The Group has operations in South Sudan. The amount above relates to current income tax payable/ (receivable) in South Sudan.

Financial statements
For the year ended 31 December 2024

Notes (continued)

38. Deferred income tax asset/ (liability)

38 (a) Deferred income tax asset/ (liability)

The deferred tax liability and asset have been separately recognised as Kenya and South Sudan have no legal enforceable right to set off tax.

Kenya operations

		GROUP		COMPANY	
		2024	2023	2024	2023
	Note	KShs Million	KShs Million	KShs Million	KShs Million
At start of year		9,287	7,232	-	-
(Debit) /credit to statement of profit or loss	16	(81)	1,899	-	-
Credit to statement of profit or loss					
Foreign operations	38 (b)	7	69	-	-
Credit/ debit to OCI		(207)	87	-	-
Exchange difference on translation		(63)	-	-	-
At 31 December		**8,943**	**9,287**	**-**	**-**

Deferred income tax assets and liabilities and deferred income tax (credit)/charge in the statement of profit or loss and other comprehensive income (OCI) are attributable to the following items:

	01.01.2024	(Credited)/ charged to statement of profit or loss	Charge to SOCI	Translation difference	31.12.2024
Year ended 31 December 2024	KShs Million	KShs Million	KShs Million	KShs Million	KShs Million
Arising from:					
Property and equipment	1,095	(82)	-	-	1,013
Unrealised gain on bonds- FVOCI	(15)	-	(207)	-	(222)
Unrealised gain on bonds- FVTPL	226	(337)	-	-	(111)
Right-of-use assets	155	(180)	-	-	(25)
Impairment charges on loans and advances	6,351	193	-	-	6,544
Other provisions	1,464	325	-	-	1,789
Group intangible assets	(70)	-	-	-	(70)
Unrealised gain on South Sudan paid up capital	(8)	-	-	-	(8)
Exchange difference on translation	(9)	-	-	(63)	(72)
South Sudan deffered tax asset	98	7	-	-	105
Net deferred asset	**9,287**	**(74)**	**(207)**	**(63)**	**8,943**

Financial statements

For the year ended 31 December 2024

Notes (continued)

38. Deferred income tax asset/ (liability) (continued)

38 (a) Deferred income tax asset/ (liability) (continued)

	01.01.2023	(Charge)/ Credited to statement of profit or loss	Charge to SOCI	Translation movement	31.12.2023
Year ended 31 December 2023	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
Arising from:					
Property and equipment	545	550	-	-	1,095
Unrealised gain on bonds- FVOCI	33	(48)	-	-	(15)
Unrealised gain on bonds- FVTPL	(40)	266	-	-	226
Right-of-use assets	30	125	-	-	155
Impairment charges on loans and advances	4,966	1,385	-	-	6,351
Other provisions	1,760	(296)	-	-	1,464
Group intangible assets	(76)	6	-	-	(70)
Unrealised gain on South Sudan paid up capital	(8)	-	-	-	(8)
Exchange difference on translation	(7)	-	-	(2)	(9)
South Sudan deffered tax asset	29	69	-	-	98
Net deferred asset	**7,232**	**2,057**	**-**	**(2)**	**9,287**

The total amount disclosed as deferred income tax asset is non-current.

38 (b) Deferred income tax asset/ (liability)

Foreign operations

		GROUP	
		2024	**2023**
	Note	**KShs Million**	**KShs Million**
At start of year		81	14
Credit to statement of profit or loss	16	7	69
Exchange difference on translation		(63)	(2)
At end of year		**25**	**81**

The total amount disclosed as deferred income tax liability is a non-current liability.

Financial statements
For the year ended 31 December 2024

Notes (continued)

38. Deferred income tax asset/ (liability) (continued)

38 (b) Deferred income tax asset/ (liability) (continued)

	GROUP			
Year ended 31 December 2024	**01.01.2024**	**(Credited)/ charged to statement of profit or loss**	**Translation difference**	**31.12.2024**
Arising from:				
Property and equipment	3	(13)	-	(10)
Impact of Hyperinflation on Fixed Assets	-	16	-	16
Effect of tax rate change	3	(3)	-	-
Exchange difference on translation	(4)	-	(63)	(67)
Other provisions	69	37	-	106
Right-of-use assets	10	(30)	-	(20)
Net deferred income tax asset	81	7	(63)	25

	GROUP			
Year ended 31 December 2023	**01.01.2023**	**(Credited)/ charged to statement of profit or loss**	**Credited to OCI**	**31.12.2023**
Arising from:				
Property and equipment	1	2	-	3
Effect of tax rate change	3		-	3
Exchange difference on translation	(2)		(2)	(4)
Other provisions	18	51	-	69
Right-of-use assets	(6)	16	-	10
Net deferred income tax liability	14	69	(2)	81

Financial statements
For the year ended 31 December 2024

Notes (continued)

39. Notes to the cash flow statement

39 (a) Reconciliation of profit before income tax to net cash generated from operating activities

		GROUP		COMPANY	
		2024	2023*	2024	2023*
	Note	KShs Million	KShs Million	KShs Million	KShs Million
Net profit/ (loss) before income tax		18,971	17,094	6,184	5,561
Adjusted for:					
Depreciation - property and equipment	26	456	400	-	-
Interest income		(48,165)	(36,277)	-	-
Interest expense		22,766	12,896	-	-
Credit impairment losses excluding recoveries*		3,536	7,324	-	-
Amortisation of intangible assets	28	248	219	-	-
Amortisation of ROU assets - leasehold land/prepaid operating lease	27	3	3	-	-
Depreciation on right-of use assets (buildings)	30	324	336	-	-
Change in fair value of derivatives		331	892	-	-
Interest charged on borrowings	35	1,062	1,084	-	-
Gain on disposal of property and equipment		(24)	(15)	-	-
Cash flows from operating activities		**(492)**	**3,956**	**6,184**	**5,561**

*Comparative figures are reclassified. Refer to note 2.24

The company profit before tax includes dividends received amounting to KShs 6,352,000,000 (2023: KShs. 5,654,000,000).

39 (b) Analysis of balances of cash and cash equivalents as shown in the statement of cash flows

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million
Unrestricted cash and balances with CBK	11,917	12,244	-	-
Treasury bills	52	12,198	-	-
Loans and advances to banks	62,086	91,647	159	216
Amounts due to other banks	(12,979)	(14,045)	-	-
Cash and cash equivalents at the end of the year	**61,076**	**102,044**	**159**	**216**

For the purposes of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advances.Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

Financial statements
For the year ended 31 December 2024

Notes (continued)

40. Classification of assets and liabilities

Accounting classifications and fair values of assets and liabilities

The table below categorises the Group's assets and liabilities as at 31 December 2024 between those that are financial and non-financial. All financial assets and liabilities have been classified according to their measurement category with disclosure and their fair value.

	Fair value through profit or loss - default	Fair value through profit or loss - designated	Amortised cost	Fair value through OCI	Other non-financial assets/ liabilities	Total carrying amount	Fair value
Year ended 31 December 2024	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
Assets							
Cash and balances with Central Bank of Kenya	18,955	-	5,722	-	-	**24,677**	24,677
Financial assets – held for trading	54,649	-	-	-	-	**54,649**	54,649
Financial assets – FVOCI	-	-	-	15,462	-	**15,462**	15,462
Financial assets – amortised cost	-	-	29,079	-	-	**29,079**	19,197
Derivative assets	2,095	-	-	-	-	**2,095**	2,095
Loans and advances to banks	-	-	64,486	-	-	**64,486**	49,456
Loans and advances to customers	-	-	230,218	-	-	**230,218**	217,141
Other financial assets	-	-	8,239	-	-	**8,239**	8,239
Investment securities	18	-	-	-	-	**18**	18
Other non - financial assets	-	-	-	-	25,911	**25,911**	-
	75,717	**-**	**337,744**	**15,462**	**25,911**	**454,834**	**390,934**
Liabilities							
Deposits from customers	-	-	(318,193)	-	-	**(318,193)**	(267,857)
Deposits from banks	-	-	(20,819)	-	-	**(20,819)**	(15,527)
Derivative liabilities	(2,746)	-	-	-	-	**(2,746)**	(2,746)
Trading liabilities	(16,322)	-	-	-	-	**(16,322)**	(16,322)
Borrowings	-	-	(10,482)	-	-	**(10,482)**	(9,571)
Other financial liabilities	-	-	(7,568)	-	-	**(7,568)**	(7,568)
Other non - financial liabilities	-	-	-	-	(3,304)	**(3,304)**	-
	(19,068)	**-**	**(357,062)**	**-**	**(3,304)**	**(379,434)**	**(319,591)**

Financial statements
For the year ended 31 December 2024

Notes (continued)

40. Classification of assets and liabilities

Accounting classifications and fair values of assets and liabilities (continued)

	Fair value through profit or loss default	Fair value through profit or loss - designated	Amortised cost	Fair value through OCI	Other non-financial assets/ liabilities	Total carrying amount	Fair value
Year ended 31 December 2023	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
Assets							
Cash and balances with Central Bank of Kenya	21,077	-	4,426	-	-	25,503	25,503
Financial assets – held for trading	2,898	-	-	-	-	2,898	2,898
Financial assets – FVOCI	-	-	-	19,892	-	19,892	19,892
Financial assets – amortised cost	-	-	22,555	-	-	22,555	14,455
Derivative assets	2,250	-	-	-	-	2,250	2,250
Loans and advances to banks	-	-	95,705	-	-	95,705	65,954
Loans and advances to customers	-	-	260,509	-	-	260,509	215,576
Other financial assets	-	-	5,906	-	-	5,906	5,906
Investment securities	18	-	-	-	-	18	18
Other non - financial assets	-	-	-	-	24,048	24,048	-
	26,243	**-**	**389,101**	**19,892**	**24,048**	**459,284**	**352,452**
Liabilities							
Deposits from customers	-	-	(321,234)	-	-	(321,234)	(258,966)
Deposits from banks	-	-	(26,004)	-	-	(26,004)	(19,161)
Derivative liabilities	(2,570)	-	-	-	-	(2,570)	(2,570)
Trading liabilities	(14,071)	-	-	-	-	(14,071)	(14,071)
Borrowings	-	-	(12,713)	-	-	(12,713)	(8,255)
Other financial liabilities	-	-	(8,110)	-	-	(8,110)	(8,110)
Other non - financial liabilities	-	-	-	-	(6,028)	(6,028)	-
	(16,641)	**-**	**(368,061)**	**-**	**(6,028)**	**(390,730)**	**(311,133)**

Financial statements
For the year ended 31 December 2024

Notes (continued)

41. Fair value of financial instruments Valuation process

All financial instruments carried at fair value, regardless of classification, are marked to market using models that have been validated independently by the Group's model validation unit and approved by the market risk methodologies committee. This control applies to both off-the-shelf models as well as those developed internally by the Group. Further, all inputs into the valuation models are subject to independent price validation procedures carried out by the market risk unit. Such price validation is performed on at least a monthly basis and daily where possible given the liquidity of the underlying price inputs. Less liquid risk drivers, which are typically used to mark level 3 assets and liabilities to market, are carefully validated and tabled at the monthly price validation forum to ensure these are reasonable and used consistently. Sensitivities arising from exposures to such drivers are similarly scrutinised, together with movements in level 3 fair values. They are also disclosed monthly to the market risk committee and ALCO.

Level hierarchy

The table that follows analyses financial instruments carried at fair value, by level of fair value hierarchy. The different levels are based on the extent that available market data is used in the calculation of the fair value of the financial instruments. The levels have been defined as follows:

Level 1 – fair value is based on quoted market prices (unadjusted) in active markets for identical instruments.

Level 2 – fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the assets and liabilities.

Significant unobservable inputs

The fair value of level 3 assets and liabilities is determined using valuation techniques that include reference to recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants. However, such techniques typically have unobservable inputs that are subject to management judgement. These inputs include credit spreads on illiquid issuers, implied volatilities on thinly traded stocks, correlation between risk factors, prepayment rates and other illiquid risk drivers. Exposure to such illiquid risk drivers is typically managed by:

- using bid-offer spreads that are reflective of the relatively low liquidity of the underlying risk driver
- raising day one profit provisions in accordance with IFRS Accounting Standards
- quantifying and reporting the sensitivity to each risk driver
- limiting exposure to such risk drivers and analysing this exposure on a regular basis

Financial statements

For the year ended 31 December 2024

Notes (continued)

41. Fair value of financial instruments Valuation process (continued)

41 (a) Financial instruments measured at fair value

The table below analyses financial instruments carried at fair value, by level of fair value hierarchy:

Financial instruments measured at fair value on a recurring basis

		Level 1	Level 2	Level 3	Total
At 31 December 2024	**Note**	**KShs Million**	**KShs Million**	**KShs Million**	**KShs Million**
Assets					
Cash and balances with Central Banks (minimum regulatory reserve)		18,955	-	-	18,955
Financial assets – FVTPL	20 (a)	-	54,649	-	54,649
Financial assets – FVOCI	21	-	15,462	-	15,462
Equity investments	25 (b)	-	-	18	18
Derivative assets	33	-	2,095	-	2,095
		18,955	**72,206**	**18**	**91,179**
Liabilities					
Financial liabilities – FVTPL	20 (b)	-	16,322	-	16,322
Derivative liabilities	33	-	2,746	-	2,746
		-	**19,068**	**-**	**19,068**
At 31 December 2023					
Assets					
Cash and balances with Central Bank of Kenya (minimum regulatory reserve)		21,077	-	-	21,077
Financial assets – FVTPL	20 (a)	-	2,898	-	2,898
Financial assets – FVOCI	21	-	19,892	-	19,892
Equity investments	25(b)	-	-	18	18
Derivative assets	33	-	2,250	-	2,250
		21,077	**25,040**	**18**	**46,135**
Liabilities					
Financial liabilities – FVTPL	20 (b)	-	14,071	-	14,071
Derivative liabilities	33	-	2,570	-	2,570
		-	**16,641**	**-**	**16,641**

There were no transfers between levels in 2024 and 2023.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of cash and subordinated debt listed on the Nairobi Securities Exchange (NSE).

Sensitivity of fair value of level 2 financial instruments

The fair value of level 2 financial instruments is determined using valuation techniques which incorporate assumptions that are not supported by prices from observable current market transactions in the same instruments and are not based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of these financial instruments.

Financial statements
For the year ended 31 December 2024

Notes (continued)

41 (a) Financial instruments measured at fair value (continued)

Level 2 financial assets and financial liabilities

	Valuation basis/technique	Main assumptions[1]
Derivative instruments	Discounted cash flow model	Discount rate
	Black-Scholes model	Risk-free rate, volatility rate
	Multiple valuation technique	Valuation multiples
Financial assets – (FVTPL)	Discounted cash flow model	Discount rate, liquidity discount rate
	Black-Scholes model	Risk-free rate, volatility rate
Financial assets -FVOCI	Discounted cash flow model	Discount rate, liquidity discount rate
	Multiple valuation technique	Valuation multiples
	Quoted exit price adjusted for notice period	Discount rate
Loans and advances to customers	Discounted cash flow model	Discount rate, liquidity discount rate
Financial liabilities	Discounted cash flow model	Discount rate, liquidity discount rate
Deposits from Banks	Discounted cash flow model	Discount rate, liquidity discount rate
Deposits from customers	Discounted cash flow model	Discount rate, liquidity discount rate
Other financial liabilities	Discounted cash flow model	Discount rate, liquidity discount rate
Cash with Central Bank of Kenya	Prevailing exchange rate	Exchange rate
Investment in equities	Sale price	Discount rate

[1]The main assumptions for all instruments include applicable credit spreads.

41 (b) Financial instruments not measured at fair value

Financial assets and Financial liabilities

Assets and liabilities not measured at fair value for which fair value is disclosed is as shown in the table below:

	Level 1	Level 2	Level 3	Fair value	Carrying amount
At 31 December 2024	**KShs Million**	**KShs Million**	**KShs Million**	**KShs '000**	**KShs Million**
Assets					
Cash and balances with the Central Bank of Kenya	5,722	-	-	5,722	5,722
Loans and advances to banks	-	-	49,456	49,456	64,486
Loans and advances to customers	-	-	217,141	217,141	230,218
Financial assets - amortised cost	-	19,197	-	19,197	29,079
Other assets	-	-	8,239	8,239	8,239
	5,722	**19,197**	**274,836**	**299,755**	**337,744**
Liabilities					
Deposits from banks	-	-	(15,527)	(15,527)	(20,819)
Deposits from customers	-	-	(267,857)	(267,857)	(318,193)
Borrowings	-	-	(9,571)	(9,571)	(10,482)
Other liabilities	-	-	(7,568)	(7,568)	(7,568)
	-	**-**	**(300,523)**	**(300,523)**	**(357,062)**

Financial statements
For the year ended 31 December 2024

Notes (continued)

41. Fair value of financial instruments Valuation process (continued)

41 (b) Financial instruments not measured at fair value (continued)

Financial assets and Financial liabilities (continued)

At 31 December 2023	Level 1 KShs Million	Level 2 KShs Million	Level 3 KShs Million	Fair value KShs '000	Carrying amount KShs Million
Assets					
Cash and balances with the Central Bank of Kenya	4,426	-	-	4,426	4,426
Loans and advances to banks	-	-	65,954	65,954	95,705
Loans and advances to customers	-	-	215,576	215,576	260,509
Financial assets - amortised cost	-	14,455	-	14,455	22,555
Other investments	-	-	-	-	-
Other assets	-	-	5,906	5,906	5,906
	4,426	**14,455**	**287,436**	**306,317**	**389,101**
Liabilities					
Deposits from banks	-	-	(19,161)	(19,161)	(26,004)
Deposits from customers	-	-	(258,966)	(258,966)	(321,234)
Borrowings	-	-	(8,255)	(8,255)	(12,713)
Other liabilities	-	-	(8,110)	(8,110)	(8,110)
	-	**-**	**(294,492)**	**(294,492)**	**(368,061)**

The valuation techniques used in determining the fair value of financial assets and liabilities classified within level 2 and level 3.

The table below indicates the valuation techniques and main assumptions used in the determination of the fair value of the level 2 and level 3 assets and liabilities not measured at fair value but for which fair value is disclosed in table 41 (b) above:

2024	Valuation basis/technique	Main assumptions
Loans and advances to Banks Loans and advances to Customers Deposits from banks Customer deposits Borrowings Other financial assets and liabilites	Discounted cash flow model	Discount rate, liquidity discount rate

42. Related party transactions

Stanbic Holdings Plc is a subsidiary of Stanbic Africa Holdings Limited (SAHL), incorporated in the United Kingdom. The ultimate parent of SAHL is Standard Bank Group Limited, which is incorporated in South Africa.

There are other companies which are related to Stanbic Holdings Plc through common shareholdings or common directorships.

In the normal course of business, nostro and vostro accounts are operated and placings of both foreign and local currencies are made with the parent company and other group companies at interest rates in line with the market. The relevant balances are as shown below;

For the year ended 31 December 2024, the Group made nil provision for doubtful debts relating to long outstanding amounts owed by related parties (2023: KShs 13,884,000) as indicated on Note 42 (g).

Financial statements
For the year ended 31 December 2024

Notes (continued)

42. Related party transactions (continued)

42 (a) Loans due from group banks

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million
Stanbic Bank Kenya Limited	-	-	159	216
Stanbic Bank Uganda Limited	1,239	886	-	-
Stanbic Bank Tanzania Limited	134	131	-	-
Standard Bank of South Africa Limited	15,770	9,727	-	-
Standard Bank Isle of Man Limited	42,278	79,834	-	-
	59,421	**90,578**	**159**	**216**
Interest income earned on the above is:	**5,429**	**2,496**	**25**	**16**

42 (b) Deposits due to group banks

	GROUP	
	2024	2023
	KShs Million	KShs Million
Standard Bank of South Africa Limited	1,246	2,128
Stanbic Bank Uganda Limited	316	636
Stanbic Bank Zambia Limited	-	2
Stanbic Bank Zimbabwe Limited	1	1
Stanbic Bank Botswana Limited	3	5
Standard Bank (Mauritius) Limited	6	1
Standard Bank Isle of Man Limited	7,026	10,185
Stanbic Bank Tanzania Limited	42	74
	8,640	**13,032**
Interest expense incurred on the above is:	**644**	**903**

The weighted average effective interest rate on loans and advances to group companies as at 31 December 2024 was 6.13% (2023: 5.49%) and on amounts due to group companies was 2.91% (2023: 2.09%).

42 (c) Deposits due to group companies (non-bank)

	GROUP	
	2024	2023
	KShs Million	KShs Million
The Heritage Insurance Company Limited	255	164
Stanbic Africa Holdings Limited	9	9
Liberty Life Assurance Kenya Ltd	280	480
Liberty Kenya Holdings Limited	3	19
	547	672

Financial statements
For the year ended 31 December 2024

Notes (continued)

42. Related party transactions (continued)

42 (d) Key management compensation

Key management personnel include: the members of the Stanbic Holdings Plc Board of Directors and prescribed officers effective for 2024 and 2023. Non-executive directors are included in the definition of key management personnel as required by IAS 24 Related Party Disclosures. The definition of key management includes the close family members of key management personnel and any entity over which key management exercise control or joint control. Close members of family are those family members who may be expected to influence, or be influenced by that person in their dealings with the Group. They include the person's domestic partner and children, the children of the person's domestic partner, and dependants of the person or the person's domestic partner.

Key management have transacted with the Group as indicated in note 42 (e) and 42 (f);

42 (e) Loans and advances

Included in loans and advances are amounts advanced to certain companies in which directors are involved either as shareholders or directors (associated companies). In addition, there are contingent liabilities including guarantees and letters of credit, which have been issued to associated companies. The balances as at 31 December 2024 and 31 December 2023 are as shown below:

Loans and advances to key management

The aggregate amount of loans to directors, affiliates and their families on the statement of financial position is KShs nil (2023: KShs nil).

No specific credit impairments have been recognised in respect of loans granted to key management (2023: KShs nil). The mortgage loans and, vehicle and asset finance are secured by the underlying assets. All other loans are unsecured.

42 (f) Key management compensation

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million
Fees for services as a director	156	150	8	8
Salaries and other short-term employment benefits	210	140	60	60
Post-employment pension	8	11	8	6
Share-based payments	116	17	17	17
	490	318	93	91

Financial statements
For the year ended 31 December 2024

Notes (continued)

42. Related party transactions (continued)

42 (g) Amounts due from related companies

	GROUP	
	2024	2023
	KShs Million	KShs Million
Standard Bank Jersey Limited	3	7
Stanbic Bank Uganda Limited	57	-
Standard Bank of South Africa Limited	793	388
Standard Bank Malawi Limited	1	1
Stanbic Uganda Holdings Limited	6	12
Standard Bank de Angola S.A.	-	14
	860	**422**
Provisions on regional costs balances	-	(14)
	860	**408**

Movement analysis

At 1 January	422	456
Additions	1,900	1,355
Receipts	(1,462)	(1,092)
Write-off	-	(297)
Closing Balance	**860**	**422**
Provisions on regional costs balances	-	(14)
At 31 December	**860**	**408**

42 (h) Other payables due to related companies

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs Million	KShs Million	KShs Million	KShs Million
Standard Bank of South Africa Limited	1,033	981	-	-
Stanbic Bank Uganda Limited	11	20	-	-
Standard Bank Malawi Limited	-	1	-	-
	1,044	**1,002**	-	-

There is no interest accruing for these outstanding liabilities.

42 (i) Related party expenses

The Group incurred the following related party expenses payable to Standard Bank of South Africa:

	GROUP	
	2024	2023
	KShs Million	KShs Million
Franchise fees	1,148	1,221
Information technology	687	763
Other operating costs	345	352
	2,180	**2,336**

Financial statements
For the year ended 31 December 2024

Notes (continued)

43. Contingent liabilities - Group

	GROUP	
	2024	2023
Commitments were with respect to:	**KShs Million**	**KShs Million**
Letters of credit and acceptances	3,481	30,976
Guarantees	76,362	65,303
Unutilised facilities	19,346	16,794
	99,189	**113,073**

Contingent liabilities - maturity analysis

31 December 2024	Redeemable on demand	Maturing within 1 month	Maturing after 1 month but within 6 months	Maturing after 6 months but within 12 months	Maturing after 12 months but within 5 years	Maturing after 5 years	Total carrying value
Letters of credit and acceptances	4	49	3,376	52	-	-	**3,481**
Guarantees	4	951	22,539	29,407	23,405	56	**76,362**
Unutilised facilities	152	1,548	4,568	13,078	-	-	**19,346**
31 December 2023							
Letters of credit and acceptances	-	247	30,729	-	-	-	**30,976**
Guarantees	204	3,819	13,121	27,182	20,591	386	**65,303**
Unutilised facilities	-	994	2,608	13,192	-	-	**16,794**

43 (a) Nature of contingent liabilities

Letters of credit commit the Group to make payments to third parties, on production of documents, which are subsequently reimbursed by the customers.

Guarantees are generally written by a Group to support performance by a customer to third parties. The Group will only be required to meet these obligations in the event of customers' default.

An acceptance is an undertaking by the Group to pay a bill of exchange drawn on a customer. The Group expects most of the acceptances to be presented, and to be reimbursed by the customer almost immediately.

43 (b) Segmental analysis of off-balance sheet liabilities

	2024		2023	
	KShs Million	%	KShs Million	%
Agriculture	972	0.98%	3,090	2.73%
Manufacturing	4,358	4.39%	3,500	3.10%
Construction	25,067	25.27%	23,976	21.20%
Energy	165	0.17%	130	0.11%
Transport and communication	2,981	3.01%	2,134	1.89%
Distribution/wholesale	23,862	24.06%	34,119	30.17%
Financial Services	40,476	40.81%	45,303	40.07%
Tourism	-	0.00%	-	0.00%
Other activities and social service	1,308	1.31%	821	0.73%
	99,189	**100.00%**	**113,073**	**100.00%**

Notes (continued)

43. Contingent liabilities - Group (continued)

43 (c) Reconciliation of expected credit losses for off balance sheet facilities measured at amortised cost (KShs Million)

The off balance sheet facilities are classified based on their credit quality as determined using the Bank's internal credit rating and scoring models.

			Income statement movements						
	Opening ECL 1 January 2024	Total transfers between stages	ECL on new exposure raised	Derecognition	Subsequent changes in ECL	Net ECL raised/ (released)	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2024
Off balance sheet	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Stage 1	**88**	**1**	**18**	**(31)**	**(19)**	**(32)**	**-**	**-**	**57**
Letters of credit	21	-	2	(20)	(1)	*(19)*	-	-	2
Guarantees	67	1	16	(11)	(18)	*(13)*	-	-	55
Stage 2	**5**	**(1)**	**3**	**(2)**	**(7)**	**(6)**	**-**	**7**	**5**
Letters of credit	-	-	-	-	-	-	-	-	-
Guarantees	5	(1)	3	(2)	(7)	*(6)*	-	7	5
Stage 3	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Letters of credit	-	-	-	-	-	-	-	-	-
Guarantees	-	-	-	-	-	-	-	-	-
Total ECL	**93**	**-**	**21**	**(33)**	**(26)**	**(38)**	**-**	**7**	**62**

			Income statement movements						
	Opening ECL 1 January 2023	Total transfers between stages	ECL on new exposure raised	Derecognition	Subsequent changes in ECL	Net ECL raised/ (released)	Impairment accounts written-off	Exchange and other movements	Closing ECL 31 December 2023
Off balance sheet	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Stage 1	**95**	**(1)**	**36**	**(37)**	**(5)**	**(6)**	**-**	**-**	**88**
Letters of credit	17	-	20	(16)	-	*4*	-	-	21
Guarantees	78	(1)	16	(21)	-	*(10)*	-	-	67
Stage 2	**21**	**1**	**-**	**(16)**	**(2)**	**(18)**	**-**	**1**	**5**
Letters of credit	-	-	-	-	-	-	-	-	-
Guarantees	21	1	-	(16)	(2)	*(18)*	-	1	5
Stage 3	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**
Letters of credit	-	-	-	-	-	-	-	-	-
Guarantees	(1)	-	-	-	-	-	-	1	-
Total ECL	**115**	**-**	**36**	**(53)**	**(7)**	**(24)**	**-**	**2**	**93**

43. (d) Legal proceedings

In the conduct of its ordinary course of business, the Group is exposed to various actual and potential claims, lawsuits and other proceedings relating to alleged errors and omissions, or non-compliance with laws and regulations. The directors are satisfied, based on present information and the assessed probability of claims arising, that the Bank has adequate insurance programmes and provisions in place to meet such claims. The amounts provided for in other liabilities are KShs 1,081,595,734 (2023: KShs 1,119,103,589).

Financial statements
For the year ended 31 December 2024

Notes (continued)

44. Other reserves

For the year ended 31 December 2024	Pre-acquisition reserve KShs Million	Revaluation of financial assets at FVOCI KShs Million	Regulatory credit risk reserve KShs Million	Revaluation reserve on buildings KShs Million	Foreign currency translation reserve KShs Million	Total KShs Million
At 1 January 2024	**(126)**	**(190)**	**1,415**	**83**	**(2,247)**	**(1,065)**
Total comprehensive income for the year	**-**	**422**	**-**	**(8)**	**(951)**	**(537)**
Currency translation difference for foreign operations	-	-	-	-	(951)	**(951)**
Transfer of revaluation reserves	-	-	-	(8)	-	**(8)**
Realised fair value adjustment on financial assets - Fair value through OCI transferred to profit or loss	-	422	-	-	-	**422**
Transfer of statutory credit risk reserve	**-**	**-**	960	**-**	**-**	**960**
Transactions with owners recorded directly in equity, contributions by and distributions to owners of the Group						
Share based payment reserve	-	-	-	-	-	**-**
Total transactions with owners of the Group	**-**		**-**	**-**	**-**	**-**
At 31 December 2024	**(126)**	**232**	**2,375**	**75**	**(3,198)**	**(642)**

For the year ended 31 December 2023	Pre-acquisition reserve KShs Million	Revaluation of financial assets at FVOCI KShs Million	Regulatory credit risk reserve KShs Million	Revaluation reserve on buildings KShs Million	Foreign currency translation reserve KShs Million	Total KShs Million
At 1 January 2023	**(126)**	**(46)**	**5**	**91**	**(2,024)**	**(2,100)**
Total comprehensive income for the year	**-**	**(144)**	**-**	**(8)**	**(223)**	**(375)**
Currency translation difference for foreign operations	-	-	-		(223)	**(223)**
Transfer of revaluation reserves	-	-	-	(8)	-	**(8)**
Realised fair value adjustment on financial assets - Fair value through OCI transferred to profit or loss	-	(144)	-		-	**(144)**
Transfer of statutory credit risk reserve	-	-	1,410		-	**1,410**
Transactions with owners recorded directly in equity, contributions by and distributions to owners of the Group						
Share based payment reserve	-	-	-		-	**-**
Total transactions with owners of the Group	**-**		**-**		**-**	**-**
At 31 December 2023	**(126)**	**(190)**	**1,415**	**83**	**(2,247)**	**(1,065)**

Financial statements
For the year ended 31 December 2024

Notes (continued)

44. Other reserves (continued)

	GROUP	
	2024	2023
	KShs Million	KShs Million
Pre-acquisition reserve	(126)	(126)
Revaluation of financial assets- Fair value	232	(190)
Regulatory credit risk reserve	2,375	1,415
Revaluation reserve on buildings	75	83
Foreign currency translation reserve	(3,198)	(2,247)
At end of year	**(642)**	**(1,065)**

The pre-acquisition reserve solely represents the deficit on the available for sale reserve and regulatory credit risk reserve from the merger of CfC Bank Limited and Stanbic Bank Kenya Limited in 2008. The Group has not revalued the reserve since the merger. The pre-acquisition reserve is non-distributable.

Fair value reserve represents the surplus or losses arising on fair valuation of FVOCI financial instruments and is non-distributable.

The Regulatory credit risk reserve represents an appropriation from retained earnings to comply with the Central Bank of Kenya's Prudential Regulations. The balance in the reserve represents the excess of impairment provisions determined in accordance with the Prudential Regulations over the impairment provisions recognised in accordance with the Company's accounting policy. The reserve is not distributable.

The revaluation reserve on buildings solely represents the surplus on the revaluation of buildings and freehold land net of deferred income tax. The revaluation reserve arose from the merger of CfC Bank Limited and Stanbic Bank Kenya Limited in 2008. The Group policy was adopted to state all its assets using the historical cost model. No revaluation has been undertaken since the merger. The revaluation reserve is non-distributable.

Share-based payment reserve represents the Group's share incentive scheme which enables key management personnel and senior employees of the Group to benefit from the performance of Standard Bank Group (SBG) shares.

Foreign currency translation reserve represents exchange differences arising on the translation of the net investment in foreign entities and is non-distributable.

Financial statements
For the year ended 31 December 2024

Notes (continued)

45. Share-based payment reserve

The Group's share incentive scheme enables key management personnel and senior employees of the Group to benefit from the performance of Standard Bank Group (SBG) shares.

The Group has two equity-settled schemes, namely the Group Share Incentive Scheme and the Equity Growth Scheme. The Group Share Incentive Scheme confers rights to employees to acquire ordinary shares at the value of the SBG share price at the date the option is granted. The Equity Growth Scheme represents appreciation rights allocated to employees. The eventual value of the right is effectively settled by the issue of shares equivalent in value to the value of the rights. The share appreciation rights granted during the year were valued using Black Scholes pricing model. Each grant was valued separately.

At 31 December 2024, the total amount included in staff costs for Group Share Incentive Scheme was KShs nil (2023: KShs nil) and for Equity Growth Scheme was KShs nil (2023: KShs nil).

The two schemes have five different sub-types of vesting categories as illustrated by the table below:

	Year	% vesting	Expiry
Type A	3, 4, 5	50, 75, 100	10 Years
Type B	5, 6, 7	50, 75, 100	10 Years
Type C	2, 3, 4	50, 75, 100	10 Years
Type D	2, 3, 4	33, 67, 100	10 Years
Type E	3, 4, 5	33, 67, 100	10 Years

A reconciliation of the movement of share options and appreciation rights is detailed below:

	Option price range (ZAR)	Number of options	
Group Share Incentive Scheme	**2024**	**2024**	**2023**
Options outstanding at beginning of the year		-	20,187
Granted		-	-
Transfers		-	-
Exercised	-	-	(187)
Lapsed		-	(20,000)
Options outstanding at end of the year	**-**		**-**

The weighted average SBG share price for the year to 31 December 2024 was ZAR 209.74. No outstanding options for the year 2024.

	Number of rights	
Equity Growth Scheme	**2024**	**2023**
Rights outstanding at beginning of the year	38,251	39,502
Transfers	-	-
Exercised	(37,358)	(1,251)
Lapsed	-	-
Rights outstanding at end of the year	**893**	**38,251**

At 31 December 2024 the Bank would need to issue 1,614 (2023: 10,053) SBG shares to settle the outstanding appreciated rights *value.*

All rights granted to employees have been exercised as at 31 December 2024.

Number of rights	Option price range (ZAR)	Weighted average price (ZAR)	Option expiry period
893	156.96	156.96	Year to 31 December 2025
893			

The following rights granted to employees had not been exercised at 31 December 2023:

Number of rights	Option price range (ZAR)	Weighted average price (ZAR)	Option expiry period
31,339	156.96	156.96	Year to 31 December 2025
6,912	122.24	122.24	Year to 31 December 2026
38,251			

Financial statements
For the year ended 31 December 2024

Notes (continued)

46. Capital commitments

Capital commitments for the acquisition of property and equipment are summarised below:

	2024	2023
	KShs Million	KShs Million
Authorised and contracted for	1,632	827
Authorised but not contracted for	1,364	1,163

47. Low value and short term leases

The Group has entered into a number of low value and short term leases that it has elected not to apply the requirements of IFRS 16. There are no restrictions placed upon the lessee by entering into these leases such as those concerning dividends or additional debt.

At 31 December, the future minimum lease payments under non-cancellable operating leases were payable as follows;

	2024	2023
	KShs Million	KShs Million
Less than one year	100	77
Between one and five years	90	78
	190	**155**

48. Fiduciary activities

The assets held on behalf of individuals, trusts, retirement benefit plans and other institutions:

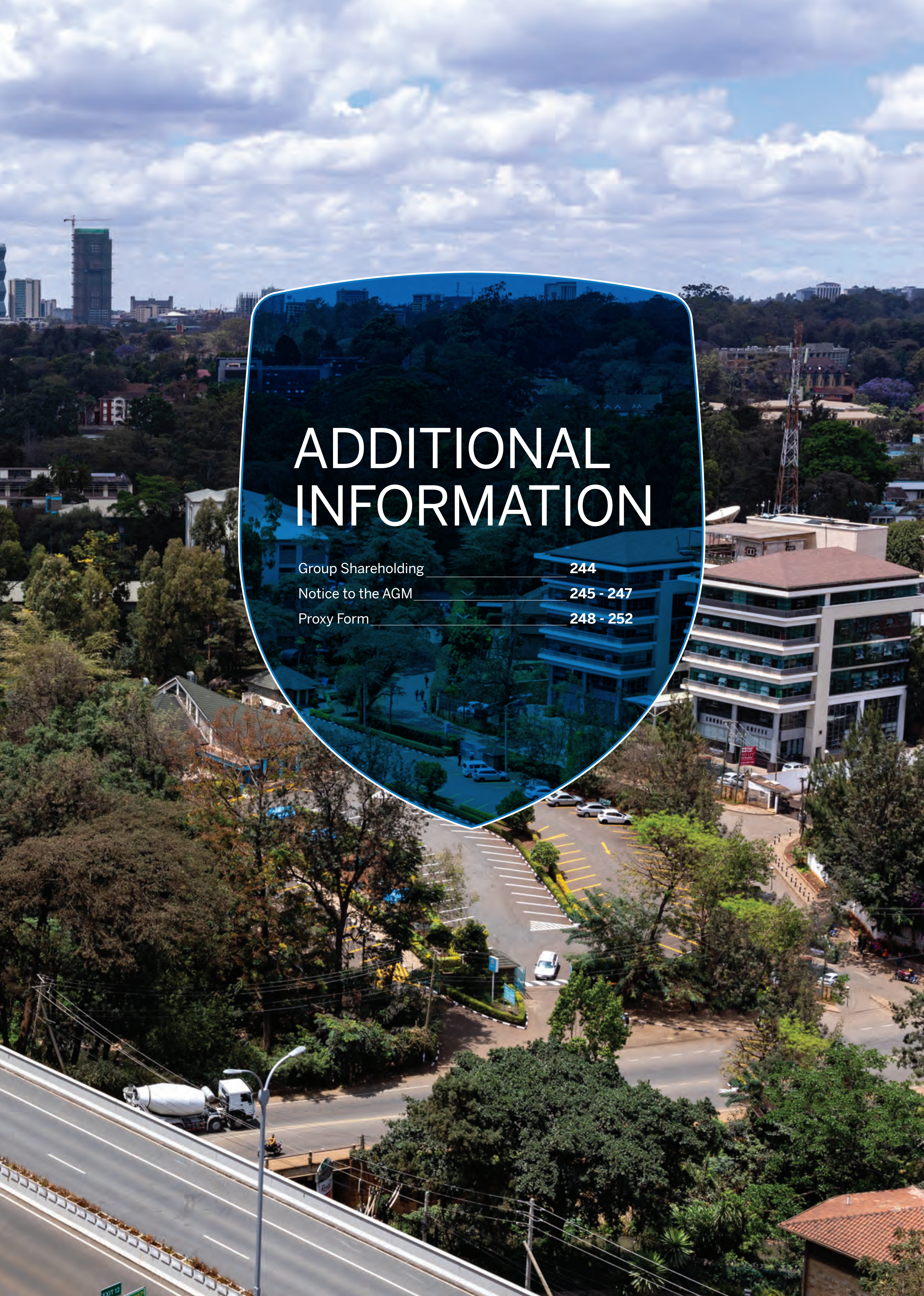
	2024	2023
	KShs Million	KShs Million
Assets held on behalf of individual's trusts and other institutions	**736,333**	**514,305**

49. Subsequent event

Conversion of Stanbic South Sudan Branch from a foreign branch to a locally incorporated subsidiary

The Bank received a letter from the Bank of South Sudan (BoSS) in January 2025, requiring management to convert the South Sudan branch operations to a full standalone subsidiary. The matter is currently under discussion between the management of the Bank and Bank of South Sudan for amicable solution on the way forward.

There have been no other events or transactions subsequent to 31 December 2024 to the date of these financial statements that would have a material effect on the financial statements at that date or for the year then ended and would require adjustment of, or disclosure in the financial statements or notes thereto in accordance with *IAS 10 Events After the Balance Sheet Date*.



ADDITIONAL INFORMATION

Group Shareholding

Stanbic Holdings Plc

Shares Distribution Statistics as at 31 December 2024

Range	Records	Range Total	Percentage
1 to 500	2022	320,536	0.08%
501 to 1000	472	389,564	0.10%
1001 to 5000	793	1,906,219	0.48%
5001 to 10000	338	2,477,200	0.63%
10001 to 50000	298	6,362,027	1.61%
50001 to 100000	66	4,514,590	1.14%
100001 to 500000	70	16,625,397	4.21%
500001 to 1000000	19	13,348,782	3.38%
1000001 to 20000000000	18	349,377,323	88.38%
Grand Totals	**4,096**	**395,321,638**	**100.00%**

Top 10 Investors as at 31 December 2024

#	Names	Address	Shares	Percentage
1	STANBIC NOMINEES LTD A/C NR00901	P.O. BOX 30550 - 00100 NAIROBI	296,188,531	74.92%
2	STANDARD CHARTERED NOMINEES LTD NON RESD A/C KE11663	P.O. BOX 40984 - 00100 NAIROBI	13,484,381	3.41%
3	STANDARD CHARTERED NOMINEES LTD NON RESD A/C KE9053	P.O. BOX 40984 - 00100 NAIROBI	5,680,003	1.44%
4	STANDARD CHARTERED NOMINEES LTD NON RESD A/C 9866	P.O. BOX 40984 - 00100 NAIROBI	4,693,622	1.19%
5	STANDARD CHARTERED NOMINEES LTD NON RESD A/C KE4667	P.O. BOX 40984 - 00100 NAIROBI	4,652,713	1.18%
6	THE PERMANENT SECRETARY TO THE TREASURY OF KENYA	(ON BEHALF OF THE GOVT. OF KENYA - TREASURY BUILDING KENYA)	4,342,548	1.10%
7	STANDARD CHARTERED NOMINEES RESD A/C KE11401	P.O. BOX 40984 - 00100 NAIROBI	3,089,651	0.78%
8	ICEA LION LIFE ASSURANCE COMPANY LIMITED-POOLED	P.O. BOX 46143 - 00100 GPO NAIROBI	2,646,389	0.67%
9	KENYA COMMERCIAL BANK NOMINEES LIMITED A/C 915B	P.O. BOX 30664 - 00100 NAIROBI	2,137,651	0.54%
10	KINGSWAY NOMINEES LIMITED	P.O. BOX 42841 - 00100 NAIROBI	1,987,300	0.50%
11	**OTHERS**		56,418,819	14.27%
	Grand Totals		**395,321,638**	**100.00%**

Notice of Annual General Meeting

NOTICE is hereby given to Shareholders that, in accordance with Articles 71(A), 71(B), 71(C) and 71(D) of the Stanbic Holdings Plc's Articles of Association, the 70th Annual General Meeting (AGM) of the Company will be held as a virtual meeting by electronic means on **Thursday 15th May 2025** at 11:00 a.m. to transact the following business:

1. CONSTITUTION OF THE MEETING

The Secretary to read the notice convening the meeting and confirm the presence of a quorum.

2. ORDINARY BUSINESS

2.1 To receive and adopt the Audited Financial Statements for the year ended 31st December 2024, and the Chairman's, Directors' and Auditor's Reports thereon.

2.2 To confirm the payment of an interim dividend of Kshs.1.84 per ordinary share paid on 27th September 2024 and to consider and if thought fit, approve the recommendation by the Board for payment of a final dividend of Kshs.18.90 per ordinary share, for the year ended 31st December 2024. The published book closure date is 16th May 2025 and if the final dividend is approved by the Company's shareholders, the payment of a final dividend will be made on or about 5th June 2025.

2.3 To elect Directors:

(a) In accordance with Article 102 of the Company's Articles of Association and the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, Ms. Dorcas Florence Kombo retires upon attaining the age of seventy years and having been recommended by the Board, offers herself for re-election.

(b) In accordance with Articles 104 and 106 of the Company's Articles of Association, Mr Peter Nderitu Gethi retires by rotation and being eligible, offers himself for re-election.

(c) In accordance with Articles 104 and 106 of the Company's Articles of Association, Ms Wambui Kihuha Mbesa retires by rotation and though eligible, does not offer herself for re-election.

(d) In accordance with Article 101 of the Company's Articles of Association, Ms. Sabira Amit Thakker, a director appointed to the Board to fill a casual vacancy, retires at the dissolution of the meeting and having been recommended by the Board, offers herself for election as a director.

(e) In accordance with Article 101 of the Company's Articles of Association, Mr. Stephen Odinga Okello, a director appointed to the Board to fill a casual vacancy, retires at the dissolution of the meeting and having been recommended by the Board, offers himself for election as a director.

2.4 To pass an ordinary resolution pursuant to Section 681(1) of the Companies Act, 2015, approving the Directors' remuneration report for the year ended 31st December 2024 as provided in the Audited Financial Statements and to authorise the Board to fix the Directors' remuneration for the year 2025.

2.5 To consider and if thought fit, to pass an ordinary resolution approving the Directors' Remuneration Policy pursuant to Paragraph 8.21.1 and 8.21.5 of the Thirteenth Schedule of the Capital Markets (Public Offers, Listing & Disclosures Regulations) 2023.

2.6 To pass an ordinary resolution pursuant to Section 721(4) of the Companies Act, 2015, to re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix the auditor's remuneration in accordance with the provisions of Section 724(1) of the Companies Act.

2.7 To consider and if thought fit, to pass an ordinary resolution pursuant to Section 769(1) of the Companies Act, 2015, to appoint the following members of the Board Audit Committee:

(a) Ms. Dorcas Florence Kombo
(b) Ms. Rose Bosibori Osoro
(c) Mr. Stephen Odinga Okello

3. SPECIAL BUSINESS

3.1 *Amendment of the Company's Memorandum and Articles of Association*

To consider, and if thought fit, pass the following resolution as a special resolution:

That the Memorandum and Articles of Association of the Company be amended as proposed in Annexure 1 of the Resolution (Annexure 1 together with the tracked version of the Memorandum and Articles of Association are available in the Company's website www.stanbicbank.co.ke)

The rationale for the amendment is to align the Memorandum and Articles of Association to the various legislative requirements.

3.2 *Approval of Company Policies*

That, in accordance with Paragraph 8.21 of the Thirteenth Schedule of the Capital Markets (Public Offers, Listing & Disclosures Regulations) 2023, the following policies and guidelines are hereby approved and that the Board be and is hereby authorized to oversee their implementation and effect such amendments to the policies and guidelines as may be required from time to time-

(a) Stakeholder Engagement Guidelines
(b) Corporate Disclosure Policy
(c) Dispute Resolution Policy

The policies and guidelines are available on the Company's website www.stanbicbank.co.ke

4. ANY OTHER BUSINESS

Any other business for which due notice has been given.

BY ORDER OF THE BOARD

Nancy Kiruki
Company Secretary

17th April 2025

Notes:

1. Any shareholder wishing to participate in the meeting should register for the Annual General Meeting (AGM) by dialling ***483*903#** for all networks and following the various prompts regarding the registration process. In order to complete the registration process, Shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number. For assistance, Shareholders should dial the following helpline numbers: 0709 170 033/ 0709 170 000 from 8 a.m. to 5 p.m. on a working day.

2. Registration for the AGM opens on 17th April 2025 at 10:00 a.m. and will close on 13th May 2025 at 11:00 a.m.

   In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website www.stanbicbank.co.ke (i) a copy of this Notice; (ii) the Company's audited financial statements for the year 2024; (iii) the Company's Annual Integrated Report; and (iv) the Proxy form.

3. Shareholders wishing to raise any questions or request clarification regarding the resolutions to be passed at the AGM may do so by: (i) sending their written questions by email to SBK_Questions.AGM@stanbic.com or (ii) Shareholders who will have registered to participate in the meeting shall be able to ask questions via sms by dialling the USSD code above and selecting the option (ask Question) on the prompts or (iii) to the extent possible, physically delivering their written questions providing their ID numbers and contact details, including a return postal address, physical address or email address to the Company's Shares Registrar's, Image Registrars Ltd, offices at 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street; or (iv) sending their written questions with a return postal address, physical address or email address by registered post to Image Registrars' postal address at P.O. Box 9287- 00100 GPO, Nairobi or (v) registering to speak at the AGM. For this option, shareholders will receive an SMS prompt to register via the USSD code.

4. Shareholders must provide their full details (full names, Kenyan national identity card/Passport Number/CDSC Account Number) when submitting their questions and clarifications. All questions and requests for clarification must reach the Company or its Shares Registrars on or before 13th May 2025 at 11:00 a.m.

5. In accordance with Section 298(1) and (2) of the Companies Act, Shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company. A proxy form is available on the Company's website www.stanbicbank.co.ke. Physical copies of the proxy form are also available at Image Registrars Limited offices. Shareholders wishing to receive a proxy form and/or a copy of the Annual Report by e-mail may send a request, quoting their full name and CDSC account number to stanbicagm@image.co.ke

6. A completed form of proxy should be emailed to stanbicagm@image.co.ke or delivered to Image Registrars Limited offices or posted to the postal address of Image Registrars Limited no later than 48 hours before the date of the AGM.

7. Shareholders will receive an SMS prompt, with instructions, on their registered mobile phone number alerting them to Propose and Second the resolutions put forward in the notice.

8. The AGM will be streamed live via a link which shall be provided to all Shareholders who will have registered to participate in the AGM. Duly registered Shareholders and proxies will receive a short message service (SMS)/USSD prompt on their registered mobile numbers, 24 hours prior to the start of the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hour's time and providing a link to the livestream.

9. Duly registered Shareholders and proxies may access the agenda and follow the proceedings of the AGM using the livestream platform. Duly registered Shareholders and proxies may vote (when prompted by the Chairman) on the USSD platform by following the SMS prompts.

10. A poll shall be conducted for all the resolutions put forward in the notice.

11. Results of the voting on resolutions at the AGM shall be published within 48 hours following conclusion of the AGM on the Company's website.

DIVIDEND

12. To facilitate timely receipt of dividends, shareholders are encouraged to update their contact details and register to receive their dividend payments via mobile (Mobile money) or bank payments. To do so, shareholders are requested to update their dividend payment details via any one of the following channels:
    a) Complete an online opt-in form through https://stanbic.azurewebsites.net/
    b) Send an email to Image Registrars Limited through stanbicshares@image.co.ke
    c) Opt-In via USSD by dialling ***483*903#** as you register for the Annual General Meeting (AGM).
    d) Shareholders who maintain CDS Accounts are also encouraged to notify any change of address or request for payment of dividends through bank accounts /MPESA via their stockbroker or investment bank.

Stanbic

2025 Annual General Meeting for Stanbic Holdings Plc

Proxy Form

To: The Company Secretary

Stanbic Holdings Plc

PROXY FORM for 2025 Annual General Meeting (AGM) for Stanbic Holdings Plc

(Please complete the form in BLOCK LETTERS)

CDSC A/c No: ______________________________

Shareholder No: ______________________________

ID/Registration/Passport No: ______________________________

I/We, ______________________________ ,

of ______________________________ ,

being a member of STANBIC HOLDINGS PLC hereby appoint ______________________________

____

of ______________________________

or failing him ______________________________

of ______________________________

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 15th May 2025 at 11.00am and at any adjournment thereof.

Mobile Number (of the proxy holder): ______________________________

Dated this ______________ day of ______________ 2025

Full Name: ______________________________

Signature: ______________________________

Note: The proxy form should be completed and returned to reach the Company's shares registrar, Image Registrars Limited, not later than 48 hours before the meeting or any adjournment thereof, using either of the addresses provided below:

1. Image Registrars Ltd, offices at 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi, Kenya
2. Image Registrars Ltd, P.O. Box 9287- 00100 GPO, Nairobi, Kenya
3. stanbicagm@image.co.ke

Electronic Registration Consent Form

(Please complete the form in BLOCK LETTERS)

Full name of shareholder(s): ______________________________

____

____

Address: ______________________________

____

____

Mobile Number: ______________________________

Date: ______________________________

Signature: ______________________________

Please tick the boxes below and return to Image Registrars at P.O. Box 9287 – 00100 Nairobi, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Consent to Registration I/WE consent to registration to participate in the virtual Annual General Meeting for Stanbic Holdings Plc to be held on 15th May 2025.	
Consent for use of the Mobile Number provided I/WE would give my/our consent for the use of the mobile number provided for purposes of electronic voting at the AGM	

The voting follows the following steps:

STEP 1

The Company, through Image Registrars, will send an SMS to shareholders on the day and start time of the AGM inviting them to vote using the USSD platform. The SMS will read:

Dear Shareholder, you can now vote on the Stanbic Holdings Plc 2024 Annual General Meeting Resolutions by dialling *483*903#.

STEP 2

Shareholder responds by dialling the USSD Code.

STEP 3

The Shareholder MSISDN* will be compared against the ones in the database. If the shareholder exists in the database and has not voted before, they are presented with a Menu to Vote or else will receive the message below:

Dear esteemed shareholder, you have already voted before. Thanks.

Only individual shareholders whose MSISDN numbers have been verified will be allowed to vote. For companies and self-help groups, a nominated number must be registered with Image Registrars at least a day before the AGM date. If the MSISDN cannot be found on the system, the USSD session ends with the shareholder receiving the message below:

Sorry, your Mobile Number is not currently registered to vote. Please contact Image Registrars to register.

STEP 4

The first question (I adopt the audited Financial Statements for the year ended 31 December 2024 together with the Chairman's, Directors' and Auditors' reports thereon) is then presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

STEP 5

The second question (I confirm the payment of an interim dividend of Kshs.1.84 per ordinary share and approve a final dividend of Kshs.18.90 per ordinary share for the Financial Year ended 31 December 2024 as recommended by the Directors) is presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

STEP 6

The third question (I re-elect Ms. Dorcas Florence Kombo who retires at the end of this meeting having attained the age of seventy years and in accordance with provisions of Articles 102 of the Company's Articles of Association and the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, and having been recommended by the Board for re-election) is presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

STEP 7

The fourth question (I re-elect Mr. Peter Nderitu Gethi who retires at the end of this meeting in accordance with provisions of Articles 104 and 106 of the Company's Articles of Association, and being eligible has offered himself for re-election) is presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

STEP 8

The fifth question (I approve that Ms Wambui Kihuha Mbesa who retires at the end of this meeting in accordance with provisions of Articles 104 and 106 of the Company's Articles of Association, and though eligible does not offer herself for re-election) is presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

CONTINUE TO NEXT PAGE

STEP 9
The sixth question (I elect Ms. Sabira Amit Thakker who having filled a casual vacancy, retires at the end of the meeting in accordance with Articles 101 of the Company's Articles of Association, and having been recommended by the Board, offers herself for election) is presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

STEP 10
The seventh question (I elect Mr. Stephen Odinga Okello who having filled a casual vacancy, retires at the end of the meeting in accordance with Articles 101 of the Company's Articles of Association, and having been recommended by the Board, offers himself for election) is presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

STEP 11
The eighth question (In accordance with the provisions of Section 681(1) of the Companies Act, 2015, I approve the Directors' remuneration report contained in in the Audited Financial Statements for the year ended 31 December 2024 and authorize the Board to fix the Directors' remuneration for the year 2025) is presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

STEP 12
The ninth question (I approve the Directors' Remuneration Policy pursuant to Section 8.21.1 and 8.21.5 of the thirteenth schedule of the Capital Markets (Public Offers, Listing & Disclosures Regulations) 2023) is presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

STEP 13
The tenth question (I approve the re-appointment of Messrs Deloitte & Touche LLP as the Auditor of the Company pursuant to Section 721(4) of the Companies Act, 2015 and authorize the directors to fix the auditor's remuneration in accordance with the provisions of Section 724(1) of the Companies Act) is presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

STEP 14
The eleventh question (I approve the appointment of the proposed members of the Board Audit Committee pursuant to Section 769(1) of the Companies Act, 2015) is presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

STEP 15
The twelfth question (I approve the amendments of the Company's Memorandum and Articles of Association as proposed in Annexture 1 of the Resolution) is presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

STEP 16
The thirteenth question (I approve the policies and guidelines tabled in accordance with Paragraph 8.21 of the Thirteenth schedule of the Capital Markets (Public Offers, Listing & Disclosures Regulations) 2023, and authorize the board to oversee their implementation and effect such amendments to the policies and guidelines as may be required from time to time) is presented and the shareholder responds by voting 'Yes' or 'No'. The menu proceeds to the next question.

STEP 17
The shareholder is presented with a Submit Response option or Go back to edit the responses. On hitting submit, the shareholder register is updated using an application programming interface (API).

STEP 18

An SMS to confirm the successful voting is sent to the shareholder:

Thank You for voting. The final results of the voting will be published on the Company's website within 48 hours after the Annual General Meeting.

Notes

Notes


Stanbic Bank
Ignite your SME growth in Busia with Stanbic Bank.
Personal Loan | Car Loan | Home Loan | Business Loan
For more information visit our branch at Ground Floor, Benna Plaza Busia Highway
Stanbic Bank Kenya Limited is licensed and regulated by the Central Bank of Kenya

Stanbicbank.co.ke

SCAN TO
DOWNLOAD
AND READ