Annual Report 2024

Connecting the world's most dynamic markets

Connecting the world's most dynamic markets

Standard Chartered Bank Kenya Limited[1] is a leading international banking group and the largest international bank in Kenya. Established in 1911, Standard Chartered Bank Kenya Limited is one of the oldest banks servicing this market.

We connect companies, institutions and individuals who are the engines of global growth, to and in some of the world's most dynamic markets. Every day, we help clients to manage and invest their finances safely and seamlessly, and confidently grow their businesses and wealth.

With our over 110 year history, leveraging our unique footprint, we have built a bank like no other, with diverse capabilities and partnerships that set us apart, underpinned by our brand promise, here for good.

Financial and Capital KPIs

We measure our progress against the Group's key performance indicators (KPIs), a selection of which are below. Our Group KPIs include non-financial measures reflecting our commitment to sustainable social and economic development across our business, operations and communities.

KPIs

Operating income

KShs 50,267m

↑ 23%

(2023: KShs 40,860m)

Profit before tax

KShs 28,208m

↑ 43%

(2023: KShs 19,668m)

Basic earnings per share

KShs 52.65

↑ 46%

(2023: KShs 36.17)

Total capital ratio

19.55%

↑ 171bps
(2023: 17.84%)

Tier 1 capital ratio

19.48%

↑ 17bps
(2023: 17.77%)

Non-Financial Measures

Diversity and inclusion: women in senior roles

46% (2023: 41%)

Non-branch transactions

96% (2023: 96%)

Stakeholders

Throughout this report, we use these icons to represent the different stakeholder groups for whom we create value.

Clients

Regulators and governments

Investors

Suppliers

Society

Employees

Tier 1 capital and total capital are computed as a per centage of the Company's risk weighted assets.

[1]In this report, Standard Chartered Bank Kenya Limited is also referred to as (the 'Company' or the 'Bank' or 'Standard Chartered' and together with its subsidiaries is referred to as 'the Group').

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Who we are and what we do

At Standard Chartered, our purpose is to drive commerce and prosperity through our unique diversity. We serve two client segments supported by eight functions.

Corporate and Investment Banking

Helping corporates and institutions grow their business across borders in the world's most dynamic markets.

Operating income

KShs 25,618m

Wealth and Retail Banking

Serving individuals and businesses to manage and grow their wealth through our global network

Operating income

KShs 23,058m

Central & Other Items (segment)

Operating income

KShs 1,591m

Total Operating Income

Operating income

KShs 50,267m

Functions

Our client-facing businesses are supported by our functions, which work together to ensure the Group's operations run smoothly and consistently. The functions are:

Human Resources

Maximises the value of our investment in people through recruitment, development and employee engagement.

Legal

Provides legal advice and support to the Group to manage legal risks and issues.

Transformation, Technology & Operations

Responsible for leading bank-wide transformation and for reshaping the Group's systems and technology platforms to ensure we provide robust, responsive, and innovative technology and digital solutions. Also manages all client operations, seeking to provide an optimal client service and experience across the board.

Risk

Responsible for the overall second-line-of-defence responsibilities related to risk management, which involves oversight and challenge of risk management actions of the first line.

Chief Financial Officer

Incorporates the following support functions: Finance, Corporate Treasury, Strategy, and Investor Relations.

Corporate Affairs, Brand and Marketing

Manages the Group's marketing and communications and engagement with stakeholders to promote and protect the Group's reputation, brand and services.

Internal Audit

An independent function whose primary role is to help the Board and Executive Management to protect the assets, reputation and sustainability of the Group.

Conduct, Financial Crime and Compliance

Partners internally and externally to achieve the highest standards in conduct and compliance to enable a sustainable business and fight financial crime.

Our culture

Our distinctive culture has been developed in pursuit of our purpose – to drive commerce and prosperity through our unique diversity. We deliver innovative solutions that create long-term value for our clients and our communities.

We're committed to promoting equality and inclusion, as it's our diversity – of people, cultures and networks – that sets us apart and helps us drive business growth. We are guided by our valued behaviours, our Stands and our brand promise, here for good.

Valued behaviours

Our valued behaviours are key to delivering on our strategy. As the guiding principles for the way we do business every day, they help us learn from our successes and take on new challenges.

When we live our valued behaviours, we question, innovate and make bold decisions, allowing us to take opportunities to go above and beyond for our clients.

Do the right thing

Doing the right thing means acting in the best interests of our clients, colleagues and stakeholders.

Never settle

We're ambitious in our constant pursuit of excellence and market leading innovation.

Better together

We build relationships with our clients and each other so we can share our unique capabilities.

Our Stands

We set long-term ambitions to address some of the most pressing societal challenges of our time. Climate change, deepening inequality and the inequities of globalisation remain as urgent today as ever before.

Accelerating Zero

The world must reach net zero carbon emissions by 2050 to limit the worst effects of climate change. This will require efforts across stakeholder groups to accelerate the transition to a low-carbon, climate-resilient economy. Policymakers, corporates and financial institutions must play a substantial part in this to ensure that finance is an enabler of change. The need for a just transition that addresses environmental challenges, while ensuring inclusive economic and social development is a priority for us.

Lifting Participation

Inequality, along with gaps in economic inclusion, mean that many young people, women, and small businesses struggle to gain access to the financial system to save for their futures and to grow their businesses. We want to increase access to financial services and make them available at low cost. We strive to expand the reach and scale of accessible banking and to connect clients and our wider communities to the skills and educational opportunities that promote and sustain access to finance and economic opportunity.

Resetting Globalisation

Globalisation has lifted millions out of poverty but left many behind. We advocate for a new model of globalisation based on transparency to build trust, renew confidence and promote dialogue and innovation. We connect the capital, expertise and ideas needed to drive new standards and create innovative solutions for sustainable growth. We work to shape a new understanding of growth, one that is based on inclusivity, sustainability and our ambition to support people and communities for the long term.


standard chartered
futuremakers
Standard Chartered
NAIROBI MARATHON
2024
21
KMS

Chairperson's statement

"Remaining strong and resilient against a backdrop of macro-economic challenges"

Kellen Kariuki
Chairperson

Dear Shareholders

I am pleased to present the Standard Chartered annual report for the year 2024.

As we reflect on the past year, we can proudly look back at the strides we have made, remaining strong and resilient against a backdrop of macro-economic challenges and geopolitical tensions globally. Our commitment to serving our clients has remained steadfast, enabling us to make significant strides towards achieving our strategic goals.

We refreshed our strategy to focus on areas where we can offer more value, namely our cross-border capabilities and wealth management expertise for affluent clients, underpinned by sustainability.

Standard Chartered's commitment to being a responsible Company extends beyond its financial services to encompass strong internal governance, environmental responsibility, and ethical business practices. The Bank embeds its values across its operations, ensuring it remains a trusted partner in the markets it serves.

Our Bank's participation in the country's economic growth is encouraging amidst the evolving operating landscape. With endless growth opportunities, our Company is well positioned to act as a trusted, long-term partner to support the continued growth of the Kenyan economy. A game changer will be our ability to generate sustainable long-term value for all our stakeholders, from our suppliers to our clients to our investors, in line with our strategic imperatives.

Collaborating for a Sustainable Future

As a key component of our strategy, our focus on Sustainability represents our unwavering commitment to building a better future for all. In 2024, we further affirmed our position in the industry through strategic partnerships and innovative initiatives.

Our goal is to have a future-focused business that collaborates with strategic partners to drive sustainable results for our clients.

At the Group level, Standard Chartered has an aspiration to disburse an estimated KShs 38 trillion in Sustainable Finance by 2030. Throughout this year, we made strides in Kenya in contributing to this ambitious Sustainable Finance agenda.

Our approach to sustainability linked initiatives is premised on creating sustainable economic and social development of our markets, helping people to thrive long-term. We remain committed to achieving net zero emissions from our operations by 2025 through the adoption of renewable energy sources, enhanced waste management solutions and water usage. In this regard, our carbon emissions significantly reduced to 61 tonnes from 382 tonnes in 2023. This remarkable progress is an affirmation of our Company's long-term ambition to reduce its carbon footprint.

The Government's ambition to restore degraded landscapes through growing 15 billion trees by 2032, aligns well with our Company's commitment to enrich Kenya's green cover by planting seedlings across the country. Through partnerships with like-minded organisations, we have participated in the promotion of green urban spaces, where the Bank has implemented a three-year partnership with the Nairobi Arboretum Park, with a total of 1 million seedlings planted in the nursery to date.

The Bank has also sought to scale the impact of volunteering by strengthening skills-based volunteering. In 2024, 82 per cent of Bank colleagues volunteered over 3,500 hours, which ranged from provision of financial education to local schools, to coaching and mentoring Futuremakers participants, coaching young Women in Tech (WiT) entrepreneurs and career talks for young people.

Additionally, in 2024, we hosted the Standard Chartered Nairobi Marathon, which is an annual event, attracting more than 25,000 participants from 94 nationalities. The event raised over KShs 48 million with all proceeds from the registration of the Marathon going towards supporting the Futuremakers programme.

Performance

Our 2024 performance has been a reflection of executing a clear strategy achieved by our colleagues led by the Company's CEO, Kariuki Ngari, and his Management Team. I extend my appreciation to the entire team for their skills and tireless dedication in driving our performance. More details on our performance are shared later in this report.

Strong Governance Commitment

Our Board continues to play a vital role in providing guidance and supporting our Company to navigate the evolving landscape. 2024 has been an active year for the Board, as we continued to build a strong and resilient business while maintaining a sharp focus on corporate governance.

Throughout the year, we experienced changes in the composition of our Board.

We appreciate Dr. Catherine Adeya for her dedicated service to the Board from 1 January 2016 until December 2024 when she stepped down as an Independent Non-Executive Director following completion of her term.

During her tenure, Dr. Adeya demonstrated extraordinary leadership, commitment and expertise as Chair of the Board Audit, and Technology and Innovation Committees, and member of the Nomination, Evaluation and Remuneration Committee. She also played a pivotal role in shaping and supporting the Women in Tech programme from its inception in 2017. Her contributions have been instrumental in promoting the Company's success.

We appreciate Mr. Peter Gitau for his devoted service to the Board from 30 April 2020 until November 2024 when he stepped down as Executive Director to pursue other interests. During his tenure, Peter demonstrated exceptional leadership and expertise in Operations, Technology and Risk Management. His commitment extended beyond his primary responsibilities as he served in various other capacities including as the Chairman of the Organising Committee of the Standard Chartered Nairobi Marathon for 12 years. His invaluable contributions have been critical in delivering our Company's achievements.

Ms. Julie Browne also stepped down from the Board in December 2024 after 4 years of dedicated service from 15 December 2020. She provided invaluable insights from a SCB Group perspective in Board deliberations for which we are grateful.

In June 2024 we welcomed Mr. Robert Mbugua to the Board as an Independent Non-Executive Director. Robert brings a wealth of leadership and banking experience, and diverse skills in audit, finance, risk and corporate governance. Robert is now chairing our Audit and Credit Committees and is a member of the Risk Committee.

In December 2024, we received regulatory approval for the appointment of Mrs. Beverley Obatoyinbo and Ms. Edith Chumba as an Independent Non-Executive Director and Executive Director respectively. Beverley's appointment was subsequently finalised in January 2025. She is now serving as a member of the Audit, Technology and

Chairperson's statement continued

Strong Governance Commitment continued

Innovation, and Nomination, Evaluation and Remuneration Committees. The Board looks forward to benefiting from Beverley's extensive global business and leadership experience in the pharmaceutical, manufacturing and Fast-Moving Consumer Goods sectors, and to Edith's tested experience in delivering turnaround strategies for the Bank.

Our Board Members played a significant role in collaborating with Standard Chartered Group in the course of the year. In 2024, we had the privilege of hosting the Group Board in Kenya led by Dr José Viñals, Group Chairman Standard Chartered PLC, to discuss the Company's business. It was a great opportunity for them to hear directly from colleagues and clients. The Group Board left with a better understanding of the market and a positive impression of the business opportunities in Kenya and more broadly in Africa.

Future Outlook

Looking ahead, we remain committed to our vision of being here for good.

Our strategic roadmap includes further innovation and continuous focus on sustainable business practices. We are confident that we are well positioned to reinforce our position as cross-border bank and leading wealth manager for our affluent clients. We will continue to ensure excellence and sustained value creation for our stakeholders, in 2025 and beyond.

I would like to take this opportunity to extend my heartfelt appreciation to our dedicated employees whose hard work and commitment have been instrumental in our achievements this year. I also extend my sincere gratitude to our clients for their continued trust and loyalty and to the shareholders for their unwavering support.

I would also like to thank my colleagues on the Board for their diligent work and valuable insights which remain instrumental in shaping our strategic direction and ensuring the sustained success of the Company.

Kellen Kariuki
Chairperson
19 March 2025

Chief Executive Officer's statement

"Strong set of results delivered through hard work, passion and dedication".

Kariuki Ngari
Managing Director and Chief Executive Officer

2024 was a year of progress and growth. We delivered a strong set of results, a testament of hard work, dedication and passion from our colleagues, in service of our clients and excellent execution of strategy.

We attained the highest ever pre-tax profit of KShs 28.2 billion, a record 43 per cent growth year-on-year. This performance was driven by strong top line growth from strong underlying business momentum as well as flowthrough of 2023 high interest rates albeit tampered by increase in customer interest expense.

We registered a modest cost growth of 8 per cent, achieved through good cost discipline despite increases due to inflation as well as our continued investment in our digital proposition.

Our active management of our credit portfolio led to a reduction in impairment losses, a testament of the quality of our loan book.

This performance has enabled the Board of directors to propose a final dividend of KShs 37.00 which together with the interim dividend of KShs 8.00 per ordinary share paid in October 2024, brings the total dividend per ordinary share for the year to KShs 45.00, a 55% growth from 2023.

Taking action to concentrate resources on areas of greatest strength

We are a global Bank connecting corporate, institutional and affluent clients to a network that offers unique access to sustainable growth opportunities across Asia, Africa and Middle East. Through this distinctive proposition, we help our clients navigate the dynamic macro-economic conditions and harness opportunities in various markets.

In recognition of this unique strength, we sharpened our strategy in the year to focus on combining our differentiated cross-border capabilities with our leading wealth management expertise underpinned by sustainability.

Chief Executive Officer's statement continued

Our cross-border strategy is anchored on our network business. We are committed to investing in the fast-growing areas of our business, where we make the biggest difference for clients. The cross-border business is supported by our award-winning digital platform Straight2Bank (S2B) whose penetration is at 90 per cent and utilisation at 80 per cent. We were awarded the Euromoney Award for excellence as Kenya's Best Digital Bank, which is testament to our strong digital capabilities.

Overall, the cross-border business performed well in year delivering 27 per cent of the total Corporate and Investment Banking revenue.

In our Wealth and Retail Banking business, we will continue to deepen our position as a leading wealth manager for our affluent clients. Our sharpened focus to optimise the affluent opportunity in the market continues to register significant gains. The Affluent segment contributes 60 per cent of the WRB revenue and is supported by;

- best-in-class wealth solutions,
- digital distribution with over 85 per cent of the deals closed using our digital channels,
- our newly launched international banking proposition across our footprint in Hong Kong, Jersey, UAE and Singapore,
- strategically repositioning the mass retail segment to serve as a rich base to up tiering to affluent.

Strong progress in sustainability

Our cross-border and affluent proposition is underpinned by sustainability. We are proud of the progress we have made on the sustainability initiatives anchored on our strategic pillars of sustainable finance, being a responsible company by accelerating to Net Zero in our operations and building inclusive communities. These pillars underscore the Bank's holistic approach to sustainability, with each contributing meaningfully to the well-being of the environment, society, and the economy.

We have set ambitious targets to minimise our environmental impact by reducing energy, water, and paper consumption across offices. We partner with suppliers to ensure we uphold our global environmental and social standards, demonstrating a commitment to sustainable business operations.

Our Chiromo Head Office was awarded the True Zero Waste Certification, making Standard Chartered the first Bank and office in Africa to receive the award. Additionally, we have installed solar and rainwater harvesting systems at the branches and a solar carport at the Head Office. All our Bank sites are certified as single use plastic free and LED compliant.

Through the Futuremakers programme, the Bank has supported more than 54,000 young people to acquire skills to earn decent jobs and enabled creation of over 1,000 jobs through supported microbusinesses.

Through this programme, the Bank continues to drive positive change by providing education, employability, and entrepreneurial training to the next generation. We successfully graduated the 7th Cohort of Women in Tech.

Since its launch, the programme has attracted over 2,250 applications. To date, 77 female led businesses have gone through a 12-week incubation programme with 39 teams being awarded KShs 1.3 million each in seed money for their ventures.

Our commitment to being a responsible company extends beyond financial services to encompass strong internal governance and ethical business practices. We have implemented stringent Financial Crime Compliance standards, with robust internal controls and continuous training for our employees, resulting in improved fraud control.

In 2024, we increased the engagement opportunities between colleagues, focusing on conversations relating to our employee value proposition. Our employee net promoter score hit a record high of 39.08, rising by +3.44 from 2023. The results of the 2024 My Voice staff engagement survey were positive, with an 18% increase in colleagues who would recommend working for the Bank. These positive outcomes are testament to our strong employee value proposition, which remains a key differentiator.

Improving our operational leverage

In 2024, we also took steps to transform the way we operate addressing structural inefficiencies and complexity to simplify, standardise and digitise key elements of our business for better experience for our clients and colleagues. We believe this will set the stage for accelerated growth. Our teams have aligned their work to this strategy, with over 93% of our colleagues confident that the Bank's strategy will enable us to be more competitive.

Outlook

We have delivered a strong set of results in 2024 executing on our strategy and delivering for our clients. We have sharpened our strategy to focus on our areas of greatest differentiation and competitive strength. We have made steps to simplify our operations. We believe, with these actions together with our unparalleled cross-border reach capabilities and wealth management expertise, we are well placed to support our clients and communities navigate through the world's growing complexities.

Finally, echoing our Chair, Mrs. Kellen Kariuki, I would like to acknowledge efforts of my colleagues for their tireless dedication to serve our clients and communities. I extend my appreciation to our Board members, our shareholders and Kenyan community at large. Their unwavering support and trust have been instrumental to our success.

Kariuki Ngari
Managing Director and Chief Executive Officer
19 March 2025

Executive Committee

1. **Kariuki Ngari**
   Managing Director and Chief Executive Officer
2. **Chemutai Murgor**
   Chief Financial Officer
3. **Birju Sanghrajka**
   Head of Banking and Coverage, Corporate and Investment Banking
4. **Edith Chumba**
   Head, Wealth and Retail Banking
5. **Makabelo Malumane**
   Head, Transaction Banking
6. **Evans Munyori**
   Head, Human Resource
7. **Joyce Kibe**
   Head, Corporate Affairs, Brand and Marketing
8. **Jaine Mwai***
   Chief Technology and Operations Officer
9. **Judy Nyaga**
   Company Secretary
10. **Dr. Davidson Mwasiaka**
    Head, Legal
11. **David Mwindi**
    Head, Conduct, Financial Crime and Compliance
12. **Dedan Muugi**
    Head, Audit
13. **James Mucheke**
    Chief Risk Officer
14. **Moses Kiboi**
    Head, Markets and Foreign Exchange Trading

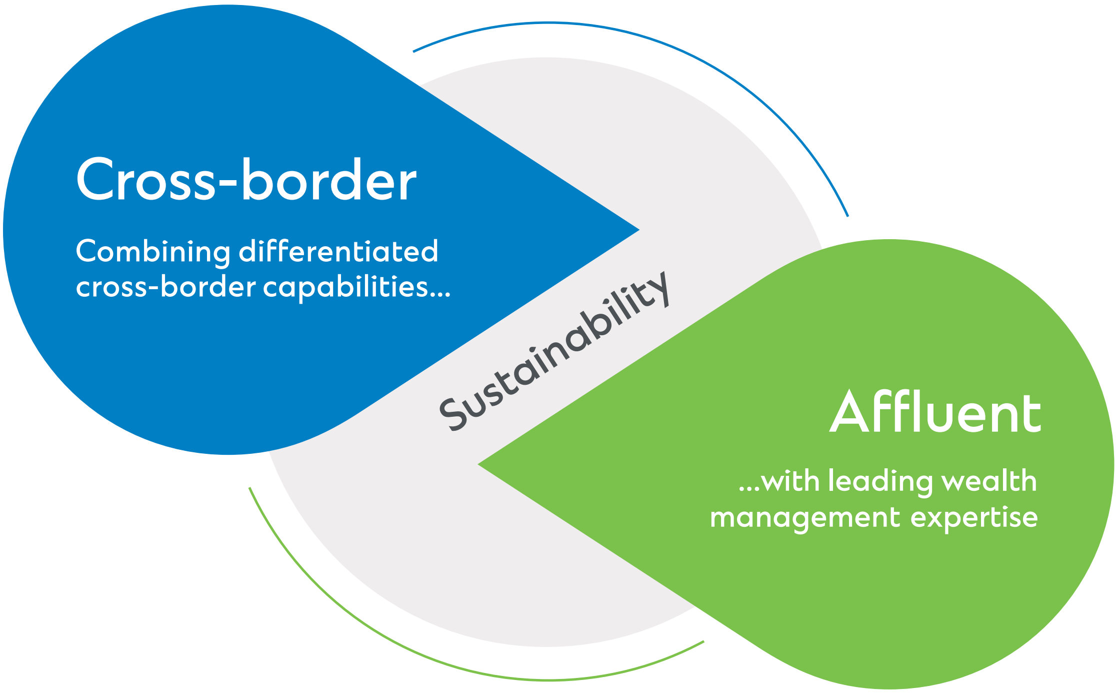
*Subject to Regulatory Approval

Five year summary of financial performance

Consolidated Income statement	**2024 KShs '000**	2023 KShs '000	2022 KShs '000	2021 KShs '000	2020 KShs '000
Operating income	**50,267,178**	40,860,006	33,092,934	28,302,502	26,688,964
Operating expenses	**(19,994,088)**	(17,897,409)	(15,074,919)	(14,192,783)	(15,686,497)
Impairment losses on financial instruments	**(1,763,610)**	(3,217,995)	(784,623)	(1,492,838)	(3,586,052)
Impairment losses on intangible assets	**(301,244)**	(76,120)	(130,193)	(18,828)	(20,357)
Profit before tax	**28,208,236**	19,668,482	17,103,199	12,598,053	7,396,058
Income tax expense	**(8,147,649)**	(5,833,015)	(5,045,264)	(3,554,214)	(1,955,641)
Profit after tax	**20,060,587**	13,835,467	12,057,935	9,043,839	5,440,417
Information per ordinary share					
Basic earnings per share (KShs)	**52.65**	36.17	31.47	23.49	13.95
Dividend per share on each ordinary share (KShs)	**45.00**	29.00	22.00	19.00	10.50
Consolidated Statement of financial position					
Loans and advances to customers (gross)	**158,641,350**	172,936,616	148,690,254	136,181,940	130,719,448
Impairment losses on loans and advances to customers	**(6,993,971)**	(9,774,839)	(9,277,694)	(10,207,350)	(9,195,221)
Government securities	**98,777,222**	69,574,696	105,696,882	95,596,185	99,779,222
Other assets	**134,149,488**	196,225,702	136,150,573	113,301,163	104,301,621
Total assets	**384,574,089**	428,962,175	381,260,015	334,871,938	325,605,070
Deposits from customers	**295,690,089**	342,853,241	278,879,309	265,469,114	256,497,530
Other liabilities	**17,107,880**	24,576,667	46,243,976	16,188,718	18,217,502
Total liabilities	**312,797,969**	367,429,908	325,123,285	281,657,832	274,715,032
Net assets	**71,776,120**	61,532,267	56,136,730	53,214,106	50,890,038
Shareholders' funds	**71,776,120**	61,532,267	56,136,730	53,214,106	50,890,038
Ratios					
Cost income ratio	**40%**	44%	46%	50%	59%
Impairment charge/gross loans and advances	**1%**	2%	1%	1%	3%
Gross loans and advances to deposits ratio	**54%**	50%	53%	51%	51%
Gross non-performing loans and advances/total gross loans and advances	**5%**	7%	9%	10%	15%
Core capital/total deposit liabilities	**18%**	15%	15%	15%	15%
Core capital/ total risk weighted assets	**19%**	18%	15%	16%	16%
Total capital/total risk weighted assets	**20%**	18%	17%	18%	18%

Our strategy

Our strategy is designed to deliver our purpose: to drive commerce and prosperity through our unique diversity. This is underpinned by our brand promise, here for good.



Strategic priorities

Cross-border	Affluent
Continue to sharpen our focus on serving the cross-border needs of our corporate and financial institution clients.	Solidify our position as a leading wealth manager with a differentiated, fast-growing and high-returning international affluent business.
Concentrate our efforts on enhancing our cross-border product and advisory suite to meet our clients' complex needs.	Reshape our mass retail business to focus on developing a strong pipeline of future affluent and international banking clients.
Continue to scale sustainable finance and support to our clients' transition journeys.	Integrate sustainable investments into our Wealth Solutions propositions and leverage bank-wide sustainability capabilities as a key differentiator to our affluent clients.

Our business model

Our business model reflects our strategy of combining cross-border capabilities with leading wealth management expertise.

Our Business segments

Wealth and Retail Banking (WRB):

We serve the local and international banking needs of affluent clients across the full wealth continuum through Private, Priority, Emerging Affluent and Small and Medium Enterprises.

Corporate and Investment Banking (CIB):

We support large corporations, development organisations, governments, banks and investors to access cross-border trade and investment opportunities across our global network.

Our leading Sustainability capability is an integral part of our client offering across our two business segments.

Our key products and services

Global Markets and Global Banking

- Macro, Credit & Commodities Trading
- Lending & Financial Solutions
- Capital Markets & Advisory

Transaction Services

- Payments and Liquidity
- Trade & Working Capital
- Securities & Prime Services

Wealth Solutions

- Investments
- Bancassurance
- Wealth advice
- Portfolio management

Retail Products

- Deposits
- Mortgages
- Credit cards
- Personal loans

Our leading Sustainability business is an integral part of our client offering across all our business segments. Responsible business practices - we strive to be a responsible business by operationalising our net zero targets, managing environmental and social risks, and acting transparently.

Bespoke sustainable finance solutions - we offer sustainable finance solutions designed to help our clients address environmental and social challenges and achieve sustainable growth.

Innovation in service of our markets - we advocate in service of our markets to unlock the areas where capital is not flowing at scale or not at all and to help drive economic inclusion.

Our business model continued

Our resources provide the strong foundation that helps us deliver our strategy.

Human capital

Diversity differentiates us; it is in our purpose statement. Delivering our strategy rests on how we continue to invest in our people, the employee experience and culture.

International network

Our network is our unique competitive advantage and connects corporates, financial institutions, individuals and small and medium enterprises across some of the world's fastest-growing and most dynamic markets.

Expertise

We have a deep knowledge of our market and a privileged understanding of the drivers of the real economy, offering us insights that can help our clients achieve their ambitions.

Strong brand

We are part of a leading international banking group with over 110 years of history in Kenya making us a household name.

Technology

Our foundations in technology and data act as key enablers in providing world class client services.

Financial strength

With our solid balance sheet and prudent financial management, we are a strong and trusted partner for our clients.

The value we create

We aim to create long-term value for a broad range of stakeholders, in a sustainable way.

Clients

We deliver banking solutions for our clients both digitally and in person. We help individuals grow their wealth while connecting corporates and financial institutions to opportunities across our network.

Regulators and Governments

We play our part in supporting the effective functioning of the financial system and the broader economy by proactively engaging with public authorities and by paying our taxes.

Investors

We aim to deliver robust returns and long-term sustainable value for our investors.

Employees

We believe great employee experience drives great client experience. We want all our people to pursue their ambitions, deliver with purpose and have a rewarding career enabled by great people leaders.

Society

We strive to operate as a sustainable and responsible company, working with local partners to promote social and economic development.

Suppliers

We engage diverse suppliers, locally and globally, to provide efficient and sustainable goods and services for our business.

Client segment reviews

Corporate and Investment Banking

Profit before taxation

KShs 16,486m

CIB contributes 51 per cent of the Group 's operating income.

Aim: Drive growth in high-returning Financial Institutions segment
Analysis: Share of Financial Institutions income improved to 51 per cent in 2024 as we applied continued focus to this segment to drive income and returns

Segment Overview

Corporate and Investment Banking supports corporates, development organisations, governments, banks, and investors across our network. Our clients represent an important part of the Kenya economic and social landscape. Our long-term presence and deep understanding of complex and diverse regions in 53 markets across Africa, Asia, Middle East and Europe combined with deep local presence allows us to work with our clients in creating bespoke financing solutions. To meet clients' complex financing needs and create true value chains, we connect buyers, suppliers, customers, and service providers across the ecosystem. combined with innovative transaction services, markets and financing solutions. We support our clients to unlock emerging trade, capital and investment opportunities that enable sustainable growth and prosperity connecting capital to opportunities across our network.

Cross-border banking remains at the heart of our strategy, supported by innovation and digitisation. Our clients on Straight2Bank (either directly or via Application Programming Integrations - APIs) actively use the platform to access channels for collections, payments, tax, payroll, mobile wallet, trade finance, custody, and foreign exchange (FX) services with convenience and safety. During the year, penetration, and utilisation of our Straight2Bank digital platform remained steady at 90 per cent and 80 per cent respectively.

Markets is an essential part of the Corporate and Investment Banking business. The business combines an in-depth knowledge of local markets with global products expertise to offer financial solutions and efficient risk management strategies. The team offers capabilities across origination, sales, structuring, trading, and research.

Strategic Priorities:

- Cross-border/Network: deliver sustainable growth for our clients by leveraging key global subsidiaries corridors (United States, Europe, Middle East, India and China).
- Diversify Financial Institutions (Banks, Investors and Public Sector & Development Organisations) income stream: E-Government, flow trade, Debt Capital Markets (DCM)/Export Credit Agencies (ECA) solutions., Repos and investment solutions.
- Accelerate our Sustainable Finance offering to our clients through product innovation and enabling transition to a low carbon future.
- Leverage distribution partners to improve capital efficiency.

Client segment reviews continued

Wealth and Retail Banking

Profit before taxation

KShs 10,981m

Segment Overview

Wealth and Retail Banking (WRB) serves a diverse client base comprising individuals and small businesses, with a focus on affluent and emerging affluent. We provide digital banking services with a human touch to our clients, with services spanning across transaction solutions, borrowing solutions, investments, and protection solutions. In addition, we support small and medium enterprise (SME) clients to access Business working capital, access our Straight2Bank digital platform, trade and foreign exchange solutions.

WRB contributes 46 per cent of the Bank's operating income and provides a source of high-quality liquidity for the Bank. We continue to elevate client experience, improve productivity by optimisation of our digital capabilities and simplify our processes to improve business efficiency.

Digital Capability

We continue to optimise our digital capability to better serve our clients with ease and efficiency. Our SC Mobile and Online Banking channels have been optimised to cater for clients and products acquisition, servicing, investing, and transacting seamlessly. 97 per cent of all transactions are processed on digital channels due to straight through processing capability, 24/7 availability and added layers of security. In addition, we have over 75 service journeys on the mobile platform with Debit Card activation and PIN setup/reset being the most commonly used service journeys.

We have integrated investment services on our digital platforms with our clients able to invest in money market funds both onshore (SC Shilingi funds) and offshore (Signature CIO funds, Equity funds and ESG/Sustainable investment funds), bonds trading both local and foreign bonds together with general insurance options such as motor insurance, home insurance, travel insurance and last respect plans.

Strategic Priorities:

- Leading Affluent and International Banking business known for outstanding personalised wealth advice and exceptional client experience.
- A single wealth continuum platform with distinctive value propositions to maximise client relationships.
- Growing our Small and Medium Enterprises business to offer comprehensive solutions to SMEs.
- Digital-led, bespoke and contextual client engagement augmented by seamless omnichannel experience.
- Providing unique sustainable solutions to our individual and SME clients.

Product Groups

Transaction Services

Product Overview

Transaction Banking offers our Corporate and Financial Institution (FI) clients a complete suite of payments and liquidity services as well as trade and working capital. Our vision is to "become the leading Transaction Bank in our footprint, with innovation at our core". This requires us to shift our mindset, simplify, be more relevant and most importantly, innovate and digitalise. We pride ourselves in being able to provide secure digitally enabled solutions complemented by rich data insights that spur sustainable growth and profitability for our clients' businesses. At the heart of everything we do, we are committed to service excellence and building deep client relationships that are anchored on value creation.

Payments and liquidity services

We recognise the distinct banking needs of clients and are dedicated to delivering competitive cash management solutions tailored to both local and global context. As a trusted partner to Corporate and Investment Banking clients, our continued focus is rooted in the development of unique value propositions through investments in product innovation and digitisation, whilst carefully managing risk as market dynamics and regulations evolve.

With the rapidly changing information and cyber security landscape, we continuously enhance our solutions by building them on platforms with best-in-class cyber resilience and security tools. These measures provide our clients with the highest levels of security, transparency and real-time visibility in their daily treasury and cash management activities on Straight2Bank, our online banking platform.

Our cash management and digital banking capabilities include:

- Account services (including escrow services).
- Payments services.
- Collections or Receivables services.
- Mobile Wallet payments and collections.
- Liquidity management solutions.
- Straight2Bank, our online banking platform.
- Straight2Bank Pay, our digital collections e-commerce gateway.
- APIs and Host-to-Host integrations.

Trade and working capital

Trade is in our DNA. Our Trade business continues to evolve to meet the unique and sophisticated business requirements of our clients within the global environment. We offer our clients a full suite of trade finance propositions to meet their underlying business needs through documentary and flow trade to open account trade solutions including structured trade solutions. Financing our clients' end-to-end ecosystem value chain is Standard Chartered's strategic response to supporting Small and Medium Enterprises in Kenya. We provide integrated solutions that help grow our client's business by meeting the financing, transactional and information needs of their company, and its suppliers, sales channels, and customers. We also provide foreign currency clearing and trade finance to Tier 1 and 2 banks in Kenya allowing them to continue to service their clients and more specifically provide liquidity to SMEs.

In line with the evolving global focus on sustainability, the Bank continues to support the Sustainable Trade and Working Capital approach which is embedded in our Trade and Working Capital Business. This approach accelerates our clients' adoption of sustainable trade finance as a business enabler and plays an important role in helping our clients in key transitioning industries to build more sustainable business models. We are also committed to making trade financing simpler and faster via our digital capabilities, on Straight2Bank, our online banking platform.

Our Trade and working capital offering and capabilities include:

- Documentary and Flow Trade – Letters of Credit, Documentary Collections and Bonds and Guarantees.
- Trade Loans – Receivables and Payables Financing.
- Working Capital Financing – Overdrafts and Short-Term Loans.
- Supply Chain Financing Solutions – Distributor and Supplier Financing.
- Receivables Purchase.
- Structured Trade Solutions to support bespoke and complex transactions.
- Straight2Bank – our online banking platform.

Product Groups continued

Transaction Services continued

Our foreign currency (FX) business is core to the client offering. We continue to build on our offering by investing in people and technology. Straight2Bank (S2B), our corporate online banking platform, provides our clients with access to FX offering through the Stand-Alone Request for Quote (SARFQ). Standard Chartered Aggregation and Liquidity Engine (SCALE) offers clients a customised product capable of managing high volumes, whilst Straight2Bank will provide clients with a low latency, sophisticated FX management system (S2BX). Each of our core platforms is continuously improved to enhance the service we offer clients.

Thought Leadership

Leading market engagements through thought leadership initiatives is critical for our relevance as we accelerate our mission to deliver richer solutions to our clients. These are some of the key engagements we participated in 2024:

- **World Financial Innovation Series Africa**

  The Head of Transaction Banking presented to the wider financial services industry on Diversifying and Expanding Financial Products and Services with Open Banking. This presentation focused on various models that organisations can consider adopting for their growth strategies whilst leveraging on Open Bbanking. It also highlighted the existing opportunities for organisations and regulators to build upon in preparation for a more structured Open Banking system in Africa.

- **Sustainable Finance Roundtable**

  We hosted a Sustainable Finance Breakfast Roundtable for our corporate clients. Themed "Unlocking the Sustainable Finance Opportunity", the event was an opportunity for the Bank to showcase its capabilities in Sustainable Finance and highlight Sustainability as a key strategic priority. The highlight of the event was a presentation by select key clients and industry experts sharing their sustainability journeys and milestones with the audience. The roundtable was also the setting of the official launch of the Sustainable Savings Account.

- **Global Trade Review (GTR) 2024 East Africa Conference**

  The Conference focussed on promoting sustainable economic growth through trade. Our focus was on Sustainable Trade and Working Capital, Supply Chain Finance and Trade Digitisation. The Head of Trade and Working Capital was a panellist in a session titled "Chasing the tail: Supply chain finance and the search for network effect". In addition, we had a fireside chat where one of our clients discussed a case study on "Promoting food security and nutritional health with sustainable trade finance" with our Head of Transaction Banking Sales. This discussion touched on how the Bank has lived up to its strategic priority on our Network by enabling a local company to grow into a regional corporate in Africa and further how our trade solutions supported their business and regional expansion.

Product Groups continued

Transaction Services continued

Thought Leadership

- **Treasury Leadership Forum (TLF)**

  The Treasury Leadership Forum is a proprietary thought leadership event organized by Standard Chartered in markets where we operate. The objective is to bring together thought leaders from various industries to share and deliberate on their perspectives on relevant topical issues of the times impacting the spectrum of Treasury Management. The 2024 Treasury Leadership Forum themed "The Blueprint for Tomorrow" explored the evolution of technology transformation, trends in the payments landscape and the future growth and development of intra-Africa trade through the enablement of higher value-add supply chains, streamlined policies and an efficient payment infrastructure.

Innovation and new capabilities

- **Sustainable Savings Account**

  The Sustainable Savings Account was launched to Corporate and Investment Banking clients who were hosted for a Sustainability Round Table event. The event drew panellists from our Corporate and Investment Banking client base. The country has been allocated a limit of KShs 3.2 billion for sustainable liabilities generation, with client engagements already commenced to grow the sustainable finance liabilities portfolio.

- **ISO 20022 Migration for Real Time Gross Settlement (RTGS) Payments**

  The Central Bank of Kenya (CBK) has been on a journey to adopt the ISO 20022 messaging standards for the Kenya Electronic Payment & Settlement System (KEPSS).

  Following implementation activities and active participation in the industry-wide migration, Standard Chartered Kenya successfully migrated the RTGS payments to comply with these new requirements. This has been a critical project for the industry as it looks to modernise the local payments system to international standards and to bring in transparency into the financial flows in the market. Standard Chartered obtained a commendation from the Central Bank for its participation and valued input as part of the migration exercise.

- **EFT Screening**

  To strengthen our system's capability to identify genuine proceeds of crime as well as strengthen the safety and transparency of payments within the payments ecosystem, Standard Chartered Kenya successfully implemented the automated Inward Electronic Funds Transfers (EFT) payments screening process. This implementation has enhanced the Bank's process of identifying and restricting payments that may be related to sanctioned parties, therefore preventing financial crime.

Awards

- **Global Finance Magazine**

  2024 Best Bank for Treasury and Cash Management

- **Global Finance Magazine**

  2024 Best Trade Finance Provider in Kenya

- **Euromoney Awards for Excellence: Standard Chartered Kenya was awarded Kenya's Best Digital Bank by Euromoney Awards for Excellence 2024.**

  Euromoney is one of the most recognised and reputed brands within banking and finance, providing unique insights into the institutions and personalities that shape banking and drive global markets.

Product Groups continued

Global Markets

The Markets team has expertise combined with deep market knowledge to deliver a variety of risk management, financing, and investment solutions to our clients. Offering a full suite of fixed income, currencies, commodities, equities and capital markets solutions, Markets has firmly established itself as a trusted partner with extensive on-the-ground knowledge and deep relationships. Markets remains a core part of our CIB business supporting our clients with in-depth insights into global and local macro events. Geopolitical tensions (Russia/Ukraine, Israel/Palestine), Central Banks in the advanced economies tightening monetary policy to curb inflation and tight global financing conditions, had significant ripple effects on the local macro environment, impacting fuel prices, interest rates and foreign exchange rates. On the back of this environment, our Markets business leveraging on our international expertise and deep local knowledge was on hand to support clients both onshore and offshore to wade through these challenges and opportunities. We were able to support our clients meet their forex needs to keep their businesses growing, provided access to investment opportunities and risk mitigation solutions.

Markets is an essential part of the CIB business. The business combines an in-depth knowledge of local markets with global products expertise to offer financial solutions and efficient risk management strategies. The team offers capabilities across origination, sales, structuring, trading, and research. We also provide securities services such as custody and clearing, where we help clients efficiently administer their investments in multiple markets. In addition, our Global Research team provide widely read client views on global and local economic and market trends. At Standard Chartered, we share a universal goal of maximising shareholder returns within a risk-controlled perimeter. Our sustainable impact to clients is achieved by continuously increasing our understanding of clients' businesses, potential risks and delivering value add in an effective and efficient manner.

Strategic Priorities

Our strategy is framed under 5Cs:

Clients

Clients are at the centre of everything we do. Markets is a franchise-led business where we provide foreign currency (FX) transaction flow and tailored solutions to our clients. We want to improve the connectivity and product set that we provide to our clients. In addition to our existing offering, we are launching new products in a bid to address specific client needs, increasing reach, relevance and wallet share across our network.

Credit trading

Comprises the Credit Flow, Credit Solutions, Repos and Collateral businesses, with teams in Kenya and across our global footprint. Credit Flow acts as a market maker in secondary Emerging Markets hard currency credit markets. Credit Solutions provides financing and investment solutions across fixed income, loans, equities, and funds. Repos and Collateral provides liquidity management, collateral optimisation, yield enhancement and financing trades. Credit trading is an area we want to enhance in terms of our coverage in Kenya and the spectrum and distribution of credit risk.

Currency

Our foreign currency (FX) business is core to the client offering. We continue to build on our offering by investing in people and technology. Straight2Bank (S2B), our corporate online banking platform, provides our clients with access to FX offering through the Stand-Alone Request for Quote (SARFQ). Standard Chartered Aggregation and Liquidity Engine (SCALE) offers clients a customised product capable of managing high volumes, whilst Straight2Bank will provide clients with a low latency, sophisticated FX management system (S2BX). Each of our core platforms is continuously improved to enhance the service we offer clients.

Cross-sell

In continuously putting our clients first, we shall deepen the uptake of our product offering. We are leveraging on our rich product offering, superior and reliable systems, and deep local knowledge to provide localised consistent service.

Conduct

Conduct is of critical importance in the way we do business. It is by operating with integrity and doing the right thing for our clients, all the time, that we will succeed in achieving our business ambition.

Wealth solutions

Product overview

We offer superior investment advice, products, and services to help our clients build, manage, and protect their wealth. We serve clients under our Affluent, SME and Emerging Affluent segments.

In today's complex and evolving investment landscape, our clients need insights that will help them respond quickly to market events and make informed investment decisions. We match their needs and risk tolerance with Wealth Management solutions from leading industry providers, guided by our inhouse investment insights and wealth product specialists.

We combine a deep understanding of our market with global reach, to provide our clients with access to the world's leading financial markets and investing opportunities like their counterparts in more advanced countries.

We recommend solutions that are most suited and relevant to each client after thorough investment profiling. Our advisory team benefits from our open-source approach to product and fundamental research backed by a very competent and experienced investment committee that looks at a broad range of industry-leading sources and debates them thoroughly. The result is great insights that help our clients make better investment decisions.

Our world-class Wealth Management offering is classified into four key propositions:

Investments

We combine our market-leading advice and funds selection to create personalised portfolios using various asset categories such as equities, bonds, commodities etc. This will help clients diversify and reduce overall volatility. We offer money market fund solutions onshore through our fully end-to-end digital platform, SC Shilingi available on our SC Mobile platform in addition to offshore funds from leading global fund managers.

We unlock financial markets across fixed income and foreign exchange for our clients. Clients benefit from our trading expertise to buy and sell all major currencies at branches and seamlessly though our digital platforms. We offer our clients bonds issued by international corporations or governments, including Kenya, to benefit from regular coupon income as well as potential capital appreciation based on market conditions.

Bancassurance

Our partnerships with reputable insurance providers provide the right protection for our clients' savings, education and retirement needs through education and endowment policies, their property through home, motor and travel insurance, and their families through farewell insurance.

Wealth lending

We have enhanced our overall wealth proposition by introducing lending solutions in Kenya Shillings as well as other major currencies like US Dollar (USD), Euro (EUR) and Pound Sterling (GBP). Our clients, using their investment as a collateral, have an opportunity to access quick liquidity. This capability ensures that clients retain a long-term investment view while managing short-term liquidity needs. Further, clients are able to borrow and re-invest and maximise the value of their portfolio.

By continuously enhancing our offering for affluent and emerging affluent clients, we aspire to be increasingly relevant for our clients. To that end, we are investing in digitally delivered wealth propositions that excite our clients. Our digital Wealth Management product suite now includes motor, home, travel and farewell insurance, mutual funds, offshore fixed income and foreign exchange, all of which are available on the SC mobile app.

Risk management

Chief Risk Officer's Review

Global and Domestic Macroeconomic overview

The global economy continues to steadily recover, but at a slow pace. The global growth has been boosted by strong growth in the United States and large emerging market economies such as India, as well as improved growth prospects in the United Kingdom. According to the IMF's Economic outlook for October 2024, IMF projects a growth of 3.2% in 2025 and 2026.

The global inflation has also declined, with Central Banks expected to continue reducing interest rates.

Downside risks remain and include escalation of geopolitical risks – in the Middle East (Israel-Palestine as well as Syria) and the Russia-Ukraine war. The other key risk is volatility of international oil (and other commodity) prices arising from supply and/or supply chain disruptions.

The Domestic macro-economic environment has continued to improve in 2024 following a number of measures taken by the authorities – including a tighter monetary policy, access to international markets that allowed issuance of a new Eurobond in February 2024 and subsequent repayment of the Eurobond that was maturing in June 2024.

Consequently, the Kenya shilling strengthened by about 20% in the first quarter of 2024. There is also continued accretion of foreign exchange reserves which as at December 2024 stood at USD 9 billion (over 4.5 months of import cover) providing a buffer to short term shocks.

Kenya's economic growth slowed down in the first half of 2024 – with GDP growing at 4.8% (relative to 5.5% in the first half of 2023). The slowdown was across a number of sectors. The Non-Performing loans in the industry have also increased in 2024 – from 14.5% in December 2023 to 16.4% as at December 2024 and cut across a number of sectors.

With inflation now firmly within the target band and a stable exchange rate, the Central Bank has substantially reduced interest rates in quarter four of 2024 – the Central Bank Rate (CBR) has been reduced from a peak of 13% to 11.25% as at December 2024. This is expected to boost lending to the private sector and reverse the slowdown in GDP growth.

There are number of downside risks that we will continue to monitor in 2025 and include: the pace of revenue-led fiscal consolidation/improvement in debt sustainability, volatility of commodity prices – particularly oil, extreme weather conditions that could impact agricultural output and political risks that could slowdown economic activity.

Risk management continued

Portfolio quality

	2024			2023		
	CIB KShs '000	WRB KShs '000	Total	CIB KShs '000	WRB KShs '000	Total
Stage 1	84,651,493	60,557,883	145,209,376	87,654,054	66,588,406	154,242,460
Stage 2	1,993,654	3,876,780	5,870,434	3,346,818	3,524,244	6,871,062
Stage 3, credit-impaired financial assets	2,571,455	4,990,085	7,561,540	7,210,820	4,612,274	11,823,094
Gross balance	89,216,602	69,424,748	158,641,350	98,211,692	74,724,924	172,936,616
Total credit impairment	(2,792,297)	(4,201,674)	(6,993,971)	(6,396,045)	(3,378,794)	(9,774,839)
Net carrying value	86,424,305	65,223,074	151,647,379	91,815,647	71,346,130	163,161,777
Stage 3, coverage ratio (%)	87.6	61.1	70.1	77.6	46.3	65.4

Enterprise Risk Management Framework (ERMF)

Risk management is at the heart of banking, it is what we do. Managing risk effectively is how we drive commerce and prosperity for our clients and our communities, and it is how we grow sustainably and profitably as an organisation.

Effective risk management is essential in delivering consistent and sustainable performance for all our stakeholders and is a central part of the financial and operational management of the Bank. The Bank adds value to clients and the communities in which we operate by taking and managing appropriate levels of risk, which in turn generates returns for shareholders.

ERMF enables the Bank to manage enterprise-wide risks, with the objective of maximising risk-adjusted returns while remaining within our Risk Appetite (RA). The ERMF has been designed with the explicit goal of improving the Bank's risk management, and it is embedded across the Bank. The ERMF is reviewed annually.

Risk Culture

Risk culture encompasses our general awareness, attitudes, and behaviours toward risk, as well as how risk is managed enterprise wide.

A healthy risk culture is one in which everyone takes personal responsibility to identify and assess, openly discuss, and take prompt action to address existing and emerging risks.

The Risk function

The Risk function is responsible for the sustainability of our business through good management of risk across the Bank by providing oversight and challenge, thereby ensuring that business is conducted in line with regulatory expectations. The Risk function is separate and independent from the origination, trading, and sales functions of the businesses. The Risk function is responsible for:

- Determining the RA for approval by Bank's Executive Risk Committee and the Board.
- Maintaining the ERMF, ensuring that it remains relevant and appropriate to the Bank's business activities, and is effectively communicated and implemented across the Bank.
- Upholding the overall integrity of the Bank's risk and return decisions ensuring that the risks are properly assessed, decisions are made transparently and that risks are controlled in accordance with the Bank's standards and RA.
- Overseeing and challenging the management of principal risk types (PRTs) under the ERMF.
- Ensuring that the necessary balance in making risk and return decisions is not compromised by short-term pressures to generate revenues through the independence of the Risk function.

Three lines of defence model

The Bank applies a three Line of Defence model to the day-to-day activities for effective risk management, governance and control environment. Typically:

- The businesses and functions engaged in or supporting revenue generating activities that own and manage the risks constitute the 1st Line of Defence.
- The control functions independent of the 1st Line of Defence that provide oversight and challenge of risk management activities act as 2nd Line of Defence.
- Internal Audit acts as the 3rd Line of Defence providing independent assurance on the effectiveness of controls supporting the activities of the 1st and 2nd lines of defence functions.

Risk management continued

Chief Risk Officer's Review continued

Risk Appetite (RA)

The Bank recognises the following constraints which determine the risks that we are willing to take in pursuit of our strategy and the development of a sustainable business:

- Risk capacity is the maximum level of risk the Bank can assume, given its current capabilities and resources, before breaching constraints determined by capital and liquidity requirements, internal operational environment, or otherwise failing to meet the expectations of regulator and law enforcement agencies.
- RA is defined by the Bank and approved by the Board. It is the approved boundary for the risk that the Bank is willing to undertake to achieve its strategic objectives and Corporate Plan.
- The Board is responsible for approving the RA Statements. These directly constrain the aggregate risk exposures that can be taken across the Bank.

The Bank's RA is reviewed at least annually to ensure that it is fit for purpose and aligned with strategy, and focus is given to emerging or new risks.

Risk Appetite Statement

"The Bank will not compromise compliance with its RA in order to pursue revenue growth or higher returns."

In addition to PRTs, there is a formal RA statement for Climate Risk defined as *"The Bank aims to measure and manage financial and non-financial risks arising from climate change, and reduce emissions related to our own activities and those related to the financing of clients in alignment with the Paris Agreement- an international treaty on climate change."*

Risk identification and assessment

Identification and assessment of potentially adverse risk events is an essential first step in managing the risks of any business or activity. To ensure consistency in communication, we use PRTs to classify our risk exposures.

Nevertheless, we also recognise the need to maintain a holistic perspective since:

- a single transaction or activity may give rise to multiple types of risk exposure;
- risk concentrations may arise from multiple exposures that are closely correlated; and
- a given risk exposure may change its form from one risk type to another.

There are also sources of risk that arise beyond our own operations, such as the Bank's dependency on suppliers for the provision of services and technology.

As the Bank remains accountable for risks arising from the actions of such third-parties, failure to adequately monitor and manage these relationships could materially impact the Bank's ability to operate and could have an impact on our ability to continue to provide services that are material to the Bank.

Principal Risk Types

Principle Risk Types (PRT) are those risks that are inherent in our strategy and business model and have been formally defined in the Bank's ERMF. The PRT and associated RA Statements are reviewed annually and discussed below.

Principal Risks and associated RA Statements

Credit risk

The Bank defines credit risk as potential for loss due to failure of a counterparty to meet its agreed obligations to pay the Bank.

Risk Appetite Statement

The Bank manages its credit exposures following the principle of diversification across products, client segments and industry sectors.

The Credit risk type framework (RTF) for the Bank is set and owned by the Board.

The Credit Risk control function is the second line of defence responsible for independent challenge, monitoring and oversight of the Credit Risk management practices of the first line of defence. In addition, they ensure that credit risks are properly assessed and transparent; and that credit decisions are controlled in accordance with the Bank's RA, credit policies and standards.

Segment-specific policies for CIB and WRB are in place for the management of Credit Risk. The Credit Policy for Corporate and Investment Banking (CIB) sets the principles that must be followed for the end-to-end credit process, including credit initiation, credit grading, credit assessment, product structuring, credit risk mitigation, monitoring and control, and documentation.

The WRB Credit Risk Management Policy sets the principles for the management of WRB segments, for end-to-end credit process including credit initiation, credit assessment, documentation and monitoring for lending to these segments.

The Bank also sets out standards for the eligibility, enforceability, and effectiveness of Credit Risk mitigation arrangements. Potential credit losses from a given account, client or portfolio are mitigated using a range of tools, such as collateral, credit insurance and guarantees.

Risk mitigants are also carefully assessed for their market value, legal enforceability, correlation, and counterparty risk of the protection provider.

Collateral is valued prior to drawdown and regularly thereafter as required, to reflect current market conditions, the probability of recovery and the period to realise the collateral in the event of liquidation. The Bank also seeks to diversify its collateral holdings across asset classes.

Where guarantees, credit insurance, standby letters of credit are used as Credit Risk mitigation, the creditworthiness of the protection provider is assessed and monitored using the same credit approval process applied to the obligor.

At Board level, the Board Credit Committee (BCC) oversees the effective management of Credit Risk. At the executive level, the Executive Risk Committee and the Credit Issues Committee oversee management of credit risk in CIB and WRB. The Credit Approvals Committee (CAC) has delegated authority from BCC to approve credits that exceed authority of individual credit approvers. Decisions made by CAC are ratified by BCC on a quarterly basis.

Credit Risk authorities are reviewed by the Board at least annually to ensure that they remain appropriate. In CIB, the individuals delegating the Credit Risk authorities perform oversight by reviewing a sample of the limit applications approved by the delegated credit officers periodically. In WRB, where credit decision systems and tools (e.g., application scorecards) are used for credit decisioning, such risk models are subject to performance monitoring and periodic validation. Where manual or discretionary credit decisions are applied, the individuals delegating the Credit Risk authorities perform periodic quality control assessments and assurance checks.

Expected Credit Losses (ECL) is determined for all financial assets that are classified as amortised cost or fair value through other comprehensive income. ECL is computed as an unbiased, probability-weighted provision determined by evaluating a range of plausible outcomes, the time value of money, and forward-looking information such as critical global or country-specific macroeconomic variables.

At the time of origination or purchase of a non-credit impaired financial asset (Stage 1), ECL represents cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. ECL continues to be determined on this basis until there is a significant increase in the Credit Risk of the asset (Stage 2), in which case ECL is recognised for default events that may occur over the lifetime of the asset. If there is observed objective evidence of credit impairment or default (Stage 3), ECL continues to be measured on a lifetime basis.

For CIB, Stage 3 ECL is considered when an obligor is more than 90 days past due on any amount payable to the Group, or the obligor(s) has symptoms of unlikeliness to pay its credit obligations in full as they fall due. These credit-impaired accounts are managed by the Stressed Assets Group (SAG) team.

In WRB, loans to individuals and small businesses are considered credit impaired as soon as any payment of interest or principal is 90 days overdue or they meet other objective evidence of impairment, such as bankruptcy, debt restructuring, fraud, or death. Financial assets are written off, in the amount that is determined to be irrecoverable, when they meet conditions set such that empirical evidence suggests the client is unlikely to meet their contractual obligations, or a loss of principal is reasonably expected.

Estimating the amount and timing of future recoveries involves significant judgment and considers the assessment of matters such as future economic conditions and the value of collateral, for which there may not be a readily accessible market.

Risk management continued

Traded Risk

The Bank defines Traded Risk as the potential for loss resulting from activities undertaken by the Bank in financial markets.

Risk Appetite Statement

The Bank should control its financial markets activities to ensure that market and counterparty credit risk losses do not cause material damage to the Bank's franchise.

The Traded RTF requires that Traded Risk limits be defined at a level appropriate to ensure that the Bank remains within RA. All businesses incurring Traded Risk must comply with the Traded RTF. The Traded Risk Policy sets the principles that must be followed for the end-to-end traded risk management process, including limit setting, risk capture and measurement, limit monitoring and escalation, risk mitigation and stress testing. Policies and standards ensure that these Traded Risk limits are implemented. Policies are reviewed and approved by the Board periodically to ensure their ongoing effectiveness.

The Bank uses a VaR model to measure the risk of losses arising from future potential adverse movements in market rates, prices, and volatilities. VaR is a quantitative measure of Market Risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcomes.

Treasury Risk

The Bank defines Treasury Risk as the potential for insufficient capital, liquidity, or funding to support our operations, the risk of reductions in earnings or value from movements in interest rates impacting banking book items and the potential for losses from a shortfall in the Bank's pension plan.

Risk Appetite Statement

The Bank should maintain sufficient capital, liquidity and funding to support its operations, and an interest rate profile ensuring that the reductions in earnings or value from movements in interest rates impacting banking book items does not cause material damage to the Bank's franchise. In addition, the Bank should ensure its pension plan is adequately funded.

In order to manage Capital Risk, strategic business, and capital plans (Corporate Plan) are drawn up covering a five-year horizon which are approved by the Board annually. The plan ensures that adequate levels of capital, including loss absorbing capacity, and an efficient mix of the different components of capital are maintained to support our strategy and business plans.

Finance is responsible for the ongoing assessment of the demand for capital and the updating of the Bank's capital plan. The Bank implements various business-as-usual and stress risk metrics to monitor and manage liquidity and funding risk. This ensures that the Bank maintains an adequate and well-diversified liquidity buffer, as well as a stable funding base, and that it meets its liquidity and funding regulatory requirements.

Risk management continued

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Operational and Technology Risk

The Bank defines Operational and Technology risk as the potential for loss resulting from inadequate or failed internal processes, technology events, human error, or from the impact of external events (including legal risks).

Risk Appetite Statement

The Bank aims to control operational and technology risks to ensure that operational losses (financial or reputational), including those related to the conduct of business matters, do not cause material damage to the Bank's franchise.

The Operational and Technology RTF sets the roles and responsibilities in respect of Operational and Technology risk for the Bank. The Operational and Technology RTF defines the Bank's Operational and Technology risk taxonomy and sets standards for the identification, control, monitoring and treatment of risks. These standards are applicable across all PRTs and risk taxonomy in the Operational and Technology RTF. The risk taxonomy includes Transaction processing failure, product mismanagement, client service disruption, Technology Risk, Change management, people risk, physical safety and security, Third party Risk Management, Corporate Governance Standards, Board Governance, Listing Requirements, Shareholder relations, Financial Books and Records, Financial Regulatory Reporting, Tax Risk and Legal enforceability.

The Operational and Technology RTF reinforces clear accountability for managing risk throughout the Bank and delegates second line of defence responsibilities to identified Subject Matter Experts (SMEs). For each risk taxonomy, the subject matter expert sets policies and standards for the Bank to comply with, and provides guidance, oversight, and challenge over the activities of the Bank. They ensure that key risk decisions are only taken by individuals with the requisite skills, judgment, and perspective to ensure that the Bank's risk-return objectives are met.

The Operational and Technology RTF sets out the Bank's overall approach to the management of Operational and Technology risk in line with the Bank's Operational and Technology RA. This is supported by the Risk and Control Self-Assessment (RCSA) which defines roles and responsibilities for the identification, control, and monitoring of risks applicable to all PRTs.

Financial Crime Risk

The Bank defines Financial Crime Risk as the potential for legal or regulatory penalties, material financial loss or reputational damage resulting from the failure to comply with applicable laws and regulations relating to international sanctions, anti-money laundering and anti-bribery and corruption, and fraud.

Risk Appetite Statement

The Bank has no appetite for breaches of laws and regulations related to Financial Crime, recognising that whilst incidents are unwanted, they cannot be entirely avoided.

There are four policies in support of the Financial Crime RTF:

- Anti-Bribery and Corruption Policy.
- Anti-Money Laundering and Counter Terrorist Financing Policy.
- Sanctions Policy.
- Fraud Risk Management Policy.

The Country Financial Crime Risk Committee (CFCRC) is responsible for ensuring effective oversight for operational risk relating to Financial Crime Risk. Board Level oversight of Financial Crime risk is performed by the Audit Committee and the BRC.

With increased digitisation in payments, we continue to monitor evolution of Financial Crime Risk closely. Fraud (particularly phishing) remains an area of concern. The Bank has deployed several automated solutions to detect incidences of fraud resulting into a significant drop in the number of fraud incidences. This area will continue to evolve, and the Bank will continue to adapt its controls in response to the changing environment.

Compliance Risk

The Bank defines Compliance Risk as the potential for penalties or loss to the Bank or for an adverse impact to our clients, stakeholders or to the integrity of the markets we operate in through a failure on our part to comply with laws, or regulations.

Risk Appetite Statement

The Bank has no appetite for breaches of laws and regulations related to regulatory non-compliance; recognizing that whilst incidents are unwanted, they cannot be entirely avoided.

All activities that the Bank engages in must be designed to comply with the applicable laws and regulations. The Conduct, Financial Crime and Compliance (CFCC) function provides second line of defence oversight and challenge of the first line of defence risk management activities that relate to Compliance Risk. Where Compliance Risk arises, or could arise, from failure to manage another PRT or sub-type, the Compliance RTF outlines that the responsibility rests with the respective RFO or control function to ensure that effective oversight and challenge of the first line of defence can be provided by the appropriate second line of defence function.

Each of the assigned second line of defence functions have responsibilities, including monitoring relevant regulatory developments from Non-Financial Services regulators, policy development, implementation, and validation as well as oversight and challenge of first line of defence processes and controls.

Information and Cyber Security (ICS) Risk

The Bank defines ICS Risk as the risk to the Bank's assets, operations, and individuals due to the potential for unauthorised access, use, disclosure, disruption, modification, or destruction of information assets and/or information systems.

Risk Appetite Statement

The Bank aims to mitigate and control ICS risks to ensure that incidents do not cause the Bank material harm, business disruption, financial loss or reputational damage – recognising that whilst incidents are unwanted, they cannot be entirely avoided.

Risk management continued

ICS Risk is managed through the ICS RTF, comprising a risk assessment methodology and supporting policy, standards, and methodologies. These are aligned to industry recommended practice. Through the Bank's parent we undertake ICS Effectiveness Reviews to evaluate ICS Risk management practices in alignment with the ERMF.

Reputation and Sustainability Risk (RSR)

The Bank defines Reputational and Sustainability Risk as the potential for damage to the franchise (such as loss of trust, earnings, or market capitalisation), because of stakeholders taking a negative view of the Bank through actual or perceived actions or inactions, including a failure to uphold responsible business conduct as we strive to do no significant environmental and social harm through our client, third party relationships or our own operations.

Risk Appetite Statement

The Bank aims to protect the franchise from material damage to its reputation by ensuring that any business activity is satisfactorily assessed and managed with the appropriate level of management and governance oversight. This includes a potential failure to uphold responsible business conduct in striving to do no significant environmental and social harm.

Reputational Risk can arise from 'Stakeholder Perception' and 'Greenwashing' risks. Stakeholder Perception risk arises where stakeholders of the Bank have a belief, attitude or opinion towards the Bank which is negative and/or different from the Bank's intent.

It may occur due to ineffective or inappropriate stakeholder communication, brand management, reputational issue management or ineffective or inappropriate management of clients, transactions, products, or strategic coverage decisions of the Bank.

Greenwashing risk arises where sustainability-related statements, declarations, actions or communications of the Group do not clearly and fairly reflect, and/or are inconsistent with, the underlying sustainability profile of the Bank or the sustainability characteristics of the Banks's financial products and services.

RSR management considers both potential risk or adverse events which may negatively affect stakeholder perceptions, particularly where there are environmental (including climate) and social risks, and opportunities to build a positive reputation through enhancing the level of trust, respect, and good will from stakeholders.

The Bank's Reputational Risk policy sets out the principal sources of Reputational Risk driven by negative shifts in stakeholder perceptions as well as responsibilities, control and oversight standards for identifying, assessing, escalating and effectively managing Reputational Risk. The assessment of risks associated with how individual client, transaction, product and strategic coverage decisions may affect perceptions of the organisation and its activities is based on explicit principles including, but not limited to, human rights and climate change. The assessment of stakeholder perception risk considers a variety of factors. Whenever potential for stakeholder concerns is identified, issues are subject to review and decision by both first and second lines of defence.

The Bank's Sustainability Risk policy sets out the requirements and responsibilities for managing environmental and social risks for the Bank's clients, third parties and in our own operations. This includes management of greenwashing risks through the ongoing monitoring of Sustainable Finance products and transactions and clients throughout their lifecycle, from labelling to disclosures in line with emerging local and international regulatory obligations.

Model Risk

The Bank defines Model Risk as potential loss that may occur because of decisions or the risk of mis-estimation that could be principally based on the output of models due to errors in the development, implementation, or use of such models.

Risk Appetite Statement

The Bank has no appetite for material adverse implications arising from misuse of models or errors in the development or implementation of models; whilst accepting some model uncertainty.

The models in use by the Bank are centrally managed by the parent company. The Chief Risk Officer has the responsibility to ensure compliance with the model risk policy.

Other areas of risk

The approach and coverage of other areas of risk governed by policies directly linked to the ERMF are included in the RTFs, policies and / or standards. Examples of other areas of risk include Digital Assets, Climate and Third Party.

Climate Risk

Climate Risk is defined as the potential for financial loss and non-financial detriments arising from climate change and society's response to it.

Risk Appetite Statement

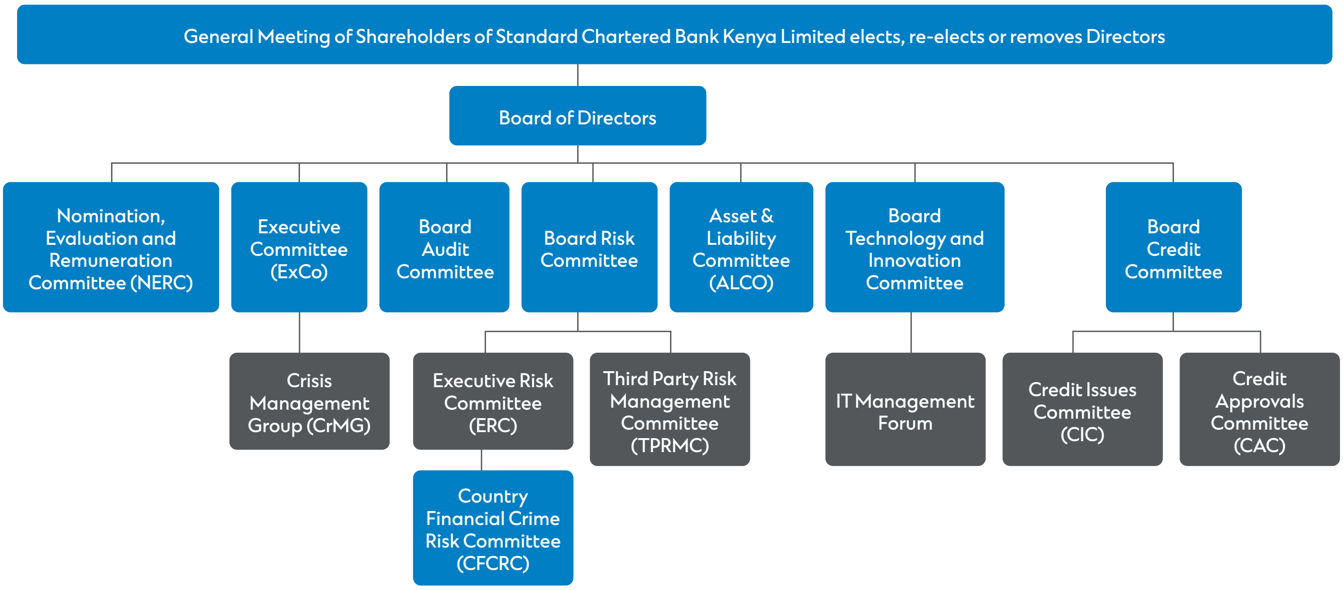
The Bank aims to measure and manage financial and non-financial risks arising from climate change, and reduce emissions related to our own activities and those related to the financing of clients in alignment with the Paris Agreement.

Digital Asset Risk is the potential for regulatory penalties, financial loss and or reputational damage to the Bank resulting from digital asset exposure or digital asset related activities arising from the Bank's Clients, Products and Projects.

Third Party Risk Mismanagement is the potential for loss or adverse impact due to the failure to manage the onboarding, lifecycle and exit strategy of a third party.

Executive and Board risk governance structure

The Board has ultimate responsibility for risk management and is supported by the Board committees and Management committees. The Board approves the ERMF based on the recommendation from the Board Risk Committee, which also recommends the Risk Appetite Statement. The Committee governance structure below presents the view as of 2024.



Risk management continued

Executive and Board risk governance structure continued

The Board Risk Committee has oversight of the Bank's overall risks. The Committee determines the ERMF for the Bank, including the delegation of any part of its authorities to appropriate individuals or properly constituted sub-committees. The Committee receives regular reports on risk management, including the Bank's portfolio trends, policies and standards, stress testing, liquidity and capital adequacy, and is authorised to investigate or seek any information relating to an activity within its terms of reference.

The Board Credit Committee has oversight of the Bank's credit policy and all lending undertaken by the Bank in line with the approved risk appetite.

The Board Audit Committee has oversight and reviews the Bank's financial audit and internal compliance issues.

The Asset and Liability Committee (ALCO) is responsible for determining the Bank's approach to balance sheet management and ensuring that, in executing the Bank's strategy, the Bank operates within internally approved Risk Appetite and external requirements relating to capital and liquidity risk. It is also responsible for policies relating to balance sheet management, including management of our liquidity and capital adequacy, interest rate and tax exposures.

The Executive Risk Committee is responsible for monitoring management information to evidence that the Bank's risk profile is within the approved Risk Appetite. It is responsible for providing assurance to the Board that the overall framework is complying with the approved Risk Appetite statements. The Committee also ensures effective management of inherent non-financial principal risks.

The non-financial principal risk types in scope are operational and technology risk, compliance risk, information and cyber security risk and, environmental, social and governance and reputational risk that is consequential in nature arising from the failure of all other principal risks. The Committee also reviews and challenges the adequacy of the internal control systems across all principal risk types.

The Credit Issues Committee ensures credit issues and adverse trends in the lending undertaken are identified and addressed through appropriate actions.

The Financial Crime Risk Committee, provides oversight of the effectiveness of the Bank's policies, procedures, systems, controls and assurance arrangements designed to identify, assess, manage, monitor, prevent and/or detect money laundering, non-compliance with sanctions, bribery, corruption, tax crime by third parties and frauds.

James Mucheke
Chief Risk Officer
19 March 2025

Stakeholders and Responsibilities

Engaging stakeholders

We aim to create long-term value for a broad range of stakeholders in a sustainable way.

We understand that by engaging our stakeholders frequently and transparently, we can build more trust and form a deeper understanding of various perspectives which can deepen our ability to effectively serve the market.

By enhancing our relationships with the stakeholders that shape our operating environment, we have been able to fulfil our purpose to drive commerce and prosperity through our unique diversity. Our heritage and values are expressed in our brand promise, here for good.

We strive to maintain open and constructive relationships with a wide range of stakeholders, including the media, regulators, lawmakers, clients, investors, civil society and community groups.

We believe that by partnering and working with a wide stakeholder group, we can form more representative engagements across our ecosystem. We undertake this through one-on-one meetings, conferences, consultative forums, collaborations, industry working groups, partnerships and capacity building that aligns with our ambition to build and maintain genuine relationships with stakeholders.

We use a variety of channels to communicate to our stakeholders, including our website, established social media platforms, and this report.

Transparent, multi-lateral and frequent stakeholder engagement is crucial in ensuring we are able to build a sustainable business informed by the context and frameworks that shape our operating environment.

Our Stakeholders

- Clients
- Suppliers
- Regulators and governments
- Employees
- Investors
- Society

Clients

How we create value

We want to deliver easy, everyday banking solutions to our clients in a simple and cost-effective way with tailored and bespoke client experience. We enable individuals to grow and protect their wealth; we help businesses trade, transact, invest and expand. We provide banking support for a variety of public sector and development organisations as well as financial institutions including banks.

How we serve and engage

Clients are at the heart of everything we do. We recognise the existence of significant and disruptive influences that are shaping client behaviour and preferences. The rapid adoption of digital technology has increased client expectations for real-time gratification. We build and foster long-term relationships with our clients helping us to better understand their needs and develop innovative solutions to help them achieve their goals.

In 2024, we used client engagements, regular surveys, experience forums, focus groups and digital channels to strengthen our ability to understand and meet emerging client needs. We participated in the Kenya Bankers Association (KBA) Customer Surveys to gauge our performance against that of other financial institutions.

In Wealth and Retail Banking (WRB), we take our responsibility to support our more vulnerable clients. We have put in place a global framework to ensure the fair treatment of vulnerable clients during product development and throughout the client journey. We provide training to frontline colleagues across our branches, contact centres and digital channels to equip them to identify and appropriately handle vulnerable clients. We have also implemented an educational training programme for those clients who require assistance in navigating online and mobile channels.

To act in the best interests of our clients, we use client insights, alongside our robust policies, procedures and the Group's Risk Appetite, to design and offer products and services. This is in addition to ensuring that we meet client needs, regulatory requirements and Group performance targets while contributing to a sustainable and resilient environment.

Stakeholders and Responsibilities continued

Our Signature Chief Investment Officer (CIO) portfolio funds comprising Signature CIO income fund, Signature CIO conservative fund, Signature CIO balanced fund and Signature CIO growth fund have continued to grow from strength to strength having been launched in 2023. This range of funds is designed to provide our clients with access to Standard Chartered's Chief Investment Officer's views through a global diversified multi-asset fund of funds portfolio aimed to cater to different risk and income profiles. The product is suited to investors who are looking to build a diversified Foundation portfolio.

SC Shilingi funds, our small ticket money market fund platform, hit new milestones in 2024 as it celebrated its third year. Clients further embraced the convenience of being able to invest through the SC Mobile App whilst enjoying the power of monthly compounding and access to unlimited withdrawals anytime, at no cost. As of 31 December 2024, SC Shilingi funds had crossed the KShs 17.6 billion Assets Under Management (AUM) mark. Clients have the option and flexibility of investing through a weekly or monthly recurring plan or a one-off lumpsum anytime on this platform.

Our clients want to have a positive impact on sustainability. In 2024, we continued to help them bridge this gap by offering them avenues to invest in Environmental and Social Governance (ESG) Offshore Mutual Funds. We currently have a total of forty-three sustainable Funds on our Mutual Funds' platform on SC Mobile. During the year, we also strengthened our Sustainable finance proposition by rolling out our Green Bonds offering. Our clients can now build wealth while investing in securities that generate a measurable and beneficial social or environmental impact alongside a financial return on investment. Clients can easily and conveniently access the Green Bonds and ESG funds from our SC Mobile app. We adhere to our sustainable investing approach including investing in environment, water and energy funds. In addition to this, we plant a tree on behalf of every client who invests in an ESG fund occasionally inviting our clients to join in our tree planting activities.

We continue to strengthen our digital transformation and innovation capabilities through differentiated product and service offerings, positive experiences and sustainable finance. We keep clients engaged by leveraging on our data analytics and digital marketing.

Strengthening the Sustainable Finance product proposition

As at the end of 2024, our Green bonds portfolio AUMs of KShs 412 million. The ESG portfolio closed at KShs 1.2 billion accounting for 2.7 per cent of the total mutual funds portfolio. The focus on sustainable investing remains and we shall continue to ensure we have solutions that cater to these needs of our clients.

We continue to deepen client engagement on ESG and the available ESG linked wealth solutions and partnerships to Affluent clients. From our three flagship partnerships with Davis & Shirtliff, Iclear and Chloride Exide, we had a total card spend of KShs 49 million across the partnerships as of 2024.

The Corporate and Investment Banking business has further simplified the way we work. We have kept our distinctly local client focus by having a less complex organisation and a single team to partner with our clients. Our strong and deep local presence allows us to work with our clients in creating bespoke financing solutions. We connect our clients multilaterally to investors, suppliers, buyers, and sellers, enabling them to move capital, manage risk and invest to create wealth. This approach also allows us to bring the full suite of our products and network to a broader spectrum of clients. We are working closely with our clients to help them transition to a low carbon environment through launching sustainable finance products and providing expertise, advice, and capital. We are committed to sustainable finance, delivering on our ambition to increase support and funding for financial products and services that have a positive impact on our communities and the environment and support sustainable economic growth.

Deploying our agile working practices has enabled us to increase our speed of decision-making and change delivery to meet client needs faster. Aligned to our valued behaviour of Never Settle, we will continue to strengthen our digital transformation and innovation capabilities.

For more information about our clients, read the client segments review on pages **17 to 18.**

Stakeholders and Responsibilities continued

Government and Regulators

How we create value

Standard Chartered regularly engages with public authorities to play our part in supporting the effective functioning of the financial system and the broader economy.

How we serve and engage

We actively engage with relevant government bodies, regulators, and policymakers to share insights and technical expertise on key financial services issues and support the development of best practice and adoption of consistent approaches across our market. This is achieved by meeting relevant transparency requirements through dialogue, timely responses to formal information requests including active participation in industry working groups constituted by the regulators. We comply with legislation, rules and other regulatory requirements applicable to our business and operations.

In 2024, we engaged with regulators, government officials and trade associations on a broad range of topics which included; Corporate Governance, adoption of the risk-based pricing model, adoption of Financial Action Task Force (FATF) recommendations aimed at getting the country off the grey list, international trade, climate risk, green financing and sustainable finance, data protection and cybersecurity, digital adoption & innovation and commenced the implementation of the Central Bank Granular Data Integration aimed to enhancing regulatory reporting. Our compliance with legal and regulatory frameworks ensures that the Bank meets its obligations as a good corporate citizen. In turn, this supports the resilience and effective functioning of the Standard Chartered Bank Group and the broader financial system.

In 2025, we will continue to prioritise compliance with regulatory or other legal requirements by making additional investments or through re-allocation of existing resources. Other engagements will be on the use of emerging technologies and innovations in the Bank in support of our One-Bank strategy across the Standard Chartered network, enhanced regulatory reporting, compliance with data protection requirements and combating Financial Crime.

We continue to update our systems to ensure that they continue to satisfy the dynamic needs of our clients. The Bank will continue to support regulatory efforts to maintain a robust and resilient financial market and lead in proactive cyber risk management aimed at protecting client personal information and funds. We also expect to engage on regulation and legislation associated with the introduction of sustainable finance and climate action, digital innovation, artificial intelligence and cyber security.

Our Investors

How we create value

We aim to deliver robust returns and long-term sustainable value for our investors.

How we serve and engage

Our operating footprint, along with a commitment to sustainable and responsible banking, uniquely connects investors with opportunities in emerging markets. In this context, we believe that an integrated approach to Environmental Social and Governance (ESG) issues and a strong risk and compliance culture provide competitive advantage.

Using the capital that we receive from investors; we execute our business model with a focus on delivering sustainable value for all shareholders. Whether they have a short or long-term investment horizon, we provide all investors with information about all aspects of our financial and sustainable performance.

By maintaining a robust and resilient financial position, we ensure the long-term stability and growth of the Company, thereby safeguarding the interests of our investors. Our strategic focus on prudent risk management, customer-centric solutions, and technological innovation has allowed us to consistently generate strong financial performance and returns for our investors, even in challenging economic environments. We continuously strive to uphold the highest standards of corporate governance and ethical conduct, underpinning the trust and confidence our shareholders place in us.

Stakeholders and Responsibilities continued

Suppliers

How we create value

We are dedicated to engaging with suppliers who offer value-adding goods and services across our network, and we work closely with them to support global environmental and social standards. Our suppliers are expected to be ethical, respect human rights, diversity and inclusion, and the environment to support our colleagues, clients, and communities.

How we serve and engage

We effectively manage, monitor, and mitigate risks in our supply chain through our Third-Party Risk Management Policy. This, in conjunction with the Principal Risk Type Policies and Standards, set out the Group's minimum control requirements for the identification, mitigation and management of risks arising from the use of suppliers. Our Supplier Charter sets out our principles in relation to ethics, human rights, diversity and inclusion, and environmental performance. All newly onboarded suppliers are expected to agree with these principles. We seek to reinforce this through the terms of our standard contract templates, where possible, and we further encourage alignment by sending an annual letter to all active suppliers. This includes guidance regarding our stance on ethics and conduct, sustainability aspirations, payment processes and other relevant principles such as Anti-Bribery and Corruption. We are dedicated to fostering strong, collaborative relationships with our suppliers. As part of this commitment, in 2024 we continued to hold training and awareness sessions with our suppliers on key areas such as Anti-Bribery and Corruption, Fraud Risk, Cyber Security, Data Privacy and Managing Your Brand.

Through our Supplier Charter, we expect our suppliers to support and promote environmental protection, and to comply with local environmental laws and regulations. We expect our suppliers to promote the development and distribution of environmentally friendly technologies and manage environmental concerns in their own supply chains.

We recognise our contribution to climate impacts through the goods and services we procure from our suppliers. Severe weather events could result in material disruptions to our supply chain that may potentially impact our ability to serve our clients. As such, we work to gather site locations for our material suppliers to assess their physical risk exposures, such that suitable continuity plans can be developed.

Supporting a diverse and inclusive supply chain

We recognise the value of supply chain diversity to our business and society. In 2024, we continued to integrate supplier diversity into our business strategy and make efforts to include diverse suppliers in sourcing activities and improve spending levels with diverse suppliers as appropriate.

We have continued to collaborate with non-governmental organisations (NGOs), and others to help build and develop our diverse and talented supplier pool. In 2024, we marked the International Day for Persons with Disabilities by partnering with Sight Savers and Light for the World to create awareness and build capacity of our vendors to become disability confident organisations.
We have continued to build capacity with our own colleagues through online training on supplier diversity and inclusion.

For Standard Chartered Bank Kenya, diverse suppliers are defined as:

- Small enterprise (10–49 employees + turnover <KShs 1,349 million)
- Micro enterprise (<10 employees + turnover < KShs 270 million)
- Medium enterprise (50–249 employees + turnover <KShs 6,745 million)
- Women owned (51 per cent or more owned by Women)
- Disabled owned (51 per cent or more owned by differently abled people)
- Social enterprises (NGOs and charities)
- Their interests
- Open, transparent and consistent tendering process
- Accurate and on-time payments
- Willingness to adopt supplier-driven innovations
- Obtain guidance on implementation of Sustainability matters

Supplier Charter

Through our Supplier Charter, we expect our suppliers to support and promote environmental protection, and to comply with local environmental laws and regulations. We expect our suppliers to promote the development and distribution of environmentally friendly technologies and manage environmental concerns in their own supply chains. Our Supplier Charter can be viewed at sc.com/supplier charter.

Stakeholders and Responsibilities continued

Employees

How we create value

We recognise that our workforce is a significant source of value that drives our performance, productivity with the diversity of our people, cultures and networks setting us apart. To lead the way in addressing the evolving needs of our clients and the advances in technology, the Bank continues to safeguard and optimise its commitment and investment made for and in our people.

Our focus in the year continued to create an engaged workforce maintaining a robust performance culture, which inspires colleagues to perform at their best.

Employee Value Proposition

Our Employee Value Proposition (EVP) is a key differentiator, and it continues to give the Bank an edge with our employee advocacy journey that is enabling recruitment and retention of the best people. In 2024, we embedded and enhanced our offering, in service of our people in these areas.

Flexible Work Model

The Bank has over the last three years embraced flexible (hybrid) working. This model has enabled colleagues to enjoy an inclusive, collaborative, innovative, and future fit work experience. In 2023, the Bank formally contracted with staff to an employee driven work pattern that covered work hours and location desired by colleagues. In doing this, the Bank took a bold step to embed flexibility, enabling all to combine virtual and office-based working models. The feedback received reveals that hybrid workers feel 'most positive' about their productivity and are great promoters of overall employee experience at the Bank. The Bank has over the last three years embraced flexible (hybrid) working. This model has enabled colleagues to enjoy an inclusive, collaborative, innovative, and future fit work experience. In 2023, the Bank formalised by contracting the Flexi-working arrangements for most colleagues. In 2024, an average of 44% of our colleagues embraced hybrid working, choosing the option of working from home or office for 2 to 3 days per week. The feedback from this group, is that the flexibility supports their delivery, as well as their well-being. The Bank remains committed to ensuring this work model is refreshed frequently to meet business, team, and individual needs.

Parental Leave and Menopause Benefits

The Bank launched and implemented a revised parental leave benefit in 2023, that entitles all colleagues a minimum of 20 weeks of paid leave. In

Stakeholders and Responsibilities continued

2024, 45 colleagues have utilised parental leave and found it a refreshing time to rejuvenate after welcoming a new child and supporting their partners. The Bank has continued to work towards being a menopause confident workplace. We continue to empower colleagues by raising awareness on menopause, so our colleagues feel supported and empowered to take charge of their health and wellbeing. We are proud of the discussions that have ensued on this subject and indeed has normalised the care and equally the support to thrive in the workplace.

Engagement and Wellbeing Initiatives

In 2024, we increased the engagement opportunities between colleagues, focusing on conversations relating to our Employee Value Proposition (EVP) and demystifying opportunities for career growth and development. Our engagement and learning Engage to Elevate and My Health My Wealth series continued to bring relevant topics in over 40 sessions across 5 markets and gained recognition across the Group. The Engage to Elevate series was nominated as a finalist in the 2024 Standard Chartered Global Recognition Awards for exceptional contribution and exemplifying our valued behaviours. The results of the 2024 My Voice staff engagement survey were positive, with an 18 per cent increase in colleagues who would recommend working for the Bank. In view of the Banks's strategy, Fit for Growth, over 93 per cent of our colleagues say that this will enable us to be more competitive and have aligned their work to the strategy.

Leadership and Training View

We continued to build skills in the core areas in CIB and WRB, around Wealth Management, Client Experience and Sustainable finance. In 2024, the Bank was keen to upskill our leaders, so that our teams get to work with supportive leaders who inspire, coach, and guide their careers and work journeys. 77 of our People Leaders were trained in Core Leadership across 3 modules throughout the year.

Stakeholders and Responsibilities continued

Diversity, Equity and Inclusion

The Bank is committed in supporting an inclusive workforce that not only mirrors the diversity of our country, but also supports growth and innovation.

Gender Pillar – We continue to pursue gender parity especially at the senior level, where female representation stands at 36 per cent, in comparison to bank wide representation that stands at 54 per cent. The employee resource groups (ERG) of SKIRTs and BOOTs have been committed, and increased engagement through various initiatives in the year. The SKIRTs team completed a mentorship programme. The senior female colleagues mentored 40 junior female talent, and this has given impetus to the long-term view growth trajectory for most of the attendees. The ERGs conducted 8 sessions in support of the DEI strategy where all colleagues get to experience a workplace that celebrates diversity through various events such as International Men/Women days, World Menopause Day amongst others.

Generations - The Bank's average age is 40 years, composed of majority millennials – and the priority for this year was to provide psychological wellbeing to our colleagues. Data from 2024 My Voice survey indicated that 30 per cent of our people were experiencing "consistent work-related stress that they struggle to cope with" or "frequent periods of stress that are challenging." The Bank continues to provide support through our employee assist programme (EAP) on counselling and educative sessions to help manage this.

The Bank ran a financial wellness support programme, after observing signs of financial strain amongst some of our colleagues, which brought to the fore some difficult situations some colleagues were handling. The financial coaching and in some cases financial support for some challenging medical situations came in handy and we have seen an improved financial discipline as we closed the year.

In 2024, our Employee Net Promoter Score hit a record high of 39.08, rising by +3.44 from 2023. This is a testament that our Employee Value Proposition is promoting our Bank as the best place to work.

Disability – The Bank concentrated on the sourcing strategy for the Internship and Graduate Programmes, with a focus on attracting Persons with Disabilities (PWDs). As this has been an area of concern, we partnered with Sight savers and Light for the World to source and include candidates in the programme. We invited 85 applicants who met our shortlisting criteria. Following several conversations through our partners, 27 candidates applied and managed to undertake psychometric assessments. We got a good pool of candidates and core learnings on the enhancements required to provide reasonable accommodation for the 2025 cohort.

The Bank continued to provide our colleagues with purpose-driven work, where they were able to contribute to initiatives that drive societal impact. This was done in conjunction with FutureMakers where 67 per cent of our colleagues were able to participate in Employee Volunteering in projects that match their skills and financial empowerment for the underprivileged.

Society

How we create value

We believe that we can fulfil our Purpose – to drive commerce and prosperity through our unique diversity without people being left behind, without the planet being negatively impacted, and without creating divisions that diminish our sense of community.

We are committed to sustainable social and economic development across our business, operations and communities including achievement of net zero emissions and the UN Sustainable Development Goals. We have taken a bold stand towards Accelerating Zero with two aspirations – mobilise sustainable finance; and operationalise our interim 2030 financed emission targets to meet our 2050 Group net zero ambition.

How we serve and engage

We are committed to sustainable social and economic development through our business, operations, and communities by delivering against our three sustainability pillars – **Sustainable Finance, Responsible Company and Inclusive Communities.**

This is underpinned by our three bold stands.

Stakeholders and Responsibilities continued

Our Stands

How we create value

The impact of climate change, stark inequality and the unfair aspects of globalisation impacts us all. We are taking a Stand by setting long-term ambitions on these issues where they matter most. This works in unison with our strategy, stretching our thinking, our action and our leadership to accelerate our growth.

- Accelerating Net Zero - The world must reach net zero carbon emissions by 2050 to limit the worst effects of climate change. This will require efforts across stakeholder groups to accelerate the transition to a low-carbon, climate-resilient economy. The need for a just transition that addresses environmental challenges, while ensuring inclusive economic and social development in Kenya is a priority for us.
- Lifting Participation - Inequality, along with gaps in economic inclusion, mean that many young people, women, and small businesses struggle to gain access to the financial system to save for their futures and to grow their businesses. We want to increase access to financial services and make them available at low cost. We strive to expand the reach and scale of accessible banking and to connect clients and our wider communities to the skills and educational opportunities that promote and sustain access to finance and economic opportunity.
- Resetting Globalisation - Globalisation has lifted millions out of poverty but left many behind. We advocate for a new model of globalisation based on transparency to build trust, renew confidence, and promote dialogue and innovation. We connect the capital, expertise and ideas needed to drive new standards and create innovative solutions for sustainable growth. We work to shape a new understanding of growth, one that is based on inclusivity, sustainability, and our ambition to support people and communities for the long term.

Sustainability is a moral imperative and an opportunity. Our Sustainable Finance capabilities are not only making a difference where it matters the most; they are also representing a growing source of income. We have developed our approach to sustainability within the two client business segments - Corporate and Investment Banking (CIB) and Wealth and Retail Banking (WRB).

People

We continue to build our teams capabilities through training and exposure to the green and transition frameworks that we have developed globally. These frameworks allow the coverage team to identify more Sustainable Finance opportunities during client engagements. Our internal learning platform, DiSCover continues to offer trainings for our colleagues in all current and emerging areas such as sustainable finance, digital assets and artificial intelligence.

Responsible Company

Financial Crime Risk Management

The Bank remains committed to fighting financial crime and has a deep belief that fighting financial, and cybercrimes is necessary for the sustainability of our business and the economies we operate in. The Bank's ambition is to tackle the most damaging financial and cybercrimes by making the financial system a hostile environment for the criminals. During the year we have taken steps to ensure that our financial crime awareness, and controls remain robust and evolve to meet emerging threats.

The Bank acknowledges that for this to happen, it is critical to adopt a concerted effort and partnerships amongst regulators, industry players, law enforcement, non-governmental bodies and others. The Group has embraced partnerships and participated in various strategic partnerships to demonstrate the critical importance of partnerships and intelligence sharing in disrupting financial crime. This validates the adage "it takes a network to bring down a network."

Our Financial Crime Compliance team continues to proactively identify, prevent potential fraud, terror financing and money laundering activities using next-generation surveillance, financial crime monitoring infrastructure and machine learning. This is in addition to having the right governance and policy framework; robust training and awareness, an independent monitoring, detection, reporting and assurance framework. Money laundering crimes and cyber enabled frauds remained our greatest threats in the year.

The enablers for this dynamic risk assessment of Financial Crime Risk are threat analysis, network analysis, leveraging on data, advanced analytics augmented by Money Laundering and Artificial intelligence tools, as well higher skilled teams with deep subject matter expertise and a strong risk management culture thus are more responsive to risks and better able to support our businesses to grow by putting clients at the heart of how we manage risk.

Following the grey listing of Kenya on 23 February 2024, there have been a number of industry wide engagements championed by the Financial Reporting Centre, Central Bank of Kenya and the Kenya Bankers Association. These engagements are aimed at reviewing the progress made so far to develop a comprehensive strategy to address the deficiencies that led to the grey listing and Standard Chartered Kenya has not only actively participated in these industry engagements but also provided feedback as part of the consultative process.

Management of financial crime within the Bank is the responsibility of all colleagues who are divided into three lines of defence. We are focussed on strengthening our three lines of defence and in 2024 we have continued to make our first line teams more capable of risk identification at the earliest. The Bank takes a zero-tolerance approach to breaches in laws and regulations related to Financial Crime and the relationships that are deemed to pose such risks are terminated. Together we to continue make the financial system a hostile environment for financial criminals and terrorists.

Fraud Risk Management

The internal and external fraud threat landscape is continually evolving, requiring the strengthening of fraud control standards. This is at the back of the growing trend of digitisation of products and channels that has created fast settlement cycles. Transactions such as wire transfers and mobile money transactions are mainly executed through digital platforms. This has provided fraudsters with easy access to banking services and fast movement of proceeds of fraud. In response to this dynamic, complex and rapidly evolving landscape the Bank ensures that the controls remain robust and evolve to meet emerging threats and to protect market and Client interests.

Relatedly there is an increasing Regulatory expectation to have robust KYC & Identity verification requirements, including Biometrics, stronger customer Authentication standards for payments via Online and Digital channels, minimum standards for Fraud Surveillance including pro-active Customer notifications as well as improved Customer education and awareness and adherence to Data security and Privacy protocols.

The main typology of fraud is social engineering schemes (phishing and vishing). Through fictitious emails sent to clients with an embedded phishing link, the fraudsters purport to advise clients on various issues. To effectively address the increasing fraud trends, the Bank has commissioned various working groups to conduct reviews and identify potential gaps in the Bank's fraud risk management framework with appropriate treatment plans. The Bank has also put in place fairer liability frameworks to protect vulnerable Customers.

Stakeholders and Responsibilities continued

The Bank ensured strategic fraud awareness messages are shared with clients in all banking channels – online and mobile banking, The fraud awareness messages were strategically placed to educate the customer. We frequently send messages to clients cautioning them against sharing their One Time Pin (OTP); clicking on phishing links or providing their personal details on calls to persons purporting to be bank employees.

The Bank invested in Fraud risk management systems such as ThreatMetrix (TMX), a Digital Fraud detection and prevention tool which is integrated with Login and Channel Registration functionality in I-banking and SC mobile. Additionally, PIN Registration and Reset has been disabled for all front-line colleagues and replaced by customer self service capabilities.

On employee conduct, the Bank has a strong tone from the top on acceptable behaviour and speak up channels for reporting any cases on fraud. The Bank remains committed to dealing with colleagues who breach the shared code of conduct through the disciplinary process which includes termination and reporting to law enforcement agencies.

Training and awareness creation across the Bank is critical to equip all our colleagues to effectively play their line of defence role. Various thematic, risk based, and targeted financial crime virtual trainings were conducted.

In 2024, more than 99 per cent of our colleagues completed the mandatory e-learning programmes for internal and external financial crime risks. Further, the Bank has ensured it has equipped its 2nd line technical colleagues with the relevant skills to respond to financial crime escalations.

Through its partnership with the Association of Certified Anti-Money Laundering Specialists (ACAMS), over 80 per cent of the Financial Crime Compliance Team (FCC) are ACAMS certified and 100 per cent certified through the Bank's Financial Crime Academy which offers specialist modules and certification. Lastly through our outreach initiatives and in the spirit of corroborating with external partners, in 2024 we facilitated an awareness session for university staff on fraud and cybercrime.

Accelerating zero in our operations

We are committed to achieving net zero emissions from our operations by 2025 through the adoption of renewable energy sources, enhanced waste management solutions and water usage.

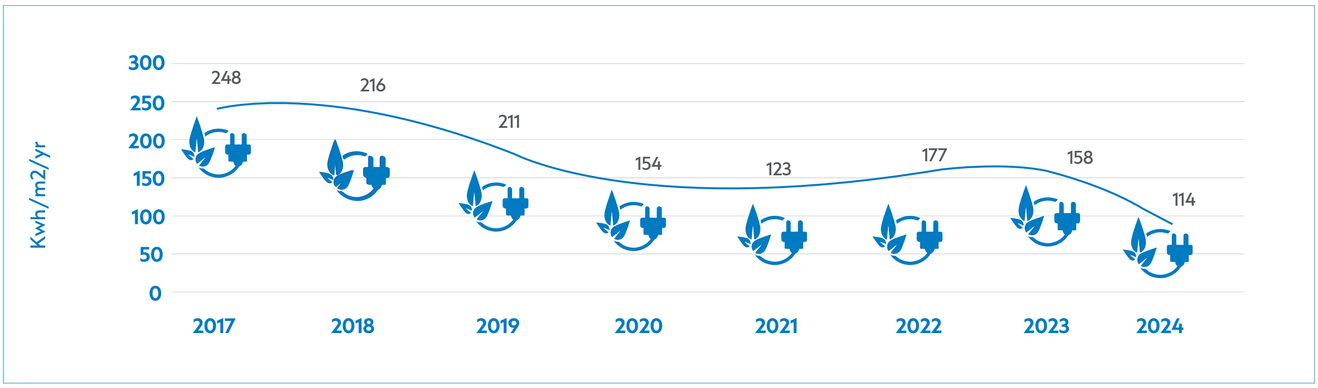
Our strategic focus areas:

Carbon Emissions: Our carbon emissions as at 31 December 2024 was 61 tonnes; a 79 per cent reduction from 2023 baseline of 282 tonnes.

Energy Use: Kenya achieved a 54 per cent reduction in energy usage (electricity, diesel, solar), from 2017 - 2024, demonstrating our commitment to sustainability in our operations.

Energy Use:

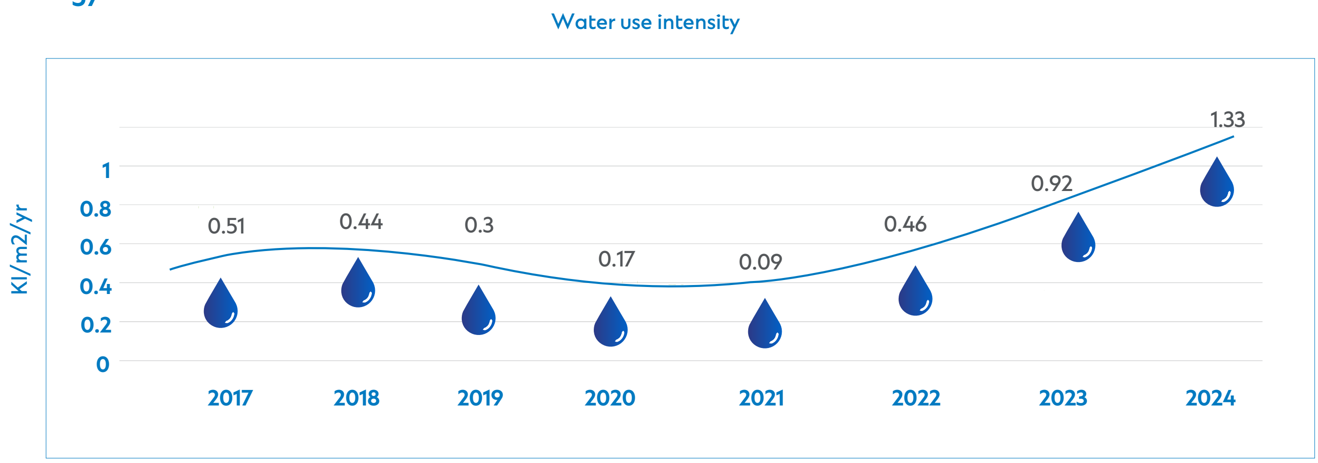
Energy usage Intesity (EUI)



Stakeholders and Responsibilities continued

We achieved a 54 per cent reduction in energy usage (electricity, diesel, solar), from 2017 - 2024, demonstrating our commitment to sustainability in our operations. Our energy usage intensity (kwh per square foot, per year) decreased from 158 units in 2023 to 114 units in 2024 an indication our sustainability projects and initiatives are bearing fruit. The solar carport project at our Chiromo Head Office has a capacity of 177KWH at its peak performance. This has significantly contributed to the energy usage reduction. As part of our Life Cycle Replacement on obsolete HVAC equipment, we have strived to install Inverter Air Conditioners that save up to 30% electricity compared to the obsolete non in type Air conditioners. We continue to work on our strategy to further reduce our energy consumption from scope 1 (direct emissions) and 2 (indirect) emissions in line with our 2025 goals. Our carbon emissions as at 31 December 2024 was 253 tonnes; a 10 per cent reduction from 2023 baseline of 282 tonnes.

Energy Use:



Our water usage rose to 1.33 units in 2024 attributed to a wastewater system issue whose solution is a work in progress. The four rainwater harvesting systems installed across the branches are fully operational. Meters have been installed to assist in capturing accurate data on the water being harvested and the related cost savings.

Paper Usage Reduction

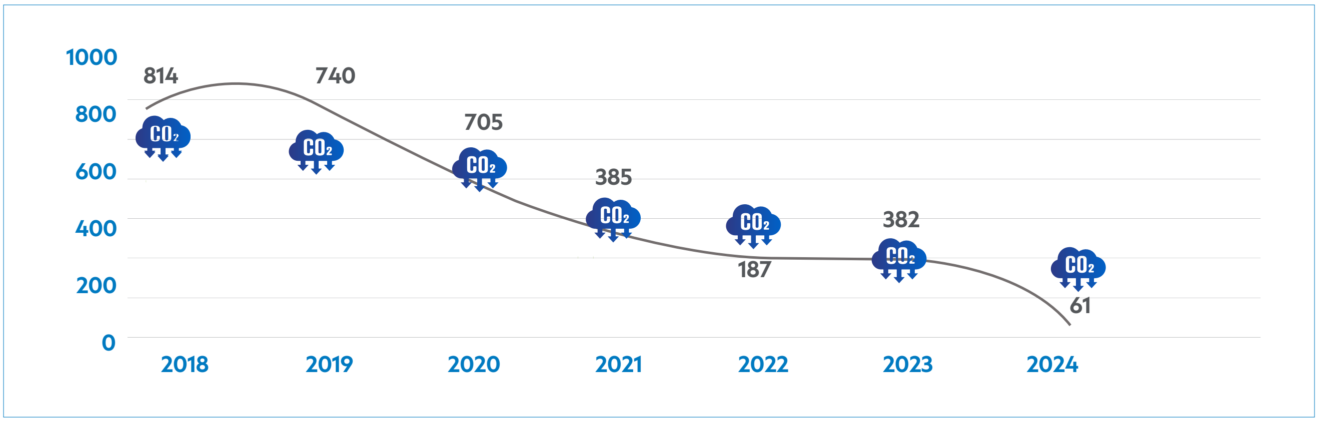
Compared to our monthly target of 500kg or less, the rolling average printing paper utilisation as at December 2024 was 542.35Kgs. This represents an average increase of 8 per cent in our paper usage across the portfolio. We plan to set an ambitious target of 400Kg or less for 2025 as we continue to monitor effectiveness of our existing strategies both at the branches and Head Office. Sensitisation programmes to improve the printing culture is ongoing.

Effective Waste Management

Waste Management: The amount of waste recycled was approximately 97 per cent of the total waste generated at Chiromo Head Office, Treasury Square and Kenyatta Avenue branches. Kenya achieved the True Zero Waste Certification is a testament that our sustainable waste management strategies are working effectively.

Carbon Emission Reduction

Carbon Emisions



Carbon Emissions: Our carbon emissions as at 31 December 2024 was 61 tonnes; a 79 per cent reduction from 2023 baseline of 282 tonnes. Data that was reported for 2023 was adjusted upwards from 282 to 382 due to the increase in the carbon conversion factor for Kenya. The end of year Carbon forecast for 2024 is currently 61 tonnes, this is due to purchase of renewable energy certificates, allowing Kenya to offset all their scope 2 emissions. The scope 2 emissions include all of Kenya's electricity consumption. The offsets reduce Kenya's carbon emissions by 192 tonnes which is equivalent to approximately 84 per cent of the country's overall emissions. As part of delivering our sustainability strategy, our objective is to optimise our portfolio to enhance energy efficiency, managing scope 1 (direct emissions) and scope 2 (indirect emissions).

Measurement and Verification

Our carbon metrics are derived from scope 1, scope 2, and scope 3 emissions, with a concentrated focus on scope 1 and scope 2 for our operations. Data is collated monthly and consolidated into a central database for accurate tracking of carbon emissions, water usage, energy usage, and waste management. This data undergoes annual verification by independent assessors.

EDGE Certification

The Bank gained the EDGE certification in the year, which is a green building certification focused on making buildings more resource efficient. The Bank was the first organisation in Kenya to obtain the EDGE certificate.

Our Chiromo Head Office refurbishment ensures that the building promotes water conservation through use of water efficient fixtures and wastewater recycling. The Bank was also able to show efforts on energy conservation are effective.

The design choice for the project is predicted to bring in energy savings of 30 per cent, water savings of 51 per cent and embodied energy savings of 100 per cent. Through this exceptional level of environmental performance, the project is expected to have a lasting impact today and in the years to come.

Inclusive Communities

Investing in community impact

Access to jobs and reducing inequality are critical to boosting prosperity. Globally, 282 million young people are not in education, training, or employment. Inequality and a lack of jobs are key barriers to reducing poverty and boosting prosperity. We understand that increasing economic participation creates thriving communities. Our approach aims to help bridge the often-significant gap that prevents young people from accessing commercial products and services. Through community partnerships, client partnerships, and employee volunteering, we aim to contribute towards more inclusive economies and increased equitable prosperity. Central to this effort is our global youth economic empowerment initiative, Futuremakers by Standard Chartered, which aims to help disadvantaged young people, especially young women, access economic opportunities through employability and entrepreneurship support.

Stakeholders and Responsibilities continued

Established in 2019, Futuremakers primarily seeks to contribute to Sustainable Development Goal 8 - promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. Futuremakers aims to help disadvantaged young people learn, earn, and grow and is delivered by the Standard Chartered Foundation.

In 2024, we refreshed and launched the Futuremakers 2.0 strategy. Based on learnings from the first five years, the evolved Futuremakers initiative focuses on two core areas; empowering young people to gain skills and sustainable employment; and supporting entrepreneurs to build thriving microbusinesses and create jobs in their communities, with disability inclusion and financial inclusion as cross-cutting themes. In 2024, we supported over 3,300 young people and enabled the creation of 67 jobs through supported microbusinesses. From 2019 to 2024, through Futuremakers, we supported more than 54,000 young people, with 331 gaining decent jobs and enabled the creation of 1,380 jobs through supported microbusinesses.

Employability - Creating an inclusive ecosystem for decent work

Around the world, millions of young people are not in employment, education, or training (NEET) or are trapped in low-paid and insecure work that prevents them from contributing economically to their communities and wider society. They lack the skills and opportunities to improve their situation. Young women are twice as likely as young men to be NEET. Attitudes and discrimination linked to disability make it much more difficult for young people with disabilities to participate in economic activities.

We believe everyone deserves the opportunity to have access to training and employment opportunities to realise their full potential and gain financial independence. Our Futuremakers employability programmes prioritise these disadvantaged groups, especially women and people with disabilities, supporting them to gain the skills and networks to access decent jobs and encourage employers to promote an inclusive ecosystem. We provide access to quality training opportunities for young people and provide them with technical and vocational training, work experience, interview and CV preparation skills and mentorship opportunities.

In 2024, we invested a further KShs 133 million to launch a 3-year employability programme dubbed RISE (Ready for Inclusive and Sustainable Employability).

The programme aims to empower over 2,000 young people with the life-skills, confidence, and leadership capabilities to enable them to access employment, generate a decent income and become economically resilient and result to decent employment for 605 youth. It is designed to develop a talent pool of appropriately skilled, employment-ready young people with and without disabilities, with the relevant skills such as resume writing, interviewing and career planning to enhance individual competitiveness and become employable or self-employed, thereby securing a better future for themselves and their communities.

For an employability programme to become sustainable, we acknowledge the need to develop both the demand and the supply side and engage wider labour market stakeholders including business communities, Universities, Government, and associations for people with disabilities to become the catalysts of inclusion in the broader labour market. We have taken a labour market approach supporting employers to become more disability confident and more inclusive of people with disabilities.

To commemorate International Day for Persons with Disabilities, we partnered with Supply Chain and Human Resources and hosted over 70 Bank vendors and partners to create awareness and build capacity of our vendors to become disability confident organisations.

In 2024, 475 young people participated in our employability programme and 81 have entered decent employment, bringing to a total of 11,511 young people who have participated in the Employability programme since 2019, with 331 having entered decent employment.

Entrepreneurship: Unlocking the potential of microbusinesses

Micro, small, and medium enterprises (MSMEs) are the main GDP contributors and job creators in developing and emerging economies like in Kenya. Millions of new, sustainable jobs are needed to maintain a growing global workforce, and many of these will need to be enabled through MSMEs. Yet young people – particularly women and people with disabilities – face barriers to starting and sustaining a business, from inequitable access to finance, to limited relevant knowledge and skills, and often a lack of confidence. Across many developing markets, young people, women, micro and small businesses struggle to gain access to the financial system due to persisting socioeconomic factors such as inequality and gaps in economic inclusion, denying them opportunities to save and plan for their futures, as well as grow their businesses. Research by the International Finance Corporation suggests that there is a USD173 billion financing gap for female microbusinesses in lower and middle-income countries.

We believe investing in girls and young women brings greater prosperity and diversity to society. A more financially inclusive society, where women are fully incorporated into the economy will unlock substantial economic growth, empowering women to be a force for growth - powering the path of sustainable economic recovery.

Our Futuremakers entrepreneurship programmes support young entrepreneurs, mainly women, to achieve business growth, build green and social microbusinesses, and create much needed jobs in their communities. We provide entrepreneurs access to training, networks and finance that enable microbusinesses to thrive. Through our entrepreneurship programmes - Women in Tech (WiT) and Access to Finance, we support microbusiness owners and aspiring entrepreneurs to build financial knowledge and develop broader business skills. They unleash the potential of young entrepreneurs, enabling them to earn from their businesses, thrive in the local market and beyond, and ultimately create new jobs.

Standard Chartered Women in Tech Programme

Launched in 2017, Women in Tech is designed to address these gaps and upscale women-led technology ventures, as an enabler for economic empowerment of women, through training, mentorship, and seed funding. Aligned with our purpose to drive prosperity through our unique diversity, WiT targets female entrepreneurs leveraging on technology to build or pivot micro small and medium enterprises. It is a response to calls for greater diversity in technology and opportunities for women to further develop leadership expertise.

The programme has attracted female led enterprises from different sectors such as hospitality, financial services, health care, agriculture, green businesses, and media providing solutions to health issues, challenges faced by persons with disabilities and creating efficiencies that drive the cost of services down using technology.

Since its launch, the programme has attracted over 2,250 applications from 7 cohorts. To date, 77 female led businesses have gone through a 12-week incubation programme with 39 teams being awarded KShs 1.3 million each in seed money for their ventures.

As part of UN General Assembly Global Goals Summit, we hosted a Futuremakers satellite event in conjunction with WiT USA in New York that brought together over 50 Women in Tech, Access to Finance participants and women-led businesses to discuss the topic – Plugging the Financing Gap for Young Entrepreneurs.

To support the alumni after incubation, we launched a catalyst fund where our alumni access further funding to scale their business.

Access to Finance Programme with SOMO

We launched the SOMO Access to Finance programme in 2022 to support women led small and micro businesses to access small ticket loans of between KShs 250,000 to KShs 2.5 million to fuel the growth of female led enterprises at a low cost interest rate of 5 per cent. The programme has provided debt financing spanning the industries of food, agriculture, education, personal care and textiles. The revolving funds are reinvested back into the women-led businesses.

Through the programme, 181 women entrepreneurs successfully completed the Women's Advisory Programme, exceeding a target of 80.
68 participants accessed debt financing, with 84 loans disbursed, totalling KShs 30 million. Nine women transitioned to larger loans after repaying 75 per cent of their initial loans, demonstrating improved financial discipline.

Under the entrepreneurship pillar, 67 jobs were created in 2024 bringing to a cumulative total 1,380 jobs since 2019.

Education - Unleashing the economic potential of girls

Investing in girls can result in increased prosperity and diversity. Giving girls the tools to shape their own future has an intergenerational multiplier effect on communities and societies. Goal is our Futuremakers education programme to equip adolescent girls with the confidence, knowledge, and skills they need to be economic leaders in their families and communities.

Stakeholders and Responsibilities continued

Through sports and activity-based learning, Goal delivers modules on financial education; communication skills; health and hygiene; and self-confidence i.e., Be Yourself, Be Healthy, Be Empowered, Be Money Savvy and Be Independent. Goal also has a range of intensive and non-intensive (comic book, radio, Goal games/events) approaches that are used by partners.

The curriculum is designed for girls aged 12-19 from low-income households and is typically offered on a weekly basis, over the course of ten months.

In 2024, we reached over 7,152 beneficiaries through the Goal events which included the Goal Home Activity book in schools and out of school community interventions, reaching a cumulative total of 26,354 since launch.

To mark the International Women's Day, our Women's Forum supported the Goal Girls through mentorship and a medical camp. We partnered with the Play On initiative, Liverpool FC, for a *Train the Trainer* Programme to provide coaches with the skills needed to inspire, empower, and educate girls to participate in sports. Over 30 coaches participated in the three day training camp led by Liverpool FC coaches.

Accelerating zero in our communities

We are participating in accelerating to net zero through partnerships, creating awareness for our colleagues, communities and engaging like-minded stakeholders in the fight to mitigate the impact of climate change thereby putting the world on a sustainable path to net zero by 2050.

Partnerships for Purpose

We continue to implement our three-year partnership with the Nairobi Arboretum Park to promote urban green spaces and create awareness on conservation of the environment in the community. Our target is to upgrade 50 signages, label and QR code 100 iconic trees and support a one million seedlings nursery.

In 2024, we achieved our target to plant one million tree seedlings in the nursery. We additionally planted 60,000 trees country wide in partnership with local communities and our clients. Our colleagues have participated in this initiative through volunteering their time in nursery preparation.

Sustainable Marathon

The 21st edition of the Standard Chartered Marathon was held on 27 October 2024.

We registered a total of 25,187 participants representing 94 nationalities; 44.2 per cent being women and 197 persons with disabilities. Over 53,000 seedlings were distributed to marathon participants during warm up races, satellite races and on the marathon day. We distributed water using biodegradable water packs and collected all waste for recycling.

The marathon was supported by over 1,000 volunteers including 350 colleagues from the Bank. A total of KShs 48 million was raised towards the Futuremakers initiative, with all proceeds from the marathon registration going towards the Futuremakers programme.

Supporting our Communities through Employee Volunteering

Volunteering has a positive impact on our communities, our colleagues, and our broader business. It provides an opportunity for our colleagues to share their time, skills and expertise on issues that matter in their communities. It also promotes the mental and physical health of our colleagues. We offer every colleague three days paid leave to volunteer in an activity of their choice.

Employee Volunteering in 2024 focused on driving skills-based volunteering where we encouraged colleagues to use their skills and expertise to support the Futuremakers programme.

In 2024, 82 per cent of our colleagues achieved 1,408 days of volunteering, to support various causes. Over 3,500 hours were contributed to skills-based volunteering which ranged from provision of financial education to local schools, to coaching and mentoring the Futuremakers participants, coaching young Women in Technology entrepreneurs and career talks for young people.

We engaged our leaders in volunteering activities such as mentors' dens and coaching sessions. This included our Group Board, Kenya Board and various senior Group leaders who visited Kenya in 2024.

Emergency response

Emergency Response involves supporting communities in the wake of disasters such as floods and drought. In 2024, we donated KShs 7 million to support 200 young people whose businesses and livelihoods had been destroyed by floods in the Mathare Area. Through the initiative themed 'Hope after the Storm' our colleagues donated clothes and household items. In addition, 50 colleagues and our partners mentored the youth in sessions covering topics such as Financial Education, recycling for income generation, mental health and life skills.

Case Studies

PowerPay Africa Background and Motivation

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PowerPay Africa, a subsidiary of Green Innovation Ventures Limited, was founded in 2018 by Joyce Kibe. The company's mission is to provide affordable and efficient clean energy solutions to off-grid communities, households, and SMEs in Kenya and beyond. Joyce's inspiration stemmed from her prior experience working with a government corporation on alternative cooking solutions. She identified a significant gap in the market—many rural communities were reliant on dirty fuels like kerosene for lighting. Bureaucratic challenges in addressing these issues prompted her to establish her own startup to bridge this gap and address the unmet energy needs of off-grid communities.

Engagement with the Women in Tech Programme

Powerpay joined the Standard Chartered Women in Tech Programme in 2019 as part of Cohort 3 to build capacity, enhance its business model, and raise seed capital. Transitioning from a corporate environment, Joyce and her co-founder, a former senior manager at National Oil, were moving from the dirty oil industry into clean energy. Their first major projects involved deploying clean energy solutions to off-grid communities in Western and Coastal Kenya.

Wilson Kamau Futuremakers Employability Programme

My journey toward becoming a dedicated disability inclusion advocate began in 2022 when I joined the transformative Future makers Programme. This programme was not just a milestone in my career but a turning point that shaped my purpose, skills, and commitment to creating a more inclusive society.

From Aspiring Advocate to Disability Inclusion Champion

As a Cohort Leader at Kenyatta University, I had the unique opportunity to nurture my leadership abilities. My role involved mobilising participants to actively engage in the programme, ensuring they completed their training, and facilitating job shadowing opportunities to help bridge the gap between theory and practice. This experience taught me critical lessons about responsibility, communication, and the power of mentorship in building a supportive community.

What truly set the Futuremakers Programme apart, was the mentorship I received from a dedicated team of professionals who believed in my potential. Their guidance helped me identify my strengths, refine my aspirations, and develop a focused approach to advocacy and leadership. The constant encouragement and constructive feedback from the mentors instilled in me the confidence to take on more significant challenges and excel in my work.

Upon completing the programme, I was offered a three-month internship at the National Council for Persons with Disabilities (NCPWD). This was a pivotal moment in my career, as it gave me invaluable hands-on experience. At NCPWD, I immersed myself in tasks such as streamlining office administration, managing community training sessions, and empowering groups to access essential services. I supported the registration of persons with disabilities and facilitated their linkage to key programmes, ensuring their inclusion in opportunities that matter. This experience deepened my understanding of the systemic barriers' persons with disabilities face and the need for targeted interventions.

Case Studies continued

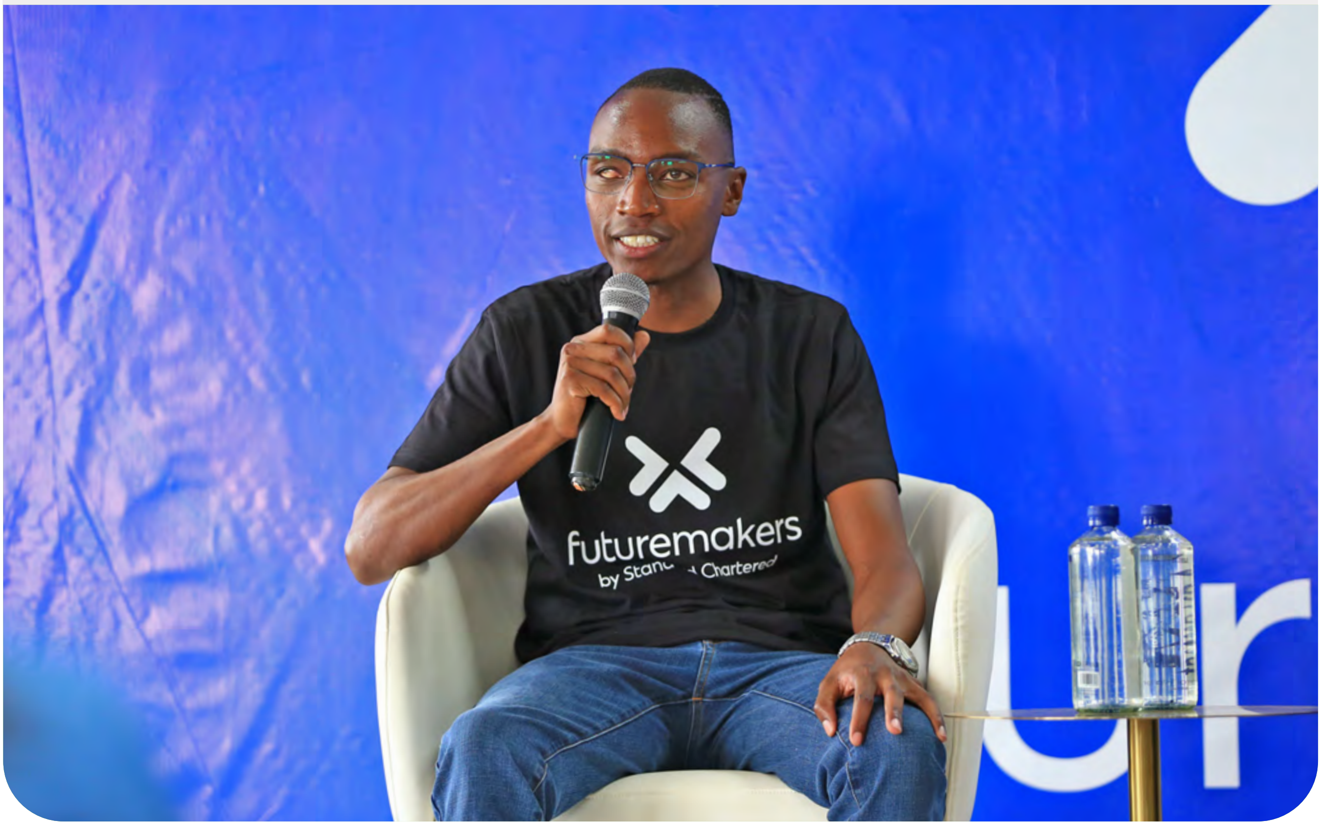
The mentorship and skills I acquired during the Futuremakers Programme laid the foundation for my next role as a Disability Inclusion Facilitator with Light for the World. In this capacity, I have conducted disability awareness training, accessibility assessments, and mentorship programmes, helping organisations adopt inclusive practices while empowering persons with disabilities to thrive. These activities have been instrumental in advocating for meaningful inclusion at both the community and institutional levels. The transformative impact of the Futuremakers Programme is also evident in my current role as a Youth Sounding Board Member for the European Union (EU) in Kenya, a position I took up in September 2024. This role enables me to actively contribute to shaping policies, promoting youth engagement, and ensuring the inclusion of marginalized groups in critical decision-making process.

The leadership and advocacy skills I developed through Future Makers directly prepared me to represent and amplify the voices of vulnerable communities on such a prestigious platform.

Looking back, Futuremakers was more than a stepping stone; it was the foundation of who I am today. It equipped me with the skills, knowledge, and network to pursue my passion for disability inclusion and social change. The mentorship I received from the team has been a constant source of inspiration, guiding me to turn challenges into opportunities and empowering me to impact lives meaningfully.

Today, as a proud disability inclusion advocate, I remain deeply committed to fostering equality, breaking barriers, and creating a society where everyone, regardless of ability, has the opportunity to succeed. Futuremakers was the catalyst that unlocked my potential, and its lessons will continue to guide me on my journey toward building a more inclusive world.

Jacob Kakai Wanyama Futuremakers Employability Programme



Senior Data and Analytics Coordinator at Jacaranda Health

The Futuremakers Ready for Inclusive and Sustainable Employment (RISE) programme is the second phase of the Futuremakers programme. The programme seeks to provide employability skills to young job seekers with disabilities. In the first phase of the programme, Jacob enrolled for the Accenture Skills to Succeed employability and soft skills course and went on to undertake the Cisco Certified Network Associate (CCNA) which further enhanced his IT skills.

The Futuremakers programme prepared him for the job market and enabled him practically apply his innovative skills, through participation in the innovation competition organised by Standard Chartered. This opportunity provided him with a platform to present his Investment Portfolio Optimisation Algorithm which opens us opportunities in the tech-invention market. Jacob was further encouraged to participate in the mentorship programme which sharpened his skills in problem-solving and innovation.

After the programme, Jacob secured an internship opportunity as a Data Analyst at Denaco Analytics under the Public Service Commission where he was able to learn more about the working environment. After the internship, he secured an opportunity as a Senior Data and Analytics Coordinator at Jacaranda Health – his current role. He leads data initiatives that improve maternal health care and operational efficiency. Jacob holds a Bachelor of Economics and Statistics from Kenyatta University and a Cisco Certified Network Associate (CCNA) certification. His technical skills span across SPSS, STATA, Matlab, Minitab, Power BI, Tableau, Python, R Studio, SAS, and Azure, which he uses to gather, analyse, and visualise data for strategic decision-making.

The Futuremakers programme was a cornerstone for Jacob's career growth and his future opportunities.

Case Studies continued

Jacob Kakai Wanyama Futuremakers Employability Programme `

DICEP case study

The Futuremakers Ready for Inclusive and Sustainable Employment (RISE) programme is the second phase of the Futuremakers programme. The programme seeks to provide employability skills to young job seekers with disabilities and build the employers' disability confidence. In the first phase of the programme a group of 10 participants met during the programme and realised they shared a passion in theatrics. The participants successfully completed the employability skills training and started exploring possible collaboration opportunities to further amplify the voices of young people with disabilities. In 2024, the team registered the group as a Community Based Organisation (CBO) under the name Disability Community Empowerment Programme (DICEP) following the many opportunities that came up.

The entertainment industry is a major employer but the inclusion of characters with disabilities or narratives that reflect the authentic experiences of persons with disabilities is still an apparent gap. This is because persons with disabilities are overlooked during casting or hiring processes due to assumptions that their disabilities make them incapable of appealing to audiences. These negative societal attitudes have led to minimal visibility of Persons with disabilities in mainstream media and entertainment platforms thus limiting their opportunities.

Through the DICEP team, the 10 participants have been able to put their talents to practice having showcased skits with different themes in collaboration with employers and organisations within and outside the RISE programme. The following are some of their engagements in 2024 ;

- Standard Chartered Bank - participated in the media launch of the Nairobi Standard Chartered Marathon.
- The RISE Futuremakers programme - participated in the launch of Futuremakers RISE Programme.
- Safaricom; assisted with their empowerment through digital up-skilling programme launch done in collaboration with Sightsavers.
- Standard Chartered Bank - Mentors Den for the Futuremakers job seekers with disabilities alumni.
- Kenya Business Disability Network (KBDN) - Commemoration of the International Day of Persons with Disabilities (IDPWD) with the theme fostering disability inclusive workplaces in collaboration.
- United Disabled Persons of Kenya (UDPK) – participated in their awareness creation about Sexual Reproductive Health Rights (SRHR) through their Make Way programme.
- Safaricom – participated in the commemoration of the International Day of Persons with Disabilities (IDPWD) dedicated to amplifying the leadership of persons with disabilities.
- Kenya Power and Lighting Company (KPLC) – participated in the commemoration of the IDPWD dedicated to launching fire safety equipment.

The DICEP team has an opportunity to grow their talents as different economic and social spaces become more conscious of disability inclusion.

Conclusion

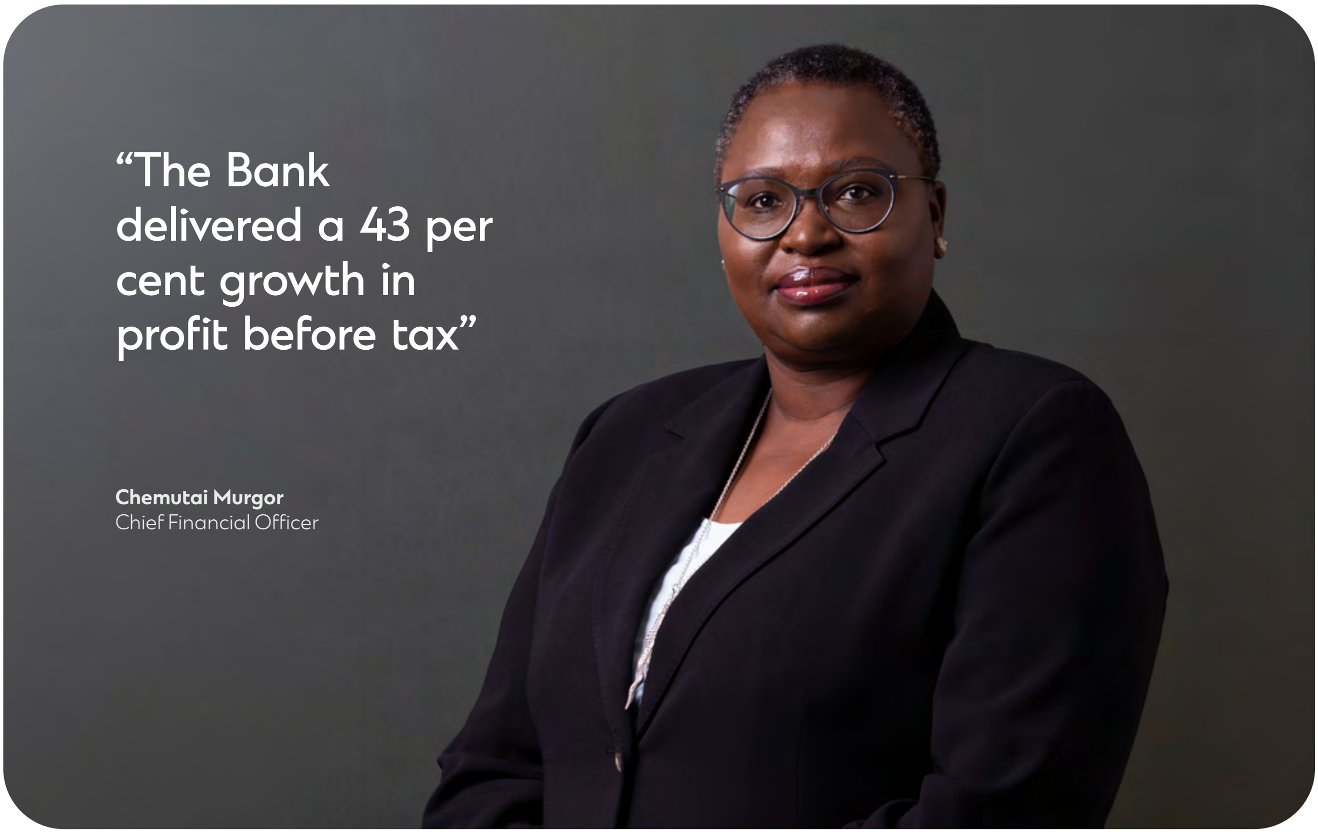
Our approach to stakeholder engagement is firmly underpinned by our desire to put our purpose into action by connecting us with the big economic and social shifts in Kenya. This approach defines how we engage with our customers and society by aligning our activities with these shifts and enable us to shape the forces driving growth.

These commendable efforts are being recognised a by wide range of influential stakeholders, as evidenced by the 41 awards and accolades that our business received in the last year.

There is still a lot to be done for us to meet the commitments we have made to fully embed sustainability in our client value proposition, operations and community programmes. We will determine our progress and impact by continually measuring our social economic impact of our sustainability initiatives in our operations and communities where we do business.

Our Purpose is to drive commerce and prosperity through our unique diversity and this guides our strategy and everything we do. The businesses we serve, and with which we connect and partner, are the engines of trade and innovation, and central to the transition to a fair, sustainable future.

Chief Financial Officer's Statement



Summary of financial performance

The Bank delivered a 43 per cent growth in profit before tax to KShs 28.2 billion driven by a 23 per cent growth in revenue to KShs 50.3 billion. Net interest income was up 15 per cent year on year due to improved margins from flowthrough of the 2023 interest rates, growth in government securities, partially offset by a decrease in customers loans.

Interest earning assets, largely customer loans and advances, government securities, and group balances decreased by 9 per cent year-on-year to KShs 329.3 billion from KShs 360.2 billion in 2023. Group balances decreased by 39 per cent to KShs 78.6 billion driven by a decrease in customer deposits. Government securities increased by 54 per cent while customer loans decreased by 7 per cent. Overall, the NIMs increased by 220bps to 12.6 per cent.

Foreign exchange non-funded income decreased 3 per cent year-on-year on account reduced margins as the local currency stabilised especially in H2 2024. Net fees and commissions income was up 12 per cent to KShs 6.7 billion driven by growth in transactions volumes in Transactions Services, Markets and Wealth Solutions. The performance was supported by a well-positioned trading book, with overall, non-interest income growing by 42 per cent.

Operating expenses at KShs 20.0 billion are up 12 per cent year-on-year driven by staff costs, increase in Group recharges, and targeted investments (digitisation), and refurbishment of our head office building.

The Bank achieved a 11.3 per cent positive income-to-cost jaws and the cost-to-income ratio improved by 400 bps to 39.8 per cent.

Credit impairment charge reduced by 45 per cent to KShs 1.8 billion, with cost of risk improving by 98 bps to 1.03 per cent. This was primarily largely driven by recoveries in our Corporate and Investment Banking (CIB) portfolio and improved portfolio metrics in Wealth and Retail Banking (WRB) segment. Other impairment of KShs 0.3 billion relates to impairment of fixed assets.

Chief Financial Officer's Statement continued

Earnings per share ('EPS') increased 46 per cent to KShs 52.65 on account of the strong profitability.

	2024 KShs '000	2023 KShs '000	Change %
Net interest income	**33,265,303**	28,844,408	15%
Non-interest income	**17,001,875**	12,015,598	41%
Operating income	**50,267,178**	40,860,006	23%
Operating expenses	**(19,994,088)**	(17,897,409)	(12%)
Credit impairment	**(1,763,610)**	(3,217,995)	45%
Other impairment	**(301,244)**	(76,120)	(296%)
Profit before taxation	**28,208,236**	19,668,482	43%
Taxation	**(8,147,649)**	(5,833,015)	40%
Profit after tax	**20,060,587**	13,835,467	45%

Key metrics:			
Basic earnings per share (KShs)	**52.7**	36.2	1,650 bps
NIMs (%)	**12.6**	10.4	220bps
Cost income ratio (%)	**39.8**	43.8	400bps
Cost of Risk (%)	**1.0**	2.0	100bps

*NIMs - Net Interest Margin

Client segments

Corporate and Institutional Banking ('CIB') profit before tax increased 72 per cent to KShs 16.5 billion. Income grew 35 per cent to KShs 25.6 billion driven by improved net interest margins, growth in Transactional Services, Markets, and Banking. Expenses at KShs 8.4 billion were 13 per cent largely due to staff costs and investments. Credit impairment charges reduced by 69% per cent on account of credit recoveries from management of the credit portfolio.

Wealth, and Retail Banking ('WRB') profit before tax increased by 14 per cent to KShs 11.0 billion, with income up 16 per cent to KShs 23.1 billion, benefitting from improved margins on retail deposits income, transactions volume growth, and growth in the wealth solutions. Expenses increased 17 per cent to KShs 10.8 billion while credit impairment was KShs 1.1 billion, a 21 per cent increase largely due to reduced recoveries compared to 2023.

Central & other items (C&O) recorded a profit before tax of KShs 0.7 billion as income declined by 18 per cent to KShs 1.6 billion mostly reflecting the losses from disposal of government securities. Impairment losses decreased to KShs 0.02 billion largely informed by the shorter profile of investments held.

	2024 KShs '000	2023 KShs '000	Change %
Profit before tax			
CIB	**16,486,051**	9,564,661	72%
WRB	**10,981,407**	9,650,887	14%
C&O	**740,778**	452,934	64%
	28,208,236	19,668,482	43%

Loans and advances to customers

Gross stage 3 loans and advances to customers of KShs 7.6 billion were 35.9 per cent lower year-on-year as repayments, upgrades, and write-offs more than offset new impairments to stage 3. Credit-impaired loans represented 4.8 per cent of gross loans and advances, 206 bps decrease compared to the prior year with continued improvement in credit quality in the midst of a challenging macro-economic environment. Consequently, the Non-Performing Loans (NPL) ratio improved by 230 bps to 7.4 per cent.

The stage 3 cover ratio increased from 65.4 per cent in 2023 to 69.9 per cent even as the gross exposures reduced by 35.9 per cent supported by a prudent credit management process.

Impairment losses on loans and advances reduced by KShs 1.0 billion reflecting continued active management of the credit portfolio, driven by recoveries in CIB. Credit quality improved and remains resilient, but we remain alert to challenges in the macro-economic environment.

	2024 KShs '000	2023 KShs '000	Change %
Gross loans			
Of which stage 1	**145,209,376**	154,242,459	(6%)
Of which stage 2	**5,855,085**	6,871,062	(15%)
Of which stage 3	**7,576,889**	11,823,095	(36%)
Expected credit loss provisions			
Of which stage 1	**(1,087,081)**	(670,256)	62%
Of which stage 2	**(607,584)**	(1,376,228)	(56%)
Of which stage 3	**(5,299,306)**	(7,728,355)	(31%)
Net loans and advances to customers	**151,647,379**	163,161,777	(6%)
Cover ratio of stage 3 (%)	**69.9**	65.4	45bps
NPL ratio (%)	**7.4**	9.7	23bps
Credit impairment charge	**1,952,167**	2,968,443	235%
Of which stage 1 and 2	**51,854**	(214,100)	(111%)
Of which stage 3	**1,900,313**	3,182,543	420%

Balance sheet and liquidity

The Bank's balance sheet remains strong, liquid and well diversified.

Total assets decreased by 10 per cent to KShs 384.6 billion driven by a 14 per cent decrease in customer deposit to KShs 295.7 billion, which in turn reduced balances due form Group by 39 per cent to KShs 78.6 billion. Customer loans and advances reduced by 7 per cent to KShs 151.7 billion largely foreign currency loans on account of appreciation of local currency versus USD couple with reduced utilisation by customers with local currency customer loans and advances registering a minimal growth despite reduced credit growth in the industry. Investments in government and other securities increased by 42 per cent to KShs 98.8 billion from KShs 69.6 billion as at 31 December 2023.

Customer deposits decreased by 14 per cent from KShs 342.8 billion to KShs 295.7 billion and remain stable and well diversified with 97.0 per cent CASA (current accounts, and savings accounts) to total deposit ratio.

Chief Financial Officer's Statement continued

Balance sheet and liquidity continued

The advances-to-deposits ratio increased to 51.3 per cent from 47.6 per cent as at 31 December 2023 driven by a higher decrease in customer deposits (14 per cent) compared to the decrease in customer loans and advances (7 per cent) largely due to appreciation of the local currency versus USD. The proportion of foreign currency deposits to total customer deposits is 40 per cent compared to 24 per cent foreign currency customer loans to total customer loans and advances.

The liquidity ratio improved by 133 bps to 67.6 per cent as of 31 December 2024 and remains well above the minimum regulatory requirement of 20 per cent.

	2024 KShs '000	2023 KShs '000	Change %
Summary balance sheet			
Cash and balances with CBK	**32,339,549**	42,901,755	(25%)
Government securities and other securities	**98,821,528**	69,602,668	42%
Loans and advances to customers	**151,647,379**	163,161,777	(7%)
Due from group companies and other related parties	**78,564,954**	129,253,610	(39%)
Other assets	**23,200,679**	24,042,365	(4%)
Total assets	**384,574,089**	428,962,175	(10%)
Due to banks	**306,862**	4,327,045	(93%)
Customer deposits	**295,690,089**	342,853,241	(14%)
Other liabilities	**16,801,018**	20,249,622	(17%)
Total liabilities	**312,797,969**	367,429,908	(15%)
Equity	**71,776,120**	61,532,267	17%
Total liabilities and equity	**384,574,089**	428,962,175	(10%)
Advances-to-deposits ratio (%)	**51.3**	47.6	370bps
Liquidity ratio (%)	**67.6**	66.3	133bps

Capital

The Bank's absolute core capital increased by 6 per cent to KShs 54.1 billion while core capital ratio increased by 171 bps to 19.48 per cent, 898 basis points higher than the minimum statutory ratio of 10.50 per cent.

Supplementary capital remained relatively at KShs 0.2 billion as at 31 December 2024.

Total capital increased by KShs 2.9 billion to KShs 54.3 billion driven by growth in retained earnings. Total capital ratio increased by 171 bps to 19.55 per cent, 505 basis points above the statutory minimum ratio of 14.50 per cent, reflecting a strong capital base in line with our capital risk appetite and is adequate to support balance sheet growth.

Capital continued

Capital base and ratios	Statutory Minimum	2024 KShs '000	2023 KShs '000	Change %
Tier 1 capital		**54,088,745**	51,217,932	6%
Tier 2 capital		**180,416**	182,521	(1%)
Total capital		**54,269,161**	51,400,453	5.6%
Tier 1 capital ratio (%)	10.5	**19.48**	17.77	171bps
Total capital ratio (%)	14.5	**19.55**	17.84	171bps
Tier 1 to total deposits (%)	8.0	**18.29**	14.94	335bps

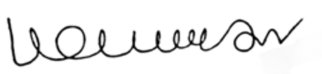
Total Risk-Weighted Assets (RWA) decreased by 4 per cent to KShs 277.6 billion from KShs 288.2 billion as at 31 December 2023.

- Credit risk RWAs decreased by 10 per cent to KShs 183.8 billion from KShs 203.4 billion as at 31 December 2023 due to decrease in customer loans and advances.
- Market risk RWAs increased by 15 per cent to KShs 14.5 billion due to growth in government securities holding largely treasury bills.
- Operational risk RWAs increased by 10 per cent due to an increase in average income as measured over a rolling three-year time horizon, with higher 2023 income replacing lower 2020 income.

Risk weighted assets (RWAs)	2024 KShs '000	2023 KShs '000	Change %
Credit risk	**183,825,544**	203,400,248	(10%)
Market risk	**14,535,889**	12,623,049	15%
Operational risk	**79,251,346**	72,144,937	10%
Total risk weighted assets	**277,612,779**	288,168,234	(4%)

Dividends

In August 2024, the Board approved the payment of an interim dividend of KShs 8.00 per ordinary share and an interim dividend on the 6% preference shares for the 181 days to 29 June 2024. Both interim dividends were paid in October 2024. The Board will be recommending to the shareholders a final ordinary dividend of KShs 37.00 per ordinary share for the year. This is in addition to the interim dividend of KShs 8.00 paid in October 2024, taking total dividend to KShs 45.00. The total ordinary, and preference share dividend for the year will be KShs 17,171,276,505 (86 per cent pay-out ratio), an increase of 54 per cent compared to 2023.



Chemutai Murgor
Chief Financial Officer
19 March 2025

Corporate Governance

Board of Directors

Kellen Eileen Kariuki
Chairperson

Appointed: Kellen was appointed to the Board in February 2020 and elected as the Chairperson of the Board in May 2021.

Experience

Kellen has strong and diverse skills in banking, strategy, corporate governance, finance, and leadership. She held several senior positions at Citibank N.A. before joining the Unclaimed Financial Assets Authority as the first Chief Executive Officer and Managing Trustee. She previously held non-executive director appointments at Resolution Insurance Limited, Citibank Uganda, the Kenya Roads Board, was a nominee director of the International Finance Corporation (IFC), non-executive director of AMREF Health Africa, AMREF Flying Doctors, and chair of Citibank Tanzania Limited. Kellen is a founding member of the Board of Advisors of the Strathmore Business School, the Associate Dean of Executive Education at Strathmore University, is a director at the Strathmore University Foundation and has served as an elected council member of the Institute of Certified Public Accountants of Kenya. She is currently a director of Feruzi Holdings Limited, Startel Limited and Chairperson of Standard Chartered Investment Services Limited.

Kellen holds a Master of Business Administration (MBA) in Strategic Management and a bachelor's degree in accounting both from United States International University-Africa and a Master of Science (MSc.) in International Human Resource Management from Cranfield University in the UK. Kellen is a Fellow Certified Public Accountant of Kenya (FCPA) and is currently pursuing a PhD at Strathmore University Business School.

Kariuki Ngari
Chief Executive Officer & Managing Director

Appointed: Kariuki was appointed to the Board in March 2019.

Experience

Kariuki is an accomplished banking executive with over 30 years experience, renowned for his visionary leadership and transformative impact on the financial services sector. Currently serving as the Managing Director and Chief Executive Officer Standard Chartered Kenya and Africa, Kariuki has spearheaded innovation, digital transformation and sustainable growth in the Bank.

Before assuming his current role, Kariuki served as the Global Head, Retail Distribution for Standard Chartered based in Singapore. In this role he redefined the future of retail banking by digitising physical channels, optimising branch networks, and enhancing voice and virtual banking platforms. He also held other roles including serving as the Regional Head of Retail Clients, Africa, and other senior positions at Barclays Bank Kenya Limited (now Absa Bank Kenya Plc).

Beyond his professional achievements, Kariuki is a dedicated advocate for corporate governance and social responsibility. He serves as a non-executive director on the boards of Standard Chartered Uganda, various subsidiaries of Standard Chartered Kenya and the UN Global Compact Kenya chapter.

Kariuki holds a Bachelor of Arts (HONS) in Economics and Sociology from University of Nairobi. He is an avid learner and has participated actively in various professional courses including Senior Management Courses in GIBS Business School, Pretoria, SAID Business School, Oxford and INSEAD Business School, Singapore.

Chemutai Murgor
Chief Financial Officer

Appointed: Chemutai was appointed to the Board in March 2007.

Experience

Chemutai has been with the Bank for over 24 years and has wide experience in finance having worked previously as the Head of Finance as well as Head of Business Finance. Chemutai has also held various senior positions at Deloitte and Touché both in Kenya and the United Kingdom. Chemutai is a director on various other Standard Chartered Bank Kenya subsidiary Boards.

Board of Directors continued

Birju Sanghrajka
Head of Banking & Coverage, Corporate & Investment Banking

Appointed: Birju was appointed to the Board in July 2021.

Experience

Birju has 23 years of corporate banking experience, having started as a Graduate Trainee in Standard Chartered Bank, Kenya. His career has seen him work in corporate banking, corporate finance and transaction banking, across Kenya, the United Kingdom, South Africa and the United Arab Emirates. Birju currently leads the CIB Client Coverage business across Kenya and the wider East Africa region. The business supports the banking and investment requirements of multi-national corporates, public sector entities, development organisations and institutional clients by leveraging the bank's innovative product offering, industry expertise and cross border network.

Edith Chumba
Head, Wealth & Retail Banking

Appointed: Edith was appointed to the Board in December 2024.

Experience

Edith has over 21 years of retail banking experience, having started her career at Absa Bank Kenya Plc before joining Standard Chartered Bank Kenya in 2015. Edith was appointed as Head, Wealth and Retail Banking in 2019. Prior to her current role, Edith was the Head of Distribution Channels. She has been instrumental in leading the transformation of the WRB business and in overseeing the delivery of turnaround strategies for the business in Kenya.

Judy Nyaga
Company Secretary

Appointed: Judy was appointed as Company Secretary in December 2020.

Experience

Judy has over 25 years legal and corporate governance experience in the banking industry having worked at both Standard Chartered Bank and other banks in Kenya. She has gained extensive knowledge and experience leading teams of company secretaries across various markets in Africa, Middle East, ASEAN and South Asia.

Richard Etemesi
Non-Executive Director

Appointed: Richard was appointed to the Board in June 2017.

Experience

Richard Etemesi is a seasoned banker with over 34 years of international banking experience across Africa, Asia, and the Middle East. He has held numerous senior positions at Standard Chartered Bank, including Vice Chairman Africa, CEO South & Southern Africa, and CEO Kenya & East Africa, among others. His roles have involved strategic planning, business development, risk management, and corporate governance. He has also served on boards in several countries in Africa, contributing to the strategic direction and governance of the bank's subsidiaries in those countries. Richard is currently actively involved in coaching and mentoring young fintech founders and high-potential executives. He is also passionate about agriculture and food security and supports initiatives in women's health. His extensive experience and leadership skills have made him a highly respected figure in the banking industry.

David Ong'olo
Independent Non-Executive Director

Appointed: David was appointed to the Board in January 2020.

Experience

David is an experienced private sector and development specialist with a demonstrated history of working in the economic development industry. He is skilled in Programme Management, Policy Analysis, Sectoral Analysis, and Strategic Planning. He was until February 2019, the Chairman of Competition Authority of Kenya. His early career included working as Deputy Chief Economist in charge of the Trade and Industry Division of the then Ministry of Planning and National Development, and Credit Specialist with the SDSR regional programme of the International Labour Organisation. He was previously the Senior Policy Adviser (Economics) at the Embassy of the Kingdom of Netherlands, Nairobi, Kenya and formerly the Managing Director of Matrix Development Consultants Limited. David is a Director on the Boards of Netherlands Business Hub Kenya Limited, CUTS Centre for International Trade, Economics and Environment, Jitegemee Trust Limited and Jabali Microserve Limited. He is also the Chairperson of Standard Chartered Kenya Pension Fund and Standard Chartered Kenya Staff Retirement Benefits Scheme, 2006. David holds a Master of Science degree in Industrial Economics from Lancaster University, UK and a Bachelor's degree in Economics from the University of Nairobi.

Nivedita ("Nivi") Sharma
Independent Non-Executive Director

Appointed: Nivedita Sharma was appointed to the Board in July 2021.

Experience

Nivi is an expert in innovation, impact, and scale-up strategies in ascending markets. She is currently the CEO of Bridges to Prosperity, the global leader in rural infrastructure development, which uses technology for needs assessment, impact assessment, and engineering to aid rural infrastructure investments. Previously, she was the Chief Operating Officer of BRCK, a connectivity company that provided free public Wi-Fi. Nivi has dedicated her career to access for children, youth, and adults. She co-founded eLimu, the first company to digitize the Kenyan Primary School curriculum content for revision and literacy. Nivi is driven by learning, development, access, and impact. She serves on the boards of Software Technologies Ltd and The Open Institute Trust, and is an Independent Non-Executive Director of Standard Chartered Investment Services Limited. Nivi holds a B.A. (Hons) degree in Economics from Ithaca College, New York, USA. She is a 2014 East Africa Acumen fellow and a member of the Fast Forward Leaders' Circle.

Board of Directors continued

Robert Mbugua
Independent Non-Executive Director

Appointed: Robert was appointed to the Board in June 2024.

Experience

Robert has a wealth of leadership and banking experience with diverse skills in audit, finance, risk and corporate governance. He was previously a Partner in the Johannesburg office of PricewaterhouseCoopers (PwC) and subsequently held various senior executive roles within Standard Bank Group. He co-founded and is the immediate former Chief Executive Officer of Co-op Bank Fleet Africa Limited. Robert was until August 2024 the Chairman of BOC Kenya PLC. He currently serves as a Non-Executive Director on the Board of Old Mutual Holdings PLC, an Independent Non-Executive Director on the Board of Old Mutual Life Assurance Company (Malawi), an Independent Non-Executive Director of Standard Chartered Investment Services Limited, and a Director of Edison Solar Group Limited. He is a Certified Public Accountant and holds a Master of Business Administration from Bond University in Australia.

Beverley Obatoyinbo
Independent Non-Executive Director

Appointed: Beverley was appointed to the Board in January 2025.

Experience

Beverley is an expert business leader with over 30 years of extensive global leadership experience. She has diverse multi-sectoral experience spanning across pharmaceuticals, manufacturing and Fast-Moving Consumer Goods. She was previously the Managing Director of British American Tobacco (BAT) Kenya Plc, where she led the BAT business in East and Central Africa. Beverley currently serves as a Non-Executive Director on the boards of WPP Scangroup Plc, the BAT Nigeria Foundation and previously served on the Board of the Kenya Association of Manufacturers. She is also a Director of Concierge Consulting Limited. She holds a Diploma in Advanced Strategic Management from the International Institute for Management Development (IMD), Switzerland, and a Diploma in Customer-Focused Innovation from Stanford Executive Business School, USA. She attended Wolfson School of Nursing in Westminster, UK, and specialised in Oncology at The Royal Marsden Hospital, London.

Directors, Officials and Administration

DIRECTORS

K. Kariuki	Chair to the Board
K. Ngari	Chief Executive Officer
C. Murgor	Chief Financial Officer
C. Adeya[1]	
D. Ong'olo	
N. Sharma	
R. Mbugua	
B. Obatoyinbo	
R. Etemesi	
J. Browne[2]	
P. Gitau[3]	
B. Sanghrajka	
E. Chumba	

[1]Retired from the Board effective 31 December 2024

[2]Stepped down from the Board effective 31 December 2024

[3]Stepped down from the Board effective 25 November 2024

SECRETARY

Judy Nyaga
(CPS No. 1279)
StandardChartered@Chiromo
48 Westlands Road
P.O. Box 30003
00100 Nairobi GPO

AUDITOR

Ernst & Young LLP
Certified Public Accountants
Kenya Re Towers, Off Ragati Road,
P.O. Box 44286
00100 Nairobi GPO

REGISTERED OFFICE

StandardChartered@Chiromo
48 Westlands Road
P.O. Box 30003
00100 Nairobi GPO
Nairobi, Kenya

Report of the Directors

The directors are pleased to submit their annual report together with the audited financial statements for the year ended 31 December 2024 in accordance with Section 22 of the Banking Act and the Kenyan Companies Act, 2015 which govern disclosure of the state of affairs of Standard Chartered Bank Kenya Limited the 'Company' or the 'Bank' or 'Standard Chartered') and its subsidiaries (together referred to as the 'Group').

1. Activities

The Group is engaged in the business of banking and provision of related services. It is licensed under the Banking Act and the Capital Markets Authority Act and is regulated by the Central Bank of Kenya (CBK) and the Capital Markets Authority (CMA).

2. Results

The results for the year are set out in the attached financial statements on pages 146 - 276.

3. Dividends

The Board has resolved to recommend to the shareholders at the forthcoming Annual General Meeting, the payment of a final dividend of KShs 37.00 for every ordinary share of KShs 5.00 on the issued share capital of the Company in respect of the year ended 31 December 2024 (2023: KShs 23.00). One interim dividend of KShs 8.00 was declared on 22 August 2024 and paid on 8 October 2024 (2023: KShs: 6:00).

The Board has also resolved to recommend to the shareholders at the forthcoming Annual General Meeting the payment of a final dividend of KShs 84,230,137 on the non-redeemable, non-cumulative, non-voting, non-participating and non-convertible preference shares (2023: KShs 84,690,411). An interim dividend of KShs 83,769,863 was declared on 22 August 2024 and paid on 8 October 2024 (2023: KShs 83,309,589).

Dividends on the preference shares are paid at the rate of 6 per cent per annum on the issue price of KShs 50.00 per share.

The dividends will be payable to shareholders registered on the Company's Register at the close of business on 30 April 2025 and will be paid on or after 28 May 2025.

4. Directors

The directors who served during the year up to and including the date of this report are set out on page 73. The directors are subject to periodic re-appointment and the following directors will be seeking re-election:

- Mrs. Beverley Obatoyinbo, Mr. Robert Mbugua and Ms. Edith Chumba, appointed as directors to fill casual vacancies will offer themselves for election at the forthcoming Annual General Meeting in accordance with Article 109 of the Articles of Association.
- Mrs. Kellen Kariuki, Mr. David Ong'olo and Mrs. Nivedita Sharma retire from office by rotation and will offer themselves up for re-election at the forthcoming Annual General Meeting in accordance with Section 107 of the Articles of Association.

5. Property

Details of the movements in property are shown on note 26 to the financial statements.

6. Business review

Strategy

Over the past year, we have executed strongly on our strategy. We are doubling down on serving the cross-border needs of our larger global corporate and financial institution clients and leveraging our leading wealth management expertise for affluent clients to deliver strong results.

In 2024, action was taken to transform the way the Bank operates, addressing structural inefficiencies and complexity whilst protecting income. The Group announced the Fit for Growth programme in February 2024. This is a three-year plan to make the organisation simpler, more efficient and increasingly agile to achieve stronger, sustained profitable growth.

6. Business review continued

Strategy continued

This will be achieved by simplifying the structure and processes and increasing automation leading to cost efficiencies and creating capacity to invest more in client capabilities.

Fit for Growth will leave the Bank better equipped to seize the opportunities within the footprint – the dynamism of markets across Asia, Africa and the Middle East, the expansion of trade corridors within and between these regions, and their connections to Europe and the Americas. This repositions the Bank to become more client focused, while further enhancing the Bank's strong risk management and compliance. Going forward the Bank will focus on being more client centric and risk aware.

While the macroeconomic and industry environments continue to evolve, we believe the strategy remains fit for the Bank. Further details regarding progress against our strategic priorities are detailed in the Chief Executive Officer's statement on pages 9 to 11.

Performance and position

Details of the Group's performance, financial and capital position are included in the Chief Financial Officer's statement on pages 63 to 67.

Principal risks and uncertainties

Effective risk management is essential in delivering consistent and sustainable performance for all stakeholders and is a central part of the financial and operational management of the Company. The Company adds value to clients and the communities in which it operates by taking and managing appropriate levels of risk, which in turn generates returns for shareholders.

The Company's principal risks that are inherent in the banking business include credit, traded, treasury, operational and technology, environmental, social and governance and reputational, compliance, information and cyber security, model, and financial crime.

The Board has ultimate responsibility for risk management and there exist various Committees set up by the Board where the risks are discussed, and prompt mitigating actions are taken.

The Board has adopted an Enterprise Risk Management Framework (ERMF) which enables the Company to closely manage enterprise-wide risks with the objective of maximising risk-adjusted returns while remaining within the Risk Appetite. A dynamic risk-scanning process is maintained for risk identification and assessment, with inputs from the internal and external risk environment, as well as potential threats and opportunities from the business and client perspectives, thus enabling a proactive approach to risk management. An inventory of the Principal Risk Types that are inherent to the strategy and business model; and emerging risks that include near-term as well as longer-term uncertainties is maintained. We continue to be on the lookout for emerging risks and collaborate with internal and external partners to proactively mitigate risks as they are identified.

Risk culture

The Board champions a healthy risk culture which is the ability to identify and assess current and future risks, openly discuss and take prompt actions at all levels of the organisation. All colleagues who are engaged in, or supporting, revenue generating activities are expected to demonstrate the highest level of integrity by being transparent and proactive in disclosing and managing all types of risks. Colleagues in control functions adopt a constructive and collaborative approach in providing oversight and challenge over risk management activities and take decisions in a clear, transparent and timely manner. The directors expect all staff to be accountable for their decisions and feel safe using their judgment to make these considered decisions.

The directors acknowledge that banking inherently involves risk taking and there will be instances of undesirable outcomes from time to time. These exceptions however present opportunities to learn from experience and implement change or lessons into the operational systems for better outcomes. The directors expect all staff to demonstrate a high degree of awareness in risk and control approach by self-identifying risks and managing them in a manner that will deliver lasting change.

Report of the Directors continued

7. Community impact

Our dedication to being a thought leader is a reflection of our brand promise, "here for good." This commitment is well articulated through our Futuremakers programmes, which are aimed at uplifting disadvantaged young people, with a special emphasis on empowering girls and individuals with disabilities. These initiatives are crafted to equip young individuals with the vital skills and knowledge they need to significantly improve their employability and entrepreneurial opportunities. Our Futuremakers programmes empower the next generation to learn, earn, and grow, focusing on transformative areas such as Goal, Women in Tech, Access to Finance, and Inclusive Employability. We structure our programmes around three essential pillars: Education, Entrepreneurship, and Employability, ensuring a comprehensive approach to personal and professional development.

In 2024, we allocated KShs 82,646,300 to these impactful initiatives, reaching thousands of young individuals and facilitating their journey to learn, earn, and thrive, thereby fostering sustainable community development and resilience.

8. Directors' interests in ordinary shares

No director holds shares in the Company as at the date of this report.

9. Disclosure of information to auditor

With respect to each director at the time this report was approved:

- there is, so far as the director is aware, no relevant audit information of which the Group's auditor is unaware; and,
- the director has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

10. Auditors

Ernst & Young LLP have indicated their willingness to continue in office in accordance with Section 721 (2) of the Kenyan Companies Act, 2015 and Section 24 (1) of the Banking Act. Ernst & Young LLP were first appointed as the statutory auditor in 2020.

The directors also approved the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KShs 26,024,091 has been charged to profit or loss in the year as disclosed in note 12 to the financial statements.

11. Approval of financial statements

The financial statements were approved and authorised for issue by the board of directors on 19 March 2025.

BY ORDER OF THE BOARD

Kellen Kariuki
Chairperson
19 March 2025

Statement of Corporate Governance

Leadership and Culture

The Board of Standard Chartered Bank Kenya Limited ("the Company") acknowledges its duty to uphold exemplary corporate governance and to foster an atmosphere in which such standards are maintained and practiced by all players in the industry. Superior governance is essential for the Company's long-term prosperity, facilitating the generation of sustainable value for shareholders.

The Company adopts a comprehensive governance framework that guarantees effective management and oversight, aligning with its strategic objectives and the interests of key stakeholders. The Company's culture and core values are intricately woven into the organisation and are consistently emphasised through the onboarding of new employees, ongoing training, and annual performance reviews. An annual assessment of the Code of Conduct and Ethics requires staff to reaffirm their commitment to fundamental principles, guiding their interactions with colleagues, clients, suppliers, and other stakeholders.

The valued behaviours serve as benchmarks for expected conduct among employees and are integrated into the contractual agreements with all primary suppliers, ensuring that both the Company and its partners operate according to ethical business practices.

Our Approach to Governance

Standard Chartered has been in existence for over 100 years in Kenya. It is a public company incorporated in the Republic of Kenya and was listed on the Nairobi Securities Exchange in 1989. Standard Chartered endeavours to fully comply with all the provisions of the Kenya Capital Markets Authority Code of Corporate Governance for Issuers of Securities to the Public, 2015 (CMA Code of Governance) the Central Bank of Kenya Corporate Governance Guidelines and the Companies Act of Kenya.

Further, the Company remains committed to achieving exemplary corporate governance by striving for substantive compliance with all applicable regulations, including the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 and the Nairobi Securities Exchange Listing Rules. The Company has a comprehensive range of policies and systems in place designed to ensure that it is well managed, with effective oversight and control.

The Board aims to promote the Company's long-term success, deliver sustainable value to shareholders, and promote a culture of openness and debate. As the ultimate decision making body for all material matters within the Company, the Board led by the Chairperson is responsible for, among other matters:

- Establishing and approving the Company's strategy and objectives, and monitoring the alignment of the Company's purpose, strategy, and values with the desired culture;
- Setting the Company's risk appetite and monitoring the Company's risk profile;
- Ensuring a sound system of internal controls and risk management, delegation and monitoring of authorities for expenditure and other significant commitments;
- Approving and monitoring capital and operating plans for achieving strategic objectives;
- Approving the appointment of directors, including Board roles; and
- Reviewing the Company's overall corporate governance arrangements.

The Board's mandate is set out in its Charter and in the Terms of Reference of the Board. The Board Terms of Reference and the Board Charter are reviewed by the Board periodically and are publicly available to investors through the Company's website at https://www.sc.com/ke/investor-relations/.

The Board discharges some of its responsibilities directly and delegates other functions to its Committees. The Board also delegates authority for the operational management of the Company's business to the Chief Executive Officer/Managing Director for further delegation by him in respect of matters which are necessary for the day to day running of the Company. The Board holds the Chief Executive Officer accountable for the effective discharge of the delegated responsibilities.

The Board Composition

This section outlines the key diversity and inclusion metrics for the Board composition as at 31 January 2025.

The Board is structured to ensure that the directors provide the Company with the appropriate combination of skills, experience, knowledge and diversity, as well as independence to perform its role effectively. It is comprised of diverse, high-calibre members who have broad experience in the market. The areas of expertise, gender and independence status of the directors is as follows:

Name	Areas of expertise	Independent/Non-Executive/ Executive	Gender	Date of Appointment
K. Kariuki	Banking, Financial Management and Human Resources	Independent Non-Executive	Female	10 February 2020
C. Adeya*	Information Technology	Independent Non-Executive	Female	1 January 2016
D. Ong'olo	Economics	Independent Non-Executive	Male	28 January 2020
N. Sharma	Technology, Innovation and Digital Strategies	Independent Non-Executive	Female	22 July 2021
R. Mbugua*	Audit, Banking and Financial Management	Independent Non-Executive	Male	4 June 2024
B. Obatoyinbo*	Manufacturing	Independent Non-Executive	Female	22 January 2025
R. Etemesi	Banking and Financial Management	Non-Executive	Male	25 September 2017
J. Browne*	Banking, Credit and Risk Management	Non-Executive	Female	15 December 2020
K. Ngari	Banking and Financial Management	Executive	Male	4 March 2019
C. Murgor	Banking and Financial Management	Executive	Female	1 March 2007
P. Gitau*	Operations, Technology and Risk Management	Executive	Male	30 April 2020
B. Sanghrajka	Banking and Financial Management	Executive	Male	22 July 2021
E. Chumba*	Banking and Financial Management	Executive	Female	24 December 2024

*The Board welcomed Robert Mbugua and Beverley Obatoyinbo to the Board as Independent Non-Executive Directors and also welcomed Edith Chumba as an Executive Director. Dr. Catherine Adeya retired from the Board with effect from 31 December 2024 while Peter Gitau and Julie Browne stepped down from the Board on 25 November 2024 and 31 December 2024 respectively.

Board Diversity Policy

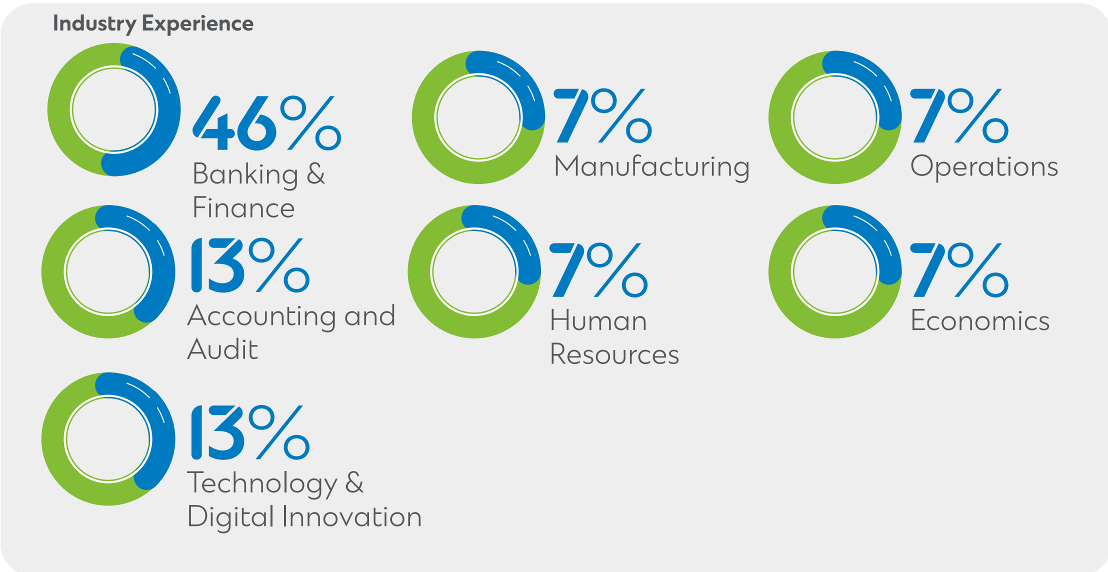
The Board Diversity Policy describes the approach the Board takes to ensure that diversity in its broadest sense remains a central feature of the Board. The Board believes that diversity enhances its decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operations and enhancing shareholder value. The Company has a long history of diverse Board membership. All Board appointments are based on merit with each candidate assessed against objective criteria, with the prime consideration of maintaining and enhancing the Board's overall effectiveness. This notwithstanding, the Board strives to maintain diversity recognising the benefits of a diverse mix of gender, social and ethnic backgrounds, knowledge, personal attributes, skills, experience as well as diversity of thought. This diversity provides a mix of perspectives which we believe contributes to effective Board dynamics.

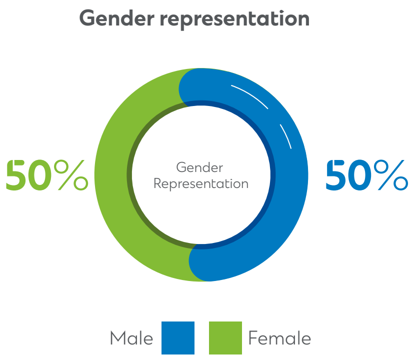
Statement of Corporate Governance continued

Diversity and mix of skills

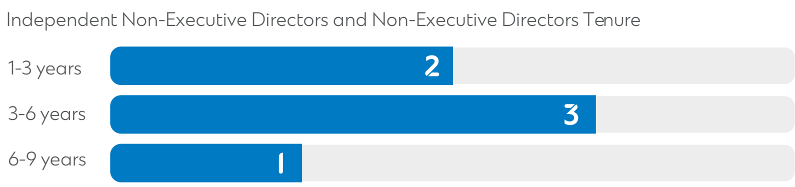
The Board has 10 members majority of whom are non-executive directors. It is comprised of six non-executive directors including the Chair, five of whom are independent non-executive directors, and four executive directors. The Company Secretary is a member of the Institute of Certified Secretaries (ICS) whilst the Finance Director is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

The Board has a good mix of skills and experience to drive the business forward whilst maintaining a tight control on risk management and good corporate governance. Through its Nomination, Evaluation and Remuneration Committee, the Board regularly reviews the skills and experience it requires to effectively discharge its responsibilities. A skills matrix, which is a key tool used by the Board to inform its succession planning discussions, is reviewed at least annually by the Board. An extract of the skills matrix, showing a selection of the current skills and experience of the non-executive directors, is shown below:





There exists a cordial working relationship between the non-executive and executive directors, characterised by a healthy level of challenge and debate. The executive team ensures that the non-executive directors receive comprehensive reports on the business as well as on the economic and competitive landscape.



Conflict of Interest

The Board members are obligated to steer clear of any situations that could create a conflict between their personal interest and the Company's. They are required to promptly disclose any potential area of conflict that could jeopardise or undermine their directorship.

The Board has formal procedures to manage compliance with the conflict-of-interest provisions outlined in the Companies Act, 2015 and the CMA Code of Governance. The Directors must at the time of their appointment and on an ongoing basis, thereafter, disclose any circumstances that could potentially lead to a conflict of interest. The declaration of a conflict of interest is a standard agenda item at all Board and Committee meetings, preceding discussions of the substantive agenda. Directors with a vested interest in a matter are not included in the quorum and are restricted from voting on it. Notably, no material conflict of interests were reported by the directors in 2024.

Moreover, each Director is responsible for promptly notifying the Chairperson and the Company Secretary of any actual or potential conflict of interest situations as soon as it arises. Situational conflicts may be authorised by the Board under the Company's Articles of Association. The Board is satisfied that our processes in this respect continue to operate effectively.

Board selection and appointment principles

Pursuant to the CMA Code of Governance, the Board has a formal and transparent procedure for the appointment of Board members based on a set of broad principles:

- the Board should have sufficient independence of mindset to challenge the executives as well as an appropriate balance of skills, knowledge, diversity (this includes diversity of gender and perceptions) and experience relevant to the Company's business;
- at least one third of the Board members must be comprised of independent directors;
- prospective independent directors are interviewed by the Board Nomination, Evaluation and Remuneration Committee, who assess their suitability and whether their values and behaviours are aligned with the Company's culture and values;
- independent directors should not serve longer than the term prescribed by regulation.
- in accordance with the Company's policy, due diligence/screening checks must be completed prior to the appointment of any independent director to ensure there is no undue risk posed to the Company in relation to integrity, financial soundness, conflicts of interest and related party relationships;
- independent director candidates must not have political appointments;
- all directors should have the capacity to devote sufficient time and commitment to attend all Board, Board Committee meetings, as well as engage in other Company events;
- the Nomination, Evaluation and Remuneration Committee, in conjunction with the other independent directors, has periodic discussions to ensure the Company maintains a diverse pool of talented leaders as prospective directors;
- a key consideration for an appointment from within the Standard Chartered Group is the candidate's ability to bring broad knowledge of the Group to the Board's deliberations and provide context, so that the independent directors fully understand the Group's strategic direction and key priorities;
- the Board has established and maintains robust succession plans to ensure sound planning and a balance of knowledge and skills as well as appropriate continuity;
- a list of prospective independent directors is maintained by the Company Secretary and reviewed at least annually by the Nomination, Evaluation and Remuneration Committee; and
- all directors must receive a tailor-made induction upon joining the Board or any Board Committee and should regularly update and refresh their skills and knowledge.

Statement of Corporate Governance continued

Board selection and appointment principles continued

The Board Charter wholly adopts the recommendations of the CMA Code of Governance with respect to multiple directorships. The CMA Code of Governance recommends that there should be a limit to the number of directorships Board members hold at any one time. In particular, the CMA Code of Governance recommends that directors of listed companies should not hold directorships in more than three listed companies at any one time. The directors of the Company follow this recommendation and are also in compliance with requirements of the Central Bank of Kenya Prudential Guidelines relating to other directorships. The Board fully endorses the principle that each director must be able to give enough time and attention to the affairs of the Company but does not restrict the number of directorships as a general rule. The Board is satisfied that the directors devoted sufficient time and attention to the affairs of the Company during 2024.

Independent non-executive directors

The majority of the non-executive directors are independent and free of any business relationship or other circumstances that could materially interfere with the exercise of objective or independent judgment. In determining the independence of a non-executive director, the Board considers each individual against the criteria set out in the CMA Code of Governance, the Central Bank of Kenya Prudential Guidelines on Corporate Governance as well as their contribution and conduct at Board meetings, including how they demonstrate objective judgment and independent thinking. The Board considers all of the independent non-executive directors to be independent of the Company and has concluded that there are no relationships or circumstances likely to impair any individual non-executive director's judgment.

The role of the independent non-executive directors is to support the development of proposals on strategy, hold management to account and ensure the executive directors are discharging their responsibilities properly, while creating the right culture to encourage constructive challenge. Non-executive directors also review the performance of management in meeting agreed goals and objectives. The Chairperson meets with the non-executive directors without the executive Directors in attendance periodically as necessary.

The Board is made aware of the other commitments of the individual non-executive directors and is satisfied that largely, these do not conflict with their duties and time commitments as directors of the Company.

Non-executive directors are appointed for an initial term of three years with an option for renewal. The Articles of Association contain provisions relating to the appointment, re-election and removal of directors. Newly appointed non-executive directors retire at the AGM following appointment and are eligible for election. All non-executive directors are nominated for annual re-election by shareholders subject to continued satisfactory performance based upon their annual assessment.

Roles of the Chairperson and Chief Executive Officer

The separate roles of the Chairperson and the Chief Executive Officer are clearly defined in the Board Charter which has been approved by the Board. Except for direction and guidance on general policy, the Board has delegated the conduct of the day-to-day business to the Chief Executive Officer and the Executive Committee.

Succession planning

The Company has in place a succession plan for the directors which is updated regularly and a plan to maintain a balance of critical skills on the Board of Directors. In 2024, the Board refreshed the Board succession plan. The Board continued to focus in detail on succession readiness and plans for the executive directors, the Management team, and other senior executives, as well as initiatives underway to develop talent internally. Following the Board Effectiveness Review conducted in 2024, the Board mapped out successors for Board Committee chairs and membership to augment readiness for change.

Access to information

Directors have unrestricted access to information and Management. They are provided with timely information and comprehensive reports on material operational, risk management and financial matters of the Company to facilitate informed discussions during meetings.

All the directors have access to the advice of the Company Secretary, who provides support to the Board and is responsible for advising the Board on governance matters. Directors also have access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as directors.

Director induction

Prior to taking up their respective Board and Committee positions, new directors are provided with comprehensive induction sessions to ensure a smooth transition into their roles and positive contributions from the outset. The induction typically covers the Company's business operations, risk and compliance functions, as well as the legal, regulatory, and other personal obligations of a director of a listed company.

The Company Secretary works with the Chairperson to oversee appropriate induction and ongoing training programmes for the Board. On appointment, new directors are provided with tailored and comprehensive induction programmes to fit with their individual experiences and needs, including the process for dealing with conflicts.

The induction programme is delivered through formal briefings and introductory sessions with Board members. Each new director receives a briefing on various aspects of the business from the Executive Directors, the Company Secretary, Business Heads and other senior executives.

Topics covered include but are not limited to purpose and values; culture and leadership; governance and stakeholder management; directors' legal and regulatory duties; anti-money laundering and antibribery; technical and business briefings; and strategy. The directors are advised of the legal, regulatory, and other obligations of a director of a listed company on an ongoing basis. The directors also receive training on corporate governance and have access to independent professional advice to enable them to discharge their duties. Prior to taking up their respective Board and Committee positions, new directors are provided with comprehensive induction sessions to ensure a smooth transition into their roles.

An early focus on induction allows a new Board member to contribute meaningfully from the outset. The structure of the induction supports good information flows within the Board and its Committees, as well as between senior management and non-executive directors, providing a clear understanding of our culture and way of operating.

A key part of the induction programme is to ensure that the directors have a good understanding of the governance environment, including a comprehensive understanding of their statutory duties, obligations, and responsibilities as directors of a Company carrying on banking business.

The programmes are regularly reviewed and consider directors' feedback to ensure continuous development and improvement.

Statement of Corporate Governance continued

Director induction continued

The induction process entails

Constitution and Governance Structure	The director undertakes a review of the constitutional documents and governance structure as follows: • Memorandum and Articles of Association; • Board and Management structure; • Governance structure (Committees); • Board Charter; • Board and Committee Terms of Reference (TORs); • Executive Committee/Management Committee TORs; • Any other Committee TORs as applicable; • Board and Committee meeting dates; • Rolling agenda for Board and Committee meetings; and • Board Diversity Policy.
Directors' duties	A director receives information tailored to maximise their knowledge and understanding of the following critical aspects: • Key legal and regulatory provisions such as the Central Bank of Kenya Prudential Guidelines, CMA Code of Governance, and the Companies Act; • Directors' roles and responsibilities; • Summary rules on disclosing insider information; • Summary of the directors' and officers' liability insurance; • Stakeholder engagement; and • Conflicts of interests including all directorships and personal interests.
About the business	The induction is designed to ensure a director receives essential information regarding the business in the areas below: • Various policies of the Company including Enterprise Risk Management Framework, Credit, Audit, Cyber Security, Conflict of Interest etc; • History of the Standard Chartered Group; • A brief about the business; • Company organisation chart; • Directors' induction and continuous education programme; and • Key meetings to be attended.
Other areas	A director also receives the following additional information necessary for their understanding of the Company's business, operations, and values: • Company Code of Conduct and Ethics; • Annual Report and Accounts; and • Delegated Authorities Manual.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Statement of Corporate Governance continued

Induction Highlights

In June 2024 and January 2025, we welcomed two independent non-executive Directors, Robert Mbugua and Beverley Obatoyinbo to the Board. Edith Chumba also joined the Board as an Executive Director in December 2024. The Company Secretary worked closely with the directors to ensure that a comprehensive induction programme tailored to their requirements, was delivered. It included specific areas of focus and was flexible in order to respond to areas of focus which emerged as the programme progressed.

The induction programme for the independent non-executive directors prioritised early engagement with key internal stakeholders, including the Chairperson, the CEO, CFO, non-executive directors and members of the executive management team. The induction programme was designed to ensure a comprehensive overview of the Company's structure and business operations, its strategic priorities and current challenges.

Directors Ongoing Development

Continuous training and development beyond a director's induction plan is essential for maintaining a highly engaged, effective and well-informed Board. Ongoing development plans also help ensure directors lead with integrity and promote the Company's culture, purpose and values. It is also necessary to ensure that the directors have the requisite knowledge and understanding of the Company and the market that it operates in for them to effectively carry out their roles.

In view of the changing business environment, continuous directors' development is undertaken to enhance governance practices within the Board itself and in the interest of the Company. The continuous development programme is needs-based and is designed for individual directors or for the whole Board to facilitate competence up-skilling of the directors. We ensure that directors secure at least twelve hours of development per year on areas of governance from credible sources.

From the annual evaluation exercise, the Directors identify areas that require further consideration by the Board and individual Directors, and these are addressed through training and Board presentations. The Board Committees also receive specialist presentations and training relevant to the work of the Committees as may be required. The Company Secretary makes appropriate arrangements for any additional training needs identified using internal resources, or otherwise, at the Company's expense. Directors may take independent professional advice at the Company's expense. Board Directors who serve on principal subsidiary Boards also receive training relevant to those Boards.

2024 Director Training Overview

Directors' training and development is co-ordinated by the Company Secretary. Directors have access to a wide range of briefing and training sessions and other professional development opportunities.

During the year, directors received a combination of mandatory learning and training, internal and external briefings, presentations from guest speakers and papers on a range of topics. The training covered a variety of topics throughout the year, the majority of which were held virtually. Some

2024 Director Training Overview continued

of these were determined at the start of the year and others arranged in response to events or Board discussions. Training was delivered by both members of management and external parties. The table below gives further details of the training sessions delivered.

The Board also held virtual engagements and trainings with other Standard Chartered Directors globally which enhanced the Board's understanding of the Bank's strategy and linkages with Standard Chartered Group and its subsidiaries. In addition, a number of directors also accepted an invitation to the full Board to join meetings of the Board Credit Committee which covered deep dives into mobile lending, the Medium Enterprises segment and sector focus on opportunities and risks in the petroleum Industry.

Directors also undertake other individual trainings they consider necessary to assist them in carrying out their duties and responsibilities.

Statement of Corporate Governance continued

Directors Training Sessions Held in 2024

Training	C. Adeya	K. Kariuki	D. Ongolo	N. Sharma	R. Mbugua	R. Etemesi	J. Browne	K. Ngari	C. Murgor	P. Gitau	B. Sanghrajka
Diversity, Equity and Inclusion	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
Sustainability Strategy Update	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
Global Economic and Geopolitical Outlook	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
Sustainability: Risk and Regulations	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
Information and Cyber Security Risk Awareness	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Oversight on Anti Money Laundering and Counter Terrorism Financing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Formulation of Risk Management Guidelines	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Whistleblowing Framework	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Investment and Trade Opportunities in AfCFTA for Financial Sector players like Standard Chartered to Enhance Economic Integration in Africa.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Instant Payments and Unlocking the Opportunity	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
The Fast Forward Leadership Class								✓			
SCB Sustainability Reporting Standards Training								✓			
Navigating the AI universe								✓		✓	✓

Statement of Corporate Governance continued

Training	C. Adeya	K. Kariuki	D. Ongolo	N. Sharma	R. Mbugua	R. Etemesi	J. Browne	K. Ngari	C. Murgor	P. Gitau	B. Sanghrajka
Career Connections Leadership Session: Evolution of the Board Chair: Unlocking Excellence in Board Leadership		✓				✓					
Career Connections Leadership Session: The Evolving Role of Non-Executive Directors		✓									
NSE ESG Disclosures and Sustainability Training		✓									
McKinsey: How to build resilience and adaptability, amidst change and uncertainty										✓	
Privacy and Data Sovereignty Awareness									✓	✓	✓
Climate Risk Management							✓				
Post-US Election Webinar: Global and Macroeconomic implications			✓	✓						✓	
Ernst & Young North America: Audit Training	✓										
Institute of Directors (UK): Accelerated Certificate in Company Direction	✓										
Women Corporate Directors Certificate of Board Education									✓		

Director attended the session

Director did not attend the session but received accompanying material

Other Training Sessions attended by Directors

Statement of Corporate Governance continued

Board effectiveness

2024 Board Effectiveness Review

The Board recognises that good corporate governance is an essential pillar for building the Company's future and has embedded a comprehensive corporate governance framework that instils best practice in the structuring and running of its Board. A key component of this framework is the regular self-evaluation conducted by the Board, the results of which are used to improve its performance.

In accordance with regulatory requirements, an evaluation of the performance of the Board, its Committees, the Chairperson and individual directors usually takes place annually. The evaluation is externally facilitated periodically, with internal evaluations in the intervening years. An internal evaluation was conducted in 2024 facilitated by the Company Secretary, following the externally facilitated evaluation led by Carol Musyoka Consulting Limited in 2023.

In 2024 the Board reviewed the progress achieved against the actions agreed following the 2023 evaluation of the effectiveness of the Board and its Committees. It was agreed that all actions had been successfully completed

Outcome

The evaluation enabled the Board to identify opportunities for refinement of certain processes and to build on its existing strengths. The insights derived from the process have ensured that the Board's governance strategies remain robust and reflective of best practices.

The key recommendations from the Board effectivenes review are set out below

Enhance quarterly reporting on the progress made towards achieving Diversity and Inclusion strategic priorities	Enhancing oversight on Environmental, Social and Governance considerations in lending decisions	Balance the agenda by ensuring concise presentation of Committee reports to create more time for strategic discussions	Increase focus on horizon risk scanning discussions at the Board Risk and Technology & Innovation Committees

Directors' performance

The Chairperson led the peer evaluation of individual director performance during 2024. The feedback was given during one-to-one sessions which provided an important opportunity for each of the directors to discuss with the Chairperson, among other things:

- their performance against core competencies and their individual effectiveness;
- their time commitment to the Company, including (where relevant) the potential impact of any outside interests;
- their ongoing development and training needs; and
- the current and future committee membership and structure.

Directors' performance continued

The outcome of the reviews confirmed that the performance of each director was effective and that each had met their time commitments during the year.

Chairperson's performance: The Board Evaluation included a review of the Chairperson's performance. The feedback was collated, and consolidated feedback was shared with the Chairperson. This review confirmed that the Chairperson effectively discharges her mandate and provides leadership to the Board.

Chief Executive Officer's performance: As part of the Board evaluation all directors agreed that the CEO executed his role effectively. The feedback was collated and provided to the CEO.

Company Secretary's performance: Overall, the Board rated the support provided by the Company Secretary as working well.

Director independence

The Board Nomination, Evaluation, and Remuneration Committee reviews the independence of each of the independent non-executive directors as part of its governance responsibilities undertaken on behalf of the Board, taking into account any circumstances likely to impair, or which could impair, their independence including financial relationships with the Company, their engagement in outside activities that may pose conflicts of interest, and their relationships with significant company stakeholders. Recommendations are then made to the Board for further consideration.

During the Board Effectiveness Review process, independent non-executive directors completed a questionnaire to enable the Board to assess their independence and freedom from any conflicting interests. In determining the independence, the Board considers each individual against the criteria set out in the CMA Code of Governance and also considers their contribution and conduct at Board meetings, including how they demonstrate objective judgment and independent thinking. In view of the self-assessments completed by the independent non-executive directors, their objectivity and challenge to Management among other factors, the Board considers all of the independent non-executive directors to be independent of the Company, concluding that there are no relationships or circumstances likely to impair their judgment.

This exercise is instrumental in promoting good governance as it helps in safeguarding the Board's independence, ensuring transparent decision-making, and enhancing stakeholder confidence in the Company's operations. It showcases the dedication to upholding the highest standards of corporate governance and reinforces our commitment to ethical and responsible leadership.

Board roles, responsibilities and meeting attendance

The Board meets regularly, with at least four formal meetings a year. The Board held a separate strategy session in November 2024 to review, discuss and agree the Company's strategy. There was sufficient time to examine the emerging risks and opportunities in detail.

The directors receive appropriate and timely reports to enable them exercise full and effective control over strategic, financial, operational, risk, compliance, and governance issues. A careful balance of formal and informal meetings throughout the year exists and there is an atmosphere of cordial relations.

This creates an environment that encourages challenge, consultation, information sharing, innovative thinking, and openness in communication. The Board also has opportunities to interact with the staff. During the year, the Board held one private session without executive Management being present to discuss the Chief Executive Officer's performance and succession plan.

The directors have full access to corporate information and sufficient detail to enable productive and open discussions. There is diversity in the Board which ensures that the level of debate is both detailed and of a high technical standard.

Statement of Corporate Governance continued

Board roles, responsibilities and meeting attendance continued

The following table shows the number of Board meetings held during the year and the attendance by the directors:

	Meeting Attendance	Responsibilities
Chairperson Kellen Kariuki	7/7	Responsible for leading the Board, ensuring its effectiveness in all aspects of its role, and developing the Company's culture in conjunction with the CEO. Promotes high standards of integrity and governance across the Company, and ensures effective communication between the Board, management, shareholders, and wider stakeholders.
Independent Non-Executive Directors		
C. Adeya*	7/7	Provide an independent perspective, constructive challenge and monitor the performance and delivery of the strategy within the risk appetite and controls set by the Board.
D. Ong'olo	7/7	
N. Sharma	6/7	
R. Mbugua**	3/3	
Non-Executive Directors		
R. Etemesi	7/7	Enhance the effectiveness of the Board through knowledge and experience of SCB Group and bring the broader Group context to Board discussions and provide the underlying rationale to facilitate the decision making of Independent Non-Executive Directors.
J. Browne*	7/7	
Executive Directors		
K. Ngari	7/7	Responsible for the management of all aspects of the Company's businesses, developing the strategy in conjunction with the Chairperson and the Board and leading its implementation.
C. Murgor	7/7	Responsible for Finance, Corporate Treasury, Strategy, the Company's Corporate Development, and Investor Relations.
P. Gitau*	5/7	Responsible for the Company's operations and technology delivery.
B. Sanghrajka	7/7	Responsible for client coverage in the Corporate and Investment Banking Business.

*P. Gitau and J. Browne resigned from the Board effective 25 November 2024 and 31 December 2024 respectively and C. Adeya retired from the Board effective 31 December 2024.

**R. Mbugua was appointed to the Board on 4 June 2024 and his Board attendance is prorated accordingly.

Board Operations

To enable the Board to use its time most effectively and efficiently, supported by the Company Secretary, it maintains a scheduled programme of meetings and a rolling agenda which includes standing items. There is sufficient flexibility in the programme for specific items to be added to any agenda to ensure that the Board can focus on the key matters at the appropriate time. The Board also schedules informal sessions and interactions, which allows Board members to discuss areas of the business, strategy, and the external environment with members of the Management Team and/or external advisers.

At the end of each year, the Board reviews its key priorities for the following year and formulates its forward plan, which requires a balance between standing items, governance requirements, and areas of strategic, operational and tactical focus. Board meetings help structure Board activities and facilitate discussion and action. In addition, they provide an important forum for oversight and challenge of management in respect of aspects of the Company's operations, performance and strategy. Some of the areas detailed in the following pages formed part of the standing agenda for each meeting, while others were reviewed periodically throughout the year.

Stakeholder considerations and open interaction are central to the Board's priorities, with the need to promote positive stakeholder relationships. Significant time is spent interacting with key stakeholders to better understand their views, as well as the opportunities and challenges. In addition, the Board regularly discusses the impact on stakeholders, their views and their feedback, whether in Board and Committee meetings. Directors are alert to their statutory duties and obligations, and this forms an integral part of director induction and annual training. The Board will continue to focus on considering stakeholders as part of the Board's decision-making.

In 2024, the Board held majority of its meetings virtually but held its Q2 and Q4 2024 Board and Strategy meetings in person. The Company's Articles of Association allow directors to participate in Board meetings by video conferencing or by any other audio-visual means.

Strategic Board Activities In 2024

During 2024, the Board remained focused on the Company's strategic direction, overseeing performance, and risk. It considered performance against financial and other strategic objectives, key business challenges, emerging risks, business development, and the Company's relationships with its stakeholders. The governance framework facilitated discussion on strategy and performance which enabled the Board to support executive management with its delivery of the strategy.

Statement of Corporate Governance continued

Strategic Board Activities In 2024 continued

Regular reports	Key approvals in 2024
• Strategy and 2025 Corporate Plan and Budget • CEO Reports include progress made on strategic priorities • CFO Reports • Board Committee Chairs Reports • Business Insights Reports from CIB and WRB • Sustainability Report and Environmental, Social and Governance • Governance Reports from the Company Secretary including the Board Work Plan, Board Training Plan, Board Stakeholder, Engagement Plan, Board Effectiveness Review Subsidiary and Related Entity Reports • Annual Review of Key Policies and Standards • Delegated Authority Reports	• Quartely Financial Results • 2023 Information and Cyber Security Audit conducted by Ernst and Young • Internal Capital Adequacy Assessment Process 2024 results • Task Force on Climate-related Financial Disclosures and Capital Risk Appetite Assessment • Annual Enterprise Risk Management Framework review and Risk Appetite Refresh • Quarterly Outsourcing Activities • Board and Management Committee Terms of Reference • Board Succession Plan and the Board's Skills Matrix • Country Managment Succession Plan • Appointment of an Independent Non- Executive Director • Appointment of an Executive Director

Strategic Board Activities In 2024 continued

The Board's principal areas of focus in 2024 are set out by theme below:

Strategy and Business Performance

The Company's strategy remains focused on increasing returns for investors, creating capacity for future investment and building a sustainable platform for growth. In 2024, each Board meeting featured the Company's strategic performance on its agenda, facilitating opportunities to track its delivery throughout the year, and providing an opportunity to shape how it was developed. The Board reviewed progress within the businesses, as well as against its four strategic pillars. The key areas included:

- Discussed progress made against the Company's strategic priorities and critical enablers;
- Discussed and provided oversight over implementation of the Fit For Growth programme;
- Discussed and reviewed the Company's sustainability strategy;
- Reviewed and approved the five-year corporate plan for the year 2025-2029 as a basis for preparation of the 2025 budget;
- Reviewed and scrutinised the strategic and operational performance of the business across client segments and product groups, which included details of their priorities, progress, opportunities and response to current events. This included deep dives into various areas of focus in 2024;
- Provided oversight of major expenditures and reviewed corporate performance; and
- Monitored and assessed the strength of the Company's capital and liquidity positions.

Spotlight

In 2024, the Board regularly reviewed the progress made against strategic priorities, ensuring alignment with the Company's long term vision. Each meeting featured in-depth discussions on strategic performance metrics and identified opportunities to advance execution plans effectively. In addition, the Board provided oversight of the implementation of the Fit For Growth programme, aimed at simplifying operations and focusing on driving sustainably higher returns across all business lines.

In November 2024, the Board and senior management held an offsite session to evaluate and approve the 2025 strategy. This proactive approach allowed the Board to ensure that the strategic priorities remain aligned with the evolving market conditions and emerging opportunities.

Each meeting featured in-depth discussions on strategic performance metrics and identified opportunities to advance execution plans effectively.

Strategic Board Activities In 2024 continued

Risk management

The Board, advised by the Board Risk Committee, promotes a strong risk governance culture that shapes the Company's risk appetite and supports the maintenance of a strong risk management framework, giving consideration to the measurement, evaluation, acceptance and management of risks, including emerging risks. The Board considered the Company's approach to risk, reviewed and approved a number of key frameworks, as follows:

- Discussed macroeconomic headwinds and tailwinds as both risks and opportunities for the Company;
- Considered the Company's readiness for implementation of the Fit For Growth Strategy;
- Approved material changes to the Enterprise Risk Management Framework including the Risk Appetite Statement for 2024 which encompassed a consideration of principal risks;
- Received and discussed status updates on Cyber Security Risks;
- Received reports on the Company's Operational Resilience posture and Crisis Management Plans, and approved the 2025 Business Continuity Plans;
- Received regular reports on the Credit Portfolio and Credit Risk Management;
- Received reports on Climate-related Financial Risks and other Environmental, Social and Governance considerations in the CIB Portfolio;
- Received and approved the inaugural Task Force on Climate-related Financial Disclosures (TCFD) report; and
- Undertook horizon scanning discussions, which considered the potential risks and opportunities that the Company might be or could become exposed to.

Spotlight

In 2024, the Board reviewed and approved the Company's inaugural TCFD report, reinforcing our dedication to transparency in climate-related financial reporting. The Board also received vital updates from the Board Credit Committee concerning climate-related risks and Broader ESG considerations within our CIB credit portfolio. Notably, our approach on transition finance was emphasised, reflecting our proactive approach to supporting clients in transitioning to a low-carbon economy while effectively managing environmental impacts.

The Board considered the Company's approach to risk, reviewed and approved a number of key frameworks.

Strategic Board Activities In 2024 continued

Technology, Information and cyber security

- Throughout the year, the Board received regular updates on technology from the Board Technology and Innovation (T&I) Committee, including updates on the implementation of the Transformation, Technology and Operations strategy; key strategic business initiatives, and the information and cyber security strategy and cyber posture of the Company.
- The Board also reviewed and discussed the outcomes of the information and cyber security audit carried out by EY in compliance with the requirements of Central Bank of Kenya and noted the status of technology and cyber security controls as well as the remedial actions being taken to resolve the issues reported.
- The Board reviewed and approved the technology and Innovation and Cyber Security 2025 budgets.
- The Board reviewed and approved refreshed Technology Policy and Standards.

Shareholder and Stakeholder engagement

Stakeholder consideration and engagement is central to the Board's priorities. The Board recognises the importance of promoting positive stakeholder relationships and spends time interacting with them to better understand their views, as well as the opportunities, challenges and the Company's impact. In addition, the Board regularly discusses the impact on stakeholders, their perspectives and their feedback, whether in Board and Committee meetings, or as part of other interactions. In 2024, the Board implemented the Stakeholder Engagement Plan with focus on effective, proactive management of stakeholders and also reviewed and approved the refreshed Stakeholder Engagement Policy.

Shareholder and Stakeholder summary

Investors	Customers	Regulators	Communities	Suppliers
• Directors engaged shareholders at the virtual Annual General Meeting (AGM) and responded to retail shareholders' questions raised before and during the AGM • The Directors interacted with representatives of the majority shareholder in the year.	• The Board received regular updates from Management on customer engagement activity and sentiment. • In May 2024, directors had the opportunity to meet with a selection of clients based in the Rift Valley. Discussions focused on how the Bank can support customers in achieving their targets in the prevailing macro-economic environment and the opportunities and challenges this was presenting.	• Representatives of the Financial Reporting Centre took the Board through a training session on AML/ CTF. • The Board regularly received reports regarding significant regulatory matters and deliberated on approaches to regulatory changes, expectations, compliance, and regulatory engagements throughout the year.	• Directors participated in Corporate Social Responsibility (CSR) projects including the Standard Chartered Nairobi Marathon, Women In Tech Programme, and various Futuremakers initiatives. The Board also discussed the progress on community initiatives as detailed in the Stakeholders and Responsibilities section of the annual report on pages 35 to 55;	• The Board regularly receives updates from management regarding key supplier relationships, including an indepth anaysis of third-party data management. The Board also reviewed reports on training sessions conducted for suppliers focused on data security and privacy. These discussions enhance directors understanding of suppliers' experiences and foster collaboration

Strategic Board Activities In 2024 continued

Budget and performance oversight	Spotlight
• Approved the Company's budget/ corporate plan; • Monitored the Company's financial performance; • Approved the full year and quarterly results and considered key internal and external factors in approving an interim dividend for the 2024 financial year; • Approved the 2023 final dividend and 2024 interim dividend; • Approved the Internal Capital Adequacy Assessment Process; • Monitored and assessed the strength of the Company's capital and liquidity positions; • Monitored the Company's competitor and market position and performance; • Received updates from the statutory auditor Ernst & Young LLP on the audit of the financial statements; and • Considered the re-appointment of the EY as the statutory and made appropriate recommendations to shareholders to consider the reappointment of EY at the Annual General Meeting.	The Board has recommended payment of a total dividend pay-out of KShs 45.00 for each ordinary share. **The Board has recommended payment of a total dividend pay-out of KShs 45.00 for each ordinary share.**

Statement of Corporate Governance continued

Strategic Board Activities In 2024 continued

People, culture, and values

The Board places great importance on engagement with colleagues and values its interactions at all levels. Two-way dialogue through a variety of forums helps build the Board's understanding of key issues and developments around its markets, as well as providing an insight into the hands-on experiences of colleagues. The role of the Board is distinct from management, and the directors are aware of the importance of overseeing, supporting and, where necessary, challenging management in implementing its people strategy. During 2024, the Board:

- Received and discussed regular updates on implementation of the People Strategy;
- Considered and approved appointments of directors following recommendations from the Board Nomination, Evaluation and Remuneration Committee.
- Reviewed, considered, and approved the Company's Remuneration Approach and Human Resource Policies;
- Discussed the results of the employee engagement survey "My Voice", the Company's talent pool and leadership development programmes;
- Discussed and approved the country senior management succession plan;
- Discussed the Company's culture, and the importance of a robust conduct culture throughout the Company; and
- Considered the progress made on implementation of diversity, equity and inclusion priorities.

Spotlight

The Board continued to dedicate time in its meetings to discuss people related and culture related topics, to help raise its awareness of employee and other stakeholder perspectives. During discussions of management's succession planning and talent strategy, directors considered how colleagues' development is supported and a culture of learning promoted across the organisation.

The Board places great importance on engagement with colleagues and values its interactions at all levels.

Strategic Board Activities In 2024 continued

Governance	Spotlight

Governance

- The Board continued to oversee the governance, smooth operation and oversight of the Bank and its subsidiaries;
- Reviewed and approved the Board succession plan for 2024-2025 together with the Board Committee composition to ensure an appropriate mix of skills, experience, and diversity;
- Considered the continued independence and objectivity of independent non-executive directors;
- Discussed and approved updates to the Board Stakeholder Engagement Policy and the Stakeholder Engagement Plan;
- Continued to ensure linkages with the Board Committees through receiving quarterly reports from the Committee Chairs on each of their key areas of focus;
- Considered the results of the internally facilitated 2024 Board effectiveness evaluation and approved the action plan;
- Approved the revised terms of reference for the Board and Board Committees;
- Maintained linkages with Standard Chartered Plc, the parent company through attending calls hosted by the Standard Chartered Plc Board and Board Committees as well as other engagements;
- Reviewed, and approved updates where appropriate, to the Terms of Reference for each Board Committee;
- Received updates on the governance of its subsidiaries; and
- Monitored its compliance with the CMA Code of Governance, the Central Bank of Kenya Corporate Governance Guidelines and the Companies Act 2015 throughout the year.

Spotlight

The Board Succession plan was considered and approved in the year. The Board, supported by the Nomination, Evaluation and Remuneration Committee, will continue to review the skills and experience of the Board as a whole to ensure that it comprises the relevant skills, diversity and experiences to discharge its responsibilities effectively. More details on the diversity, skills and competencies of directors can be found in pages 79 to 80.

The Board continued to oversee the governance, smooth operation and oversight of the Bank and its subsidiaries;

Statement of Corporate Governance continued

Strategic Board Activities In 2024 continued

External environment

The Board undertook the following activities:

- Received regular updates on the macroeconomic headwinds and tailwinds, including an assessment of their impact on the key drivers of the Company's financial performance.
- Received internal and external briefings and input across a range of subjects, including:
  - climate-related matters
  - environment, social and governance matters
  - net zero pathway methodology
  - developments in cloud technology, digital currencies and crypto assets
  - the global economic outlook
  - economic recovery, risks and opportunities
  - evolving geopolitical landscape and horizon scanning discussions.

Spotlight

The Board received updates on a variety of matters, such as commentary on the local macroeconomic environment, global economic outlook and potential future risks. The insights provided valuable context to Board discussions on how these risks and opportunities may impact the Company, what further actions may be prudent in response to these risks, and a consideration of other external risks.

Board Committees

Structure, decisions, responsibilities, and delegation of authority

The Board delegates oversight of certain audit, risk, technology, remuneration, nomination and governance matters to its Committees. These are the Board Audit Committee, the Board Risk Committee, the Board Credit Committee, the Board Nomination, Evaluation and Remuneration Committee, and the Board Technology and Innovation Committee, all chaired by independent directors. Each Board Committee has a remit to cover specific topics in accordance with its respective terms of reference.

The respective Chairs present their reports to the Board at each scheduled meeting. The Asset and Liability Committee (ALCO) and the Executive Committee are management committees chaired by the CFO and CEO respectively, whilst the Third-Party Risk Management Committee is chaired by the Chief Risk Officer and all report quarterly to the Board.

Terms of Reference for the Board and each Committee are in place to provide clarity over where responsibility for decision making lies. These are reviewed annually against industry best practice and corporate governance provisions and guidance.

The Board places significant reliance on its Committees by delegating a broad range of responsibilities and issues to them. It therefore remains crucial that effective linkages are in place between the Committees and the Board as a whole, not least as it is impracticable for all independent directors to be members of all the Committees. Mechanisms are in place to facilitate these linkages, including ensuring that there are no gaps or unnecessary duplications between the remit of each Committee and overlapping membership between Board Committees where necessary. Alongside interconnected Committee membership, the Board receives a written summary of each of the Committees' meetings and verbal updates at the Board, where appropriate.

Statement of Corporate Governance continued

Board Committees

Board Audit Committee

Oversight and review of matters relating to financial reporting, financial controls, and internal controls, and the work undertaken by Compliance, Financial Crime and Conduct Risk team, Group Internal Audit and the Statutory Auditor, Ernst & Young LLP (EY).

Read more on page 105.

Board Risk Committee

Oversight and review of the Risk Appetite Statement, the appropriateness and effectiveness of the risk management systems and the principal risks to the Company's business. Furthermore, oversight and review of risks including operational and technology, compliance, financial crime, environmental, social, governance and reputational credit, traded, information and cyber security, treasury and model risks.

Read more on page 112.

Board Credit Committee

Oversight of the Company's credit policy and all lending undertaken by the Company in line with the established risk appetite. In addition, the Committee oversees the Company's governance framework for raising credit impairment provisions for all assets and ensures that timely and adequate provisions and write offs are made in order to accurately reflect the true and fair financial condition of the Company.

Read more on page 117.

Board Nomination, Evaluation and Remuneration Committee

Oversight and review of the Board and executive succession, overall Board effectiveness and corporate governance issues. Further, the Committee provides oversight on remuneration, rewards and other incentives.

Read more on page 122.

Board Technology and Innovation (T&I) Committee

Oversight of the Company's technology and information and cyber security risks as well as the Company's approach to innovation in light of emerging technologies.

Read more on page 127.

Membership of the Board Committees

Name	Board Audit Committee	Board Risk Committee	Board Credit Committee	Board Nomination, Evaluation and Remuneration Committee	Board Technology and Innovation (T and I) Committee
K. Kariuki				🟢	
D. Ong'olo		🟢	🔵	🔵	
N. Sharma	🔵				🟢
R. Mbugua	🟢	🔵	🟢		
B. Obatoyinbo	🔵			🔵	🔵
R. Etemesi		🔵	🔵		🔵

🟢 Chair 🔵 Member

Report of the Chair of the Board Audit Committee

Committee Composition

The Board Audit Committee is comprised solely of independent non-executive directors with the membership designed to provide a breadth of financial expertise and commercial acumen needed to fulfil its responsibilities. Dr. Catherine Adeya* served as the Audit Committee Chair until her retirement in December 2024 after which Robert Mbugua took over as the Chair of the Audit Committee. Nivedita Sharma and Beverley Obatoyinbo are the other members on the Committee with Beverley joining the Board in January 2025. The Committee members have detailed and relevant experience and bring an independent mindset to their role.

Attendance of the meetings held in 2024	Scheduled	Private Sessions with the Internal and External Auditors
C. Adeya* (immediate former Chairperson)	**2/2**	**2/2**
R. Mbugua (Chairperson)	**2/2**	**2/2**
N. Sharma	**2/2**	**2/2**

*Retired effective 31 December 2024

As part of, the scheduled Committee meetings, the Committee held private members-only meetings and also met with the Statutory Auditor, EY and the Head, Internal Audit, without management being present.

Who else attended 2024 Committee meetings?

The Chief Financial Officer; Chief Risk Officer; Head of Compliance, Financial Crime & Conduct Risk; Head, Internal Audit; Head of Legal, Head of Property, Statutory Auditor; and the Company Secretary. Other members of Management also attended upon invitation.

C. Murgor	
J. Mucheke	
D. Mwindi	
D. Muugi	
D. Mwaisaka	
C. Mbuvi	Head of Security
J. Nyaga	Secretary
Ernst & Young LLP	

What are the main responsibilities of the Committee?

The Committee operates under delegated authority from the Board and advises the Board on matters concerning the Company's financial reporting requirements. The Committee Chair reports on the key matters and discussions at the subsequent Board meeting. This supports the Board's oversight of the work carried out by Management, Internal Audit and EY, the Company's statutory auditor. The Committee considers Management's recommendations in respect of impairment on loans and advances as well as other disclosure requirements.

The Committee regularly reviews and reports to the Board on the effectiveness of the Company's system of internal control. It receives reports on findings of the internal and external audits and monitors Management's remedial actions on audit findings. The Committee also reviews the proposed work plans for the external auditor, and the Internal Audit team.

The Head, CFCC Risk submits regular reports on regulatory, compliance, financial crime and conduct issues. The Business and Function Heads are regularly invited to the meetings to provide reports or respond to audit issues as required.

Statement of Corporate Governance continued

Report of the Chair of the Board Audit Committee continued

Robert Mbugua
Chair of the Board Audit Committee

I am pleased to present my first report as Chair of the Board Audit Committee (the Committee or BAC), having succeeded Dr. Catherine Adeya who retired from the Board effective 31 December 2024. I would particularly like to thank Dr. Adeya for her skill and dedication in steering the Committee. I joined the Committee in June 2024, ensuring a smooth handover of responsibilities. I would also like to extend a warm welcome to Beverley Obatoyinbo who joined as a member of the Audit Committee in January 2025 and brings unique skills and experience to the business of the Committee.

Meetings and attendance

Two scheduled meetings of the Committee were held in 2024, all of which took place in the second half of 2024 following receipt of regulatory approval of my appointment in June 2024. During the year, all members attended the meetings, one of which was held in person. The Committee reported to the Board after each scheduled meeting, escalating matters for the Board's attention as required.

Principal Areas of Focus in 2024

A critical function of the Committee is to oversee Management's approach to the preparation of financial results and relevant financial and non-financial disclosures. More detail of the remit of the Committee can be found in its terms of reference which are reviewed annually and are available on the investor relations page of the Company's website: Investor Relations – Standard Chartered Kenya.

To ensure the accuracy and transparency of financial reporting, the Committee reviewed and provided assurance to the Board that the financial statements had been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015 thereby giving a true and fair view of the financial position of the Company and of its profit or loss. The financial statements provided the shareholders with the necessary information to assess the Company's position and performance, business model, strategy and risks facing the business.

The Group Internal Audit (GIA) function provides independent and objective assurance of the Company's governance, risk management and controls, focusing on the greatest areas of risk. In 2024, the Committee approved the annual audit plan. Consistent with previous years, the 2024 audit planning process included assessing the inherent risks and strength of the control environment across the Company.

The results of the audits conducted in the year were reported to the Committee and we were pleased to note that the Company's overall control environment remained strong. Based on the private sessions held with the Head of GIA and the results of the External Quality Assurance Review of the function, which was completed in 2024, the Committee is satisfied with the effectiveness of the GIA and the appropriateness of its resources.

The Committee received updates on ongoing regulatory engagements, current and future areas of regulatory focus and the status of the relationships with the primary regulators. Management provided updates on key themes and issues identified from engagements with the regulators.

In the Financial Crime Compliance space, the Committee considered and provided assurance to the Board for approval of the Company's 2023 Anti-Money Laundering and Counter Terrorist Financing Risk Assessment.

The Company remains committed to ensuring colleagues have confidence to speak up and acting when they do. The Committee has continued to oversee the effectiveness of the whistleblowing arrangements under the Speak Up Program.

A wide variety of channels are provided for colleagues to raise concerns. In addition to the periodic reports received from the Head of CFCC on material Speak up cases, the Committee also considered the annual report of Speak Up cases received in 2023 as well as the actions taken to mitigate the thematic risks identified.

The Committee continued to monitor the progress of resolution of tax matters with the Kenya Revenue Authority and received reports detailing new and existing major litigation cases. The Committee considered the adequacy of provision levels and of the disclosures on potential legal issues. It is satisfied in both respects.

The Committee oversees the relationship with the Company's external auditor, EY. The external auditor completed its fifth audit of the company's financial statements, providing robust challenge to management and sound independent advice to the Committee on specific financial reporting judgements and the control environment. The key audit matters discussed with EY are set out in its report on page 146 to 148.

In accordance with professional ethical standards and applicable rules and regulations, EY provided the Committee with written confirmation of its independence for the duration of 2024. The Committee assessed any potential threats to independence and considered EY to be independent.

Statement of Corporate Governance continued

Report of the Chair of the Board Audit Committee continued

Committee Effectiveness Review

The Audit Committee's performance and effectiveness were reviewed as part of the Board effectiveness review undertaken during the year. Notably, the Committee continued to operate effectively, with no material areas for improvement identified.

The following pages provide insight and context into the Committee's work and activities during the year. Principal activities and significant issues considered during 2024:

Area of Focus	Key Issues The Committee:
Financial Reporting	• Satisfied itself that the accounting policies and practices are appropriate. • Reviewed the clarity and completeness of the disclosures made within the published financial statements. • Reviewed the annual financial statements and quarterly financial results prior to publication. • Monitored the integrity of the published annual financial statements, reviewing the significant financial judgments and accounting issues. • The Committee considered, satisfied itself and recommended to the Board, that the processes and procedures in place to ensure that the Annual Report had been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, were in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. This ensured that the financial statements provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and the business risks it faces. • Reviewed appropriateness of the financial control policies and discussed updates to the policies prior to recommending them to the Board for approval. • Monitored the financial controls environment and received updates regarding operational risk on financial controls. • Considered advice presented on the current status of significant legal and regulatory matters and considered management's judgments on the level of provisions and the adequacy of disclosure.
Taxation	• Provided oversight on tax risks and tax related matters. Reviewed and considered Management's judgments and assumptions with respect to tax exposure risks.

Area of Focus	Key Issues The Committee:
Statutory Auditor, Ernst & Young (EY)	• Provided oversight of the work undertaken by EY and in particular: • Reviewed and discussed the external auditor's approach and strategy for the annual audit including the materiality, risk assessment and scope of the audit. • Satisfied itself that EY had allocated sufficient and suitably experienced resources to address these risks and reviewed the findings from the audit work undertaken. • Reviewed and discussed the key audit matters and key risks identified by EY's audit planning, seeking and receiving assurance that these risks had been addressed properly in the audit strategy. • Received a confirmation of independence from EY. • Considered the audit fees for the audit of the financial statements as appropriate together with the external auditor's engagement letter and recommended the terms of engagement to the Board for approval. • The Committee met privately with EY at the beginning of two Committee meetings, without Management being present. • The Committee is responsible for setting, reviewing and monitoring the appropriateness of the provision of non-audit services, applying the policy on the award of non-audit services to the External Auditor, while considering the relevant ethical guidance. The non-audit services are carried out in accordance with the external auditor independence policy to ensure that services do not create a conflict of interest. In 2024, the Committee reviewed and approved the non- audit services offered by EY.

Statement of Corporate Governance continued

Report of the Chair of the Board Audit Committee continued

Area of Focus	Key Issues The Committee:
Internal Controls	• Discussed reports from Group Internal Audit (GIA) that provide GIA's view on the system of internal controls across all risk types, business and country functions, including summary highlights of the most significant matters being monitored by GIA and areas of thematic interest that have arisen as part of the audits and warrant the Committee's attention. On a periodic basis, GIA reports on any overdue remediation of findings. • Reviewed the adequacy of resourcing and proposed audit plan for GIA and was satisfied that they were appropriate in light of proposed areas of focus, expertise and skills that were required. • Assessed the role and effectiveness of the GIA function and reviewed and monitored GIA's progress against its annual audit plan and the review and monitoring of post-audit actions. • Reviewed and approved GIA's 2025 audit plan. • Probed and was satisfied with the independence of the GIA function. • The Committee received an update on the new Global Internal Audit Standards effective January 2025, aimed at elevating the quality, value, and position of internal audit and the plan for implementation of the standards within the function. • The Committee received the results of the External Quality Assessment Review conducted by Deloitte at SCB Group level. The review confirmed full conformance with the International Internal Audit Standards and the regulations that had been scoped in the review providing assurance to the Committee that the function was operating effectively. • The Committee held two private sessions with the Head of GIA without Management being present.

Area of Focus	Key Issues The Committee:
Compliance	• Reviewed reports on the arrangements established by Management for ensuring adherence to internal compliance policies and procedures and compliance with specific laws and regulations and was satisfied that the compliance framework and controls continue to operate effectively. • Received and discussed reports on Financial Crime Compliance produced by the Company's Money Laundering Reporting Officer and any specific actions taken by senior management in relation to the report. • Reviewed and recommended the Outcome of the Bank's 2023 Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) Risk Assessment for Board approval.
Whistle Blowing	• Speaking Up is the Company's confidential and anonymous whistleblowing programme. The whistleblowing channels are available to anyone – colleagues, contractors, suppliers, and members of the public – to raise concerns confidentially and anonymously. Through the Compliance Report, the Committee received regular updates on the efficacy of the whistleblowing framework, themes in reports made by colleagues via the systems, and monitoring the outcomes of the most pertinent cases. An annual report on Speak Up cases was reviewed and subsequently tabled to the Board. The Committee also received an update of the policies, procedures and arrangements for capturing and responding to whistleblower concerns to ensure they are operating effectively.
Committee Effectiveness Review	• Following the conclusion of the Committee's internal effectiveness review, the Committee dedicated time to discuss its performance. The Committee rated its oversight of the fundamental financial reporting; internal control environment and assessment of the performance of external auditors as performing well. The Committee was satisfied with its effectiveness in providing support to the internal audit function and staying informed about significant compliance and legal issues. • The Committee members noted there was a need to monitor the Committee's composition to ensure that sufficient experience in banking, accounting and financial reporting remain in the Committee as members step down.

RN Mbugua

Robert Mbugua
Chair of the Board Audit Committee

Statement of Corporate Governance continued

Report of the Chair of the Board Risk Committee

Committee Composition

The Risk Committee is comprised of independent non-executive directors and non-executive directors. The members collectively have wide knowledge on banking and the risk factors affecting the Company, including geopolitical, economic, IT, Financial Crime, Credit and general business risks which is needed to fulfil Committee responsibilities. David Ong'olo is the Chair of the Committee while Robert Mbugua and Richard Etemesi are the other members of the Committee.

Attendance of the scheduled meetings held in 2024

Attendance of the meetings held in 2024	Scheduled
D. Ong'olo (Chairperson)	**4/4**
R. Mbugua[1]	**2/2**
J. Browne[2]	**4/4**
R. Etemesi	**4/4**

[1] Appointed on 4 June 2024

[2] Stepped down on 31 December 2024

Who else attended Committee meetings in 2024?

The Chief Executive Officer; Chief Financial Officer; Chief Risk Officer; Chief Technology and Operations Officer; Head, Wealth and Retail Banking; Head of Corporate and Investment Banking; Head, Markets and the Company Secretary attend the Risk Committee meetings as permanent invitees. Other members of Management also attend upon invitation. The participation of our senior business leaders reaffirmed the ownership and accountability of risks in the first line of defence.

K.Ngari	
C. Murgor	
J. Mucheke	
E. Chumba	
B. Sanghrajka	
M. Kiboi	
J. Mwai*	
J. Nyaga	Secretary

* subject to regulatory approval

What are the main responsibilities of the Committee?

The Committee is responsible for exercising oversight of and reviewing prudential risk. It reviews the Company's Risk Appetite Statement and Enterprise Risk Management Framework (ERMF) and makes recommendations to the Board. These risks include, amongst others; credit, traded, treasury, operational and technology, environmental, social and governance and reputational, financial crime, compliance, information and cyber security and model risks. Its responsibilities also include reviewing the appropriateness and effectiveness of the Bank's risk management systems, considering the implications of material regulatory change proposals, reviewing reports on principal risks to the business.

The Chief Risk Officer presents a report to the Committee at every scheduled meeting and the Committee discusses the major risks faced by the Company across the businesses. It is responsible for ensuring that there are written policies, procedures, and processes for identifying and managing all risks within the Company.

The Committee maintained a clear focus on capital and liquidity during the year. The Chief Financial Officer presents a report at every scheduled meeting and the members have an opportunity to consider the Company's capital and liquidity positions, the regulatory environment, and expectations.

The Committee also reviews the top country risks impacting the credit portfolio and ratifies approvals of the Credit Approvals Committee.

David Ong'olo
Chair of the Board Risk Committee

I am pleased to present the Board Risk Committee's (Committee or BRC) report for the year ended 31 December 2024.

There have been some recent changes to the Committee's composition following Julie Browne's resignation from the Board in December 2024. I would like to convey the Committee's gratitude for her valuable insights and contributions over the years. I would also like to welcome Robert Mbugua who joined the Committee in June 2024.

This report outlines how the Committee has fulfilled its role in overseeing and advising the Board in relation to current and potential future risk exposures and the risk profile to ensure the Company prudently manages risks. Additional details about the Committee's remit can be found in its terms of reference which are reviewed annually and are available on the investor relations page of the Company's website Investor Relations – Standard Chartered Kenya.

Meetings and attendance

There were four scheduled meetings of the Committee held in 2024, all of which were held virtually. Details of the attendance are provided in the preceding page. The Committee reported to the Board on its activities after each meeting, escalating matters for the Board's attention as appropriate.

Principal Areas of Focus in 2024

In an ever-changing and complex geopolitical and macroeconomic environment, the Committee remained focused to ensure efficient and effective risk management in the Company.

In 2024, the Committee dedicated its efforts to prioritise the Company's major and emerging risks. It engaged with a wide array of financial and non-financial risk management challenges relevant to the Company, all within a volatile and complex operating landscape. Recognising the changing external factors, the Committee focused on significant emerging risks and changing regulatory themes. Throughout the year, it closely monitored increasing geopolitical and macroeconomic pressures to foresee potential impacts on the Company's revenue, capital stability, and its ongoing capacity to assist customers. Additionally, the Committee thoroughly assessed the challenges associated with inflation, commodity prices, interest rates, and foreign exchange fluctuations. Regular reviews were conducted on how these factors affected sovereign risk, credit risk, and the overall business to ensure proper risk management practices were in place. The Committee also continued to seek confirmation that adequate resources are available to navigate these intricate risks. We believe that our structure and governance support us in managing risk in the changing economic, political and market environments.

Oversight of financial risks has been critical against this external backdrop, and the Committee has paid close focus to the Company's ongoing treasury, capital and liquidity risk management activities, including early warning indicators, to ensure capital and liquidity adequacy. During the year the Committee received updates on the tax risks and progress made in resolving legacy tax matters.

The Committee received and evaluated the Markets policies before recommending them for the Board's approval. This review was part of the Company's strategy for implementing the Kenya Foreign Exchange Code, which requires the Board to confirm the effectiveness of its controls and governance structures for overseeing FX market activities. Additionally, the Committee conducted an in-depth analysis of the key control metrics within Markets, assuring the Board that these controls are functioning effectively.

Non-financial risks were also a key focus of the Committee in 2024. Third-party risk management remained a key area of concern. The Committee evaluated and recommended for Board approval the Third-Party Risk Management Policy and Standards. This was crucial in safeguarding the Company from potential disruptions caused by third-party relationships.

Financial crime has remained a key area of focus. On fraud risk, the Committee has maintained a vigilant stance, overseeing

Statement of Corporate Governance continued

Report of the Chair of the Board Risk Committee continued

the management of credit and debit card frauds as well as the continued deployment of digital solutions to mitigate emerging social engineering risks. Notably, the Committee provided oversight on tax risks, an essential function that ultimately benefits the Company by ensuring regulatory compliance.

The Committee reviewed a comprehensive report on Data Management Conduct Risk, which encompassed five key pillars: Data Privacy, Records Management, Data Quality, Data Sovereignty, and Responsible Use of Artificial Intelligence by third parties. The Committee sought and received assurance that adequate controls are in place to effectively mitigate associated risks including potential vulnerabilities in data handling practices. This robust approach to risk management not only safeguards the Company's data integrity and compliance but also enhances stakeholder confidence and supports informed decision-making.

In 2024, the Committee evaluated the Company's inaugural Task Force on Climate related Financial Disclosures (TCFD) report detailing the Bank's sustainability approach, governance structures, and management of environmental, social, and climate risks, along with progress made in 2023. The report informs investors and stakeholders about relevant climate and sustainability risks and opportunities while outlining our achievements against set objectives. It also provides disclosures in accordance with the Central Bank of Kenya's Banking Circular No. 5 of 2021 on climate-related risks.

In addition to our Committee meetings, I held one-on-one discussions with the Chief Risk Officer to stay updated on significant risks and emerging developments as they unfolded. These sessions facilitate open dialogue on issues stemming from the Committee's formal discussions and aid in shaping the agenda for future meetings. This consistent collaboration helps cultivate a strong culture of risk awareness and enhances the Committee members' comprehension of the Company's risk profile, ultimately improving their decision-making capabilities.

The Committee recognises the importance of holding management directly accountable for any issues raised by the Chief Risk Officer. Senior management routinely joins Committee meetings to engage in more in-depth discussions, serving as the first line of defence.

Committee Evaluation

During the year, the annual review of the effectiveness of the Board Committees, including the BRC, was conducted internally. The review determined that the BRC continued to operate effectively. Members identified key areas for improvement, including the need for deeper consideration of fundamental risk questions, better assessment of the Company's strategic delivery capabilities, and improved sharing of lessons learned from both local and global risk management incidents. Additionally, the review highlighted the importance of horizon risk scanning.

In response to these findings, the Committee has implemented actions to enhance its processes in these areas. This commitment to continuous improvement aims to strengthen the BRC's effectiveness and the overall risk management framework within the Company.

The following sections provide insight and context into the Committee's work and activities during the year.

Principal activities and significant issues considered during 2024:

Area of Focus	**Key Issues** The Committee:
Holistic enterprise risk monitoring, including the risk profile	• Geopolitical and macroeconomic risks continue to present significant challenges to revenue growth, operational resilience, and our commitment to serve clients. BRC closely monitored global geopolitical and macroeconomic risks that could impact the Company's strategy, business performance or operations. • Continued to track top and emerging risks, our risk appetite and other management information metrics, as well as other early warning measures to understand sensitivities and the likelihood of the potential impact to our operations, clients and stakeholders. • Discussed the Bank Risk Profile as detailed in the Principal Risk Types report presented at each scheduled Committee meeting throughout the year. In addition, the Committee had deeper discussions on Data Management Conduct Risk; Preparedness to address risks associated with the Fit for Growth program; and Lessons learnt from external cyber risk related incidents such as the Crowdstrike incident.
Risk Appetite	• Received regular reports from the Chief Risk Officer on the Company's risk profile ensuring this was consistent with risk appetite. • Tracked a broad range of risk metrics that are reported to the Committee periodically.
Enterprise Risk Management Framework (ERMF)	• The ERMF sets out the principles and standards for risk management across the branches and subsidiaries of the Standard Chartered Bank Group globally. The Committee reviewed proposed material changes to the ERMF arising from the annual review and recommended these changes to the Board for approval. These changes included the expansion of the principal risk types to include integrated risks i.e. climate risk, third party risk and digital assets risks which were subsumed into the Principal Risk Types.

Statement of Corporate Governance continued

Report of the Chair of the Board Risk Committee continued

Area of Focus	**Key Issues** The Committee:
Embedding Third Party Risk Management	• Continued its focus on managing third-party risk to safeguard the Company from potential disruptions caused by third-party relationships.
Operations and Technology Risk	• Regularly reviewed reports on the Company's technology risk profile, as well as reports on cybersecurity risks. The Committee also maintained a strong focus on monitoring obsolescence risk and mitigations to the risks arising and the remediation plans in place.
Traded Risk	• Endorsed the refreshed Traded Risk Type Framework as well as the Markets policies and standards for Board approval. The Committee also received a report on the status of key Financial Markets control metrics for assurance on their effectiveness.
Treasury Risk	• Received reports from the Chief Financial Officer at each scheduled meeting, which covered the Company's capital and liquidity position to ensure that there was sufficient capital, liquidity or funding to support the Company's operations in line with regulatory requirements.
Committee Effectiveness Review	Overall, the Committee effectiveness review revealed strong performance in the following areas: - Assessment of the Bank's ability to deliver on the strategy. - Oversight of the Enterprise Risk Management Framework. - Evaluation of major initiatives/projects. - Receipt of well-structured reports. - Strong member skills and effective communication with the Board. Areas for improvement were identified, and actions have been taken to enhance the Committee's effectiveness.

David Ong'olo
Chair of the Board Risk Committee

Report of the Chair of the Board Credit Committee

Committee Composition

The Board Credit Committee is comprised of independent non-executive directors and non-executive directors. The members collectively have wide knowledge on banking and credit risk factors affecting the Company's credit portfolio which is imperative for execution of the Committee's mandate. David Ongo'lo served as the Chair of the Committee until November 2024 after which Robert Mbugua to took over as the Committee Chairperson. Richard Etemesi is the other member of the Committee.

Attendance of the scheduled meetings held in 2024

Attendance of the meetings held in 2024	
R. Mbugua[1] (Chairperson)	**2/2**
D. Ong'olo (Immediate former Chairperson)	**4/4**
J. Browne[2]	**4/4**
R. Etemesi	**4/4**

[1]Appointed 4 June 2024
[2]Stepped down 31 December 2024

Who else attended Committee meetings in 2024?

The Chief Executive Officer; Chief Financial Officer; Chief Risk Officer; Head, Wealth and Retail Banking (WRB); Head of Corporate and Investment Banking (CIB); Senior Credit Officer; Country Credit Head, WRB; Head, Stressed Assets Risk and the Company Secretary routinely attend the Credit Committee meetings as permanent invitees. Other members of Management also attend upon invitation.

K. Ngari	
C. Murgor	
J. Mucheke	
E. Chumba	
B. Sanghrajka	
S. Mwangi	Senior Credit Officer, CIB
M. Mukiri	Country Credit Head, WRB
J. Warutere	Senior Manager, Stressed Assets Risk
J. Nyaga	Secretary

What are the main responsibilities of the Committee?

The Committee exercises oversight on the key credit risks faced by the Company and makes recommendations to the Board on the Company's overall credit risk appetite. In particular, the Committee: reviews and oversees the Company's lending policies; ensures that there are effective procedures and resources to identify and manage irregular problem accounts, minimise credit loss and maximise recoveries; and delegates and reviews lending limits to the sanctioning arms of the Company.

Statement of Corporate Governance continued

Report of the Chair of the Board Risk Committee continued

Report of the Chair of the Board Credit Committee

Additionally, the Committee oversees the Company's governance framework for raising credit impairment provisions for all assets and ensures that timely and adequate provisions and write offs are made in compliance with requirements of the Central Bank of Kenya Prudential Guidelines. Further, the Committee reviews and provides guidance on non-credit risk issues which are considered in making credit decisions. The Committee also reviews the top country risks impacting the credit portfolio and ratifies approvals of the Credit Approvals Committee.

Robert Mbugua
Chair of the Board Credit Committee

I am pleased to present my first Board Credit Committee's report for the year ended 31 December 2024.

The Committee composition changed when I joined the Board in June 2024 and Julie Browne stepped down from the Board with effect from 31 December 2024. I took over as the Chair from David Ong'olo after the November 2024 meetings. I would like to thank Julie for her support and contributions to the work of the Credit Committee.

This report outlines how the Committee fulfilled its oversight and advisory role to the Board concerning credit risk and the overall credit risk appetite. Additional details regarding the Committee's remit can be found in its terms of reference, which are reviewed annually and made available on the investor relations page of the Company's website: Investor Relations – Standard Chartered Kenya.

Meetings and attendance

There were four scheduled meetings of the Committee held in 2024, all of which were held virtually. Details of the attendance are provided in the preceding page. The Committee reported to the Board on its activities after each meeting, escalating matters for the Board's attention as appropriate.

Principal Areas of Focus

The Committee reviewed updates on the strategy and approach to managing credit risk and credit risk capabilities. The Committee also received regular updates on the Company's expected credit losses and provisions, and the credit risk arising from the WRB portfolio and CIB portfolio. The Committee reviewed and challenged, on a quarterly basis, reports detailing the composition and credit quality of the loan book and provisioning levels. These discussions were further enhanced through deep dives into various business segments, details of which are set out in examples of deeper discussions hereinafter. In addition, there was regular review of the Company's concentration risk by industry and portfolio segments to ensure that an appropriate balance was maintained.

Principal Areas of Focus

The Committee conducted comprehensive discussions on how current macroeconomic factors such as rising inflation, currency depreciation, and interest rates risk impact the Company's credit portfolio. In this context, it assessed strategies to strengthen credit risk management practices and examined high-risk credit exposures, receiving updates on business plans that included recommended remedial actions and Management evaluations of recoveries and collateral.

Additionally, the Committee continued to monitor exposures that could lead to material credit impairments and increased risk-weighted assets through the Company's Early Alert process.

The Committee is dedicated to upholding the highest standards in credit governance, risk management, and strategic decision-making for the benefit of the Company, its clients, and stakeholders. The following sections provide detailed insights into the areas of significant focus and the activities of the Committee throughout the year.

Statement of Corporate Governance continued

Report of the Chair of the Board Credit Committee continued

Committee Effectiveness Review

I am pleased to report that we conducted an effectiveness review and found the Committee to be operating effectively. We successfully fulfilled our credit oversight responsibilities and our discussions demonstrated appropriate challenge to management. The areas proposed for improvements were discussed and actions implemented to address these areas.

Area of Focus	Key Issues The Committee:
Credit Portfolio Performance	• Reviewed the quality of the loan portfolio to ensure compliance with requirements of the Central Bank of Kenya Prudential Guidelines. • Reviewed and approved delegation of lending limits to the sanctioning arms of the Bank. • Discussed the concentration risk by industry and portfolio segments and ensured an appropriate balance was maintained. • Received updates from the Stressed Assets Group and Stressed Assets Risk (previously the Group Special Assets Management) teams.
Review of Credit Policies, Standards and Portfolio Guidelines	• Reviewed the Company's credit policies, standards and portfolio guidelines aligned with regulatory requirements and aimed at ensuring continued growth in the lending book and made recommendations to the Board.
Loan Impairment	• Provided oversight on loan impairments in line with the Central Bank of Kenya Prudential Guidelines. • Received and reviewed quarterly reports on workout plans developed for problematic assets.
Deep Dive into various Topics	• The Committee considered strategies towards delivering growth of the credit portfolio in the following areas: Financial Institutions/Banks; Medium Enterprises, Mobile Lending and the Petroleum Sector. This also aided the Committee to anticipate potential risks and opportunities within the credit portfolio. • The Committee also held deeper discussions on the impact of credit risk appetite on asset growth in WRB; loan book pipeline vis-a-vis the Bank's capital adequacy; and the impact of floods on the credit portfolio.

Area of Focus	Key Issues The Committee:
Credit Approvals Committee	• Considered updates to the Credit Approvals Committee (CAC) Terms of Reference and approved the changes. • Throughout the year, ratified decisions by the CAC and continued to monitor portfolio guideline breaches.
Committee Effectiveness Review	Overall, the members found that the Credit Committee was operating effectively, particularly in fulfilling its credit oversight responsibilities and evaluating the quality of proposals presented by Management. The Committee provides appropriate challenge and is well-chaired, fostering strong communication with the Board. However, the Committee recognised the necessity to enhance its members' understanding of the balance between risk and return across different client segments. Additionally, there is a need to more effectively assess the development of the loan book in relation to the capital adequacy position. Action plans to address the areas of improvement were duly implemented.

RN Mbugua

Robert Mbugua
Chair of the Board Credit Committee

Statement of Corporate Governance continued

Report of the Chair of the Board Nomination, Evaluation and Remuneration Committee

Committee Composition

The Board Nomination, Evaluation and Remuneration Committee (NERC) is comprised of independent non-executive directors. In addition to the Board Chairperson, Kellen Kariuki, David Ong'olo and Beverley Obatoyinbo are the other members. Dr. Catherine Adeya stepped down from the Board upon her retirement in December 2024 while Beverley was appointed in January 2025.

Attendance of the meetings held in 2024	Scheduled	Ad hoc
K. Kariuki (Chairperson)	4/4	1/1
D. Ong'olo	4/4	1/1
C. Adeya[1]	4/4	1/1

[1] Retired effective 31 December 2024

Who else attended Committee meetings in 2024?

The Chief Executive Officer; Head, Human Resources; and the Company Secretary routinely attended Committee meetings supporting the Committee to fulfil its people and governance responsibilities.

K. Ngari	
E. Munyori	
J. Nyaga	Secretary

What are the main responsibilities of the Committee?

The Committee's mandate is to regularly review the structure, size, and composition of the Board, make recommendations to the Board on suitable candidates to fill Board vacancies, review and recommend the remuneration levels for the independent non-executive directors and non-executive directors for Board approval. In addition, the Committee has oversight of key management appointments.

As part of the Committee's succession planning for the Board, it considers the Company's strategy and challenges, and makes recommendations to the Board in respect of any adjustments to the Board's composition. The Committee also:

- keeps under review the leadership needs of, and succession plans for, the Company in relation to both executive directors and other senior executives;
- has oversight of the process by which the Board, its Committees and individual directors assess their effectiveness;
- keeps the diversity of the Board under review and monitors progress towards achieving its objectives in this area;
- considers any potential situational conflicts of interest declared by Board members;
- considers the impact of material changes to corporate governance regulation and legislation affecting the Company; and
- has oversight of the Company's approach to Standard Chartered Bank subsidiaries 'corporate governance. `

The Committee is responsible for setting the governance framework for the remuneration for all employees, ensuring alignment with the Company's culture and requirements of the relevant regulations. The Committee Chair reports to the Board on its key areas of focus following each Committee meeting.

Kellen Kariuki

Board Chair and Chair of the Nomination, Evaluation and Remuneration Committee

I am pleased to present the report which provides an overview of the work of the Committee and its activities during the year.

This report sets out the Committee's activities for the year regarding board composition, succession planning, people strategy and governance arrangements, ensuring adherence to best corporate governance standards. More details on the Committee's responsibilities can be found in its terms of reference which are reviewed annually and are available on the investor relations page on the Company's website: Investor Relations – Standard Chartered Kenya.

Principal Areas of Focus in 2024

The Committee oversaw a number of changes to the Board's composition. Robert Mbugua and Beverley Obatoyinbo joined the Board as independent non-executive directors on 4 June 2024 and 22 January 2025 respectively. Edith Chumba also joined as an Executive Director on 24 December 2024. Dr. Adeya retired on 31 December 2024 after nine years on the Board. After many years of service to the Company, Peter Gitau stepped down as an Executive Director upon leaving his role as the Chief Technology and Operations officer on 25 November 2024. Julie Browne, the Chief Credit Officer Africa at Group stepped down as a Non-Executive Director on 31 December 2024 following amendments to the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 (POLD Regulations), which require that a Non-Executive Director must not be a director or employee of a related entity. Following Dr. Catherine's retirement, Beverley was appointed a member of the Committee.

The Committee spends a great deal of its time considering Independent Non-Executive Director (INED) succession planning and the wider composition of the Board, ensuring that the Board has, and will continue to have, the necessary mix of skills, knowledge, expertise and diversity, in the broadest sense, to enable the Company's long-term success. This year, the Committee has been focused on the recruitment of high-quality INED candidates with a diversity of skills and backgrounds including finance, technology, and sustainability and maintaining gender diversity and representation. Throughout we remain committed to the importance of maintaining gender diversity on the Board. The Committee reviewed the progress of the induction programme for Robert, Beverley and Edith, and found that the programme had been well delivered.

The Committee also provided oversight of the detailed executive management succession plans, in particular, the appointment of Jaine Mwai as the Chief Technology and Operations Officer, subject to regulatory approval and the appointment of Mr. Moses Kiboi as the Markets Head. Several candidates were also interviewed by the Committee for senior roles in the year and the Committee is satisfied that the Company continues to develop and attract the necessary talent to deliver its strategy. The Committee will continue to oversee and enhance the succession pipeline at Board and senior leadership level through 2025.

The Board recognises the importance of achieving diversity in the broadest sense, including gender, social and ethnic diversity, and the benefits diversity brings to Board effectiveness. Diversity is taken into account when considering succession plans and appointments at both Board and senior management level, as well as more broadly across the Company. The Committee also considered the diversity and representation on Board committees when reviewing their composition. I am pleased to note that for the year 2024, the Board had 45% female representation, with 5 female Board members out of 11, ahead of the targets set in the Board Diversity Policy. The Board intends to maintain strong gender diversity metrics going forward. The Board's diversity and inclusion policy is available on the Company website https://av.sc.com/ke/content/docs/ke-scbkl-board-diversity-policy.pdf.

Statement of Corporate Governance continued

Report of the Chair of the Board Nomination, Evaluation and Remuneration Committee continued

As part of the Committee's governance oversight role, it considered and recommended for Board approval, the revised Stakeholder Engagement Policy which articulates the Bank's dedication to fostering meaningful interactions with a diverse array of stakeholders, such as clients, regulators, investors, suppliers, employees, and the surrounding community. Developing Key Performance Indicators for the Board and review of the Stakeholder Engagement Plan for the year 2025 was a priority for the Committee. The Committee led the review of Committees' Terms of Reference (TOR) and provided assurance to the Board that the TORs were appropriate for approval.

On people and culture, the Committee continue to provide oversight on implementation of the people strategy to ensure that we continue to invest in colleagues by building future-ready skills, providing a differentiated employee experience, and strengthening our inclusive and innovative culture. In addition, the Committee oversaw implementation of the refreshed approach to performance, reward and recognition that puts greater focus on ambition, collaboration, and innovation. Using the Fair Pay Charter principles and the need for appropriate and fair reward, the Committee carefully considered the framework informing employee remuneration for the year 2024/2025 and endorsed it for Board approval.

The Committee continued to provide oversight relating to governance arrangements with reference to best practices in corporate governance (having regard to relevant legislation, guidelines, industry practice and developments affecting the Company). During 2024, the Committee considered external policy developments and the impacts on the Company's corporate governance framework, including the new CMA POLD Regulations. The Committee also reviewed the revised Subsidiary Governance Policy and related standards and made recommendations for Board approval.

In addition, the Committee was pleased to note that CMA awarded the Company a Leadership rating of 85 per cent following a review of the progress made towards implementation of the CMA Code of Corporate Governance in the fiscal year ended 31 December 2023. The Leadership rating demonstrates the Board's commitment to uphold sound corporate governance practices.

The annual review of the performance of the Board and its Committees is a critical part of ensuring that our governance practices are aligned with best practice and are working effectively. In the course of the year the Committee paid significant attention to enhancing the effectiveness of the Board and its Committees. An internally facilitated Board Effectiveness Review was commissioned in 2024 for the 2023 financial year. It concluded that the Board continues to operate effectively and also signalled several areas for improvement, details of which can be found in the respective Committee reports. The Committee oversaw the implementation of action plans from past effectiveness reviews and also spent time to consider the outcome of its own effectiveness review.

Independence is a critical component of good corporate governance, and a principle that is applied consistently at the Company. The Committee has delegated authority from the Board in relation to the assessment of the independence of INEDs. In accordance with the CMA Corporate Governance Code, the Committee reviewed and confirmed that all INEDs serving on the Board are considered to be independent. This conclusion was reached after review of all INED self-assessments submitted during the board effectiveness review, consideration of all relevant circumstances that are likely to impair, or could appear to impair, independence, including the director's register of outside interests. Recommendations were provided to the Board in this regard and the Board affirmed the independence of the INEDs.

As we look ahead to the remainder of 2025, the Committee will look to oversee and enhance the succession pipeline at Board and senior management level, as well as efforts to deliver consistent standards of governance best practice across the Company.

The following report sets out the areas of significant focus for the Committee and its activities over the course of the year.

Highlights for 2024

The Committee met five times in the year and the areas of focus were:

Area of Focus	Key Issues The Committee:
Board and Senior Management Succession Planning	• Engaged Carol Musyoka Consulting Limited, an executive search firm, to review the market for future INED candidates with capabilities in technology, finance/ accounting, sustainability and technology experience. • Discussed the composition of the Board and considered the orderly succession of current INEDs and the skills competency matrix, knowledge, experience, diversity (in the widest sense) and attributes required of future INEDs, both immediately and in the medium to longer term. In considering the Board's succession, the Committee takes into account the length of tenure of the INEDs, and the importance of regularly refreshing the Board membership. • Systematically reviewed a number of INED long and short lists throughout the year to identify potential candidates with a diverse range of skills, experience, knowledge and perspectives. • Maintained oversight of the inductions process for Robert, Beverley and Edith in line with the Board induction programmes. • Reviewed succession plans for the Committee chair roles, identifying appropriate individuals with the necessary skills and attributes to provide emergency cover as required, as well as on a longer-term basis, including acknowledging and addressing where gaps exist. • Provided oversight of the detailed executive management team succession plans.
Assessment of the INEDs independence	• Considered the independence of each of the INEDs, taking into account any circumstances likely to impair, or which could impair, their independence and made appropriate recommendations to the Board.
People	• Oversaw implementation of the people strategy as aligned to the business strategy. • Discussed initiatives taken to drive the strategy of building a future ready workforce including accelerating introduction of digital tools and training academies. • Monitored the progress towards achieving the diversity and inclusion aspirations of the Company noting the progress made on the key performance indicators which include, the gender pay gap, representation of persons living with disabilities, and gender balance. • Reviewed the culture transformation progress across the Company towards building an inclusive, innovative culture underpinned by sustainability and conduct. • Discussed the outcome of the annual employee engagement survey 'My Voice' and probed the results to understand what was driving the scores and challenged the team on areas for improvement. • Provided oversight on the Performance and Pay process and outcomes. • Reviewed the annual increases for staff salaries and variable compensation awards for eligible staff. The Committee believes that it was appropriate to make these awards to those that contributed to the continued success of the Company. • Reviewed material human resource policies. • Received reports on the impact of the pandemic on employees and monitored implementation of actions taken to prioritise the wellbeing, safety, and security of employees.

Statement of Corporate Governance continued

Report of the Chair of the Board Nomination, Evaluation and Remuneration Committee continued

Area of Focus	Key Issues The Committee:
People	• Received reports on employee wellness as well as progress on implementation of wellness initiatives. The Committee also oversaw delivery of the Engage to Elevate series. • Interviewed candidates for senior positions and made recommendations to the Board as appropriate.
Governance	Undertook the following governance activities and recommended Board approval: • Considered and discussed material updates to the Board and Board Committee Terms of Reference. • Reviewed and recommended the revised Stakeholder Engagement Policy for Board approval. • Developed the Annual Work Plan/Key Performance Indicators for the Board for the year 2025. • Reviewed the Stakeholder Engagement Plan for the Board and Board Chairperson for the year 2024. • Reviewed the Directors Report and other corporate governance disclosures included in the Annual Report. • Considered the revised Subsidiary Governance Policy and Subsidiary Governance Standard for Banking Subsidiaries and recommended their adoption for Board approval.
Corporate Governance Regulatory Requirements	• Considered Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 and discussed the impact to the Company's corporate governance framework. • Received and discussed the CMA report relating to the Company's CMA assessment of implementation of the CMA Code of Corporate Governance in the year ended 31 December 2023 and made appropriate recommendations to the Board.
Review of the Directors Remuneration Report and Remuneration Framework for the workforce	• The Committee steered the process of reviewing the Directors Remuneration Report ensuring alignment with regulatory requirements and the Company's objectives. Additionally, the Committee reviewed and endorsed the remuneration framework for employees, ensuring it was fair, competitive, and aligned with the Company's goals.
Board and Committee Effectiveness Review	• Reviewed and provided input on the Board and Board Committee Effectiveness questionnaires. • Provided oversight of the Board and Committees evaluation and monitored progress against the 2023 Action Plan which addressed the key observations from the 2022 effectiveness review and ensured completeness. • Discussed the observations and recommendations which flowed from the 2024 internally facilitated Board and Committees' review and recommended to the Board the Action Plan for implementation.

Kellen Kariuki

Chair of the Board Nomination,
Evaluation and Remuneration Committee

Report of the Chair of the Board Technology and Innovation Committee

Committee Composition

The Board Technology and Innovation Committee is comprised of independent non-executive directors and non-executive directors. The members collectively have wide knowledge on banking, information, technology, and digital innovation relevant to fulfil the Committee's responsibilities. Nivedita Sharma took over as the Chair following the retirement of Dr. Catherine Adeya in December 2024. Richard Etemesi and Beverley Obatoyinbo (appointed January 2025) are the other members of the Committee.

Attendance of the meetings held in 2024	Scheduled
C. Adeya[1] (Immediate former Chairperson)	**4/4**
N. Sharma (Chairperson)	**4/4**
R. Etemesi	**4/4**

[1] Retired 31 December 2024

Who else attended Committee meetings in 2024?

The Chief Executive Officer; Chief Financial Officer; Chief Risk Officer; Chief Technology and Operations Officer; Head of Corporate and Investment Banking (CIB); Head, Wealth and Retail Banking (WRB); Head, Country Technology Management; Head Transaction Banking; Head, Audit; Country Information Security Officer and the Company Secretary routinely attend the Committee meetings as permanent invitees. Other members of Management also attend upon invitation.

K. Ngari	
C. Murgor	
J. Mucheke	
B. Sanghrajka	
E. Chumba	
J. Mwai	
M. Malumane	
D. Muugi	
S. Kariuki	Country Information Security Officer
J. Nyaga	Secretary

What are the main responsibilities of the Committee?

The Committee's mandate is to oversee the technology risk management framework and ensure the following objectives are achieved:

- the Company's overall approach to information security supports high standards of governance;
- the information security assurance framework is aligned to the CBK Prudential Guidelines, the CBK guidance note on Cyber Risk and other relevant laws and regulations; and
- adequate business resilience arrangements for disaster recovery and business continuity are in place.

More detail of the remit of the Committee can be found in its terms of reference which are reviewed annually and are available on the investor relations page of the Company's website: Investor Relations – Standard Chartered Kenya.

Statement of Corporate Governance continued

Report of the Chair of the Board Technology and Innovation Committee continued

Nivedita Sharma
Chair of the Board Technology and Innovation Committee

I am delighted to present my inaugural report as Chair of the Technology and Innovation Committee (Committee), having succeeded Dr. Catherine Adeya who retired from the Board effective 31 December 2024. I would like to thank Dr. Adeya for her invaluable expertise and contribution in support of the Committee and also to the Company. I would also like to welcome our newest member, Beverley Obatoyinbo who joined the Committee in January 2025.

Meetings and attendance

Four scheduled meetings of the Committee were held in 2024. During the year, all members attended the meetings, one of which was held in person. The Committee reported to the Board after each meeting, escalating matters for the Board's attention as required.

Principal Areas of Focus

Throughout the year, the Committee received detailed updates on technology, innovation, cyber security and operational resilience including on the implementation of the technology strategy and key strategic business initiatives. Our leading technological capabilities continue to enable a data-driven digital bank that delivers world-class client service. The Group has maintained momentum on simplification and harmonisation of the technology estate, integrating platforms using the cloud where appropriate, and investing in engineering capabilities and best-in class tools to provide secure and resilient technology.

In 2024, we made notable progress in our Technology and Operations (T&O) Strategy, which focuses on improving efficiency, quality, and reliability of our services. The Committee oversaw the implementation of various Group wide technology projects. Some were completed successfully in 2024 while others are still in progress. A key achievement was the successful upgrade and cloud migration of the core banking system which reduces obsolescence risk, lowers costs, and enhances our ability to serve clients faster through more efficient and scalable technology.

Alongside our focus on fostering innovation, the Committee monitored the stability of our systems throughout the year. This vigilant oversight is crucial for ensuring that our functions and businesses continue to deliver exceptional service to our clients.

The Committee recognises that the Company must maintain operational resilience to support the business and its clients. A robust technological foundation is essential for operational resilience. In 2024, the Committee monitored the review and testing of resilience activities, all of which were successful and met regulatory requirements. Regular reports on key business resilience activities were considered by the Committee including the Business Resilience Strategy, Crisis Management Plan and outcome of IT resilience testing. These efforts ensure that we have solid controls in place for business continuity in case of disruptions.

Additionally, the Committee initiated a third-party simulation exercise to test various resilience scenarios involving a critical vendor of the Company. We received the results of the successful execution of the simulation exercise which validated the effectiveness of our Business Continuity and Crisis Management Plans and identified key areas for enhancement. The Committee also reviewed and recommended the updated operational resilience policies and 2025 Business Continuity Plan for Board approval, ensuring preparedness for any potential crises that may arise.

Cybersecurity continues to be a preeminent focus for our Committee. We have overseen implementation of the ICS strategy, which aims to strengthen our cybersecurity posture and minimise risk. In 2024, the Committee received updates from the Chief Information and Security Officer regarding key measures taken to combat social engineering, phishing and vishing incidents. These efforts included engaging colleagues, vendors and clients through comprehensive online training sessions.

The Committee also provided oversight on the rollout of an enhanced communication strategy focused on raising cybersecurity awareness among vulnerable clients. Furthermore, Management explored innovative methods to assess the effectiveness of our phishing simulations through analysis of Reporting Rates and Click Through Rates. In evaluating the Company's cyber security posture, the Committee looked at threat intelligence reports, local and global trends, industry information and regulatory changes. Notably, the Committee discussed the results of a gap analysis relating to the new Computer Misuse and Cybercrime Regulations enacted in 2024 and recommended actions to address the potential impact on the Company.

At the Committee's request, Management delivered an external training for the full Board regarding the opportunities and risk of Artificial Intelligence (AI) as well as the use cases within the Group. The training delved into AI use in various jurisdictions and emphasised the importance of Management's approach to AI being sufficiently client focused to ensure stakeholder trust was maintained.

The annual Committee effectiveness review was completed. I am pleased to report that the Committee is functioning effectively, particularly in its oversight of cyber risks and its ability to hold the Management accountable for their responses to these risks. Nevertheless, we acknowledged the necessity for more robust measures concerning third parties who manage our critical data and enhancing stakeholder impact assessments related to our technology initiatives.

In conclusion, the Board Technology and Innovation Committee remains steadfast in its commitment to supporting innovation while safeguarding the technological integrity and stability of the Company. We will actively monitor emerging technology trends, opportunities, and risks to proactively address potential implications for the Company. The following report sets out the areas of significant focus for the Committee and its activities over the course of the year.

Highlights for 2024

Principal activities and significant issues considered during 2024:

Area of Focus	Key Issues The Committee:
Technology and Operations (T&O)	• Monitored progress on the T&O strategy including the Cloud Value strategy. • Reviewed the financial costs against budget/forecast and identified action plans to meet the technology cost targets and the necessary adjustments. • Received updates on the progress of key technology transformation programmes, particularly data centre resilience and updates to the cloud strategy. • Received reports from the IT Management Forum. • Considered and monitored the Company's business resilience arrangements and received reports on Business Continuity Plans and testing. • Provided oversight on management of third-party risk relating to providers of IT services and goods. • Monitored the status of regulatory approvals for Cloud applications. • Considered updates on emerging trends and new developments, opportunities, and risks in the technology space. • Discussed updates on various business initiatives and considered lessons learnt from failed projects failing forward. • Discussed updates on the Group's Aspire programme (a programme launched to deliver a modern technology system and data landscape for financial management and reporting). Discussions focused on the programme's potential in driving control enhancement and cost efficiencies. • Reviewed the refreshed Technology policy and standards prior to board approval.

Statement of Corporate Governance continued

Report of the Chair of the Board Technology and Innovation Committee continued

Area of Focus	Key Issues The Committee:
Information and Cyber Security	• Considered and adopted the ICS strategy. • Reviewed the ICS budget and recommended it to the Board for approval. • Closely monitored the heightened information and cyber security risk and provided oversight on the responses implemented to mitigate the risks. • Considered and reviewed information and cyber security threat intelligence while ensuring proactive measures are taken to mitigate against the risks arising. • Monitored cyber security incidences affecting the Company. • Received updates on the ICS Key Performance Indicators which included quarterly outcomes of phishing simulations monitoring Click Through Rates and Reporting Rates. • Reviewed the gap analysis on the Computer Misuse and Cybercrime Regulation.
Deep Dive topics	• Received a deep dive on data management controls for third parties. • AI is a key area of focus developing at pace. The Committee led the Board in an externally facilitated training session which considered AI use cases being deployed across the Group.
Committee Effectiveness Review	Overall, members noted that the Committee was operating effectively in the following areas: Considering the impact of cyber risks; ensuring the cyber breach reaction plan is effective; understanding the client response plan in the event of a cyber incident; keeping Management accountable on cyber risk management and ensuring they are equipped to handle cyber risks; and obtaining assurance from Management where needed. The Committee agreed on action plans and monitored implementation on the following areas of improvement: monitoring controls for third parties who handle the Company's data; and amplify stakeholder impact of initiatives including any arising risks in quarterly updates to the Committee.

Nivedita Sharma

Chairperson of the Board Technology

and Innovation Committee

Management Committees

Group Chief Executive	The Chief Executive Officer (CEO) is responsible for the management of all aspects of the businesses, developing the strategy in conjunction with the Chairperson and the Board, and leading its implementation. The Board delegates authority for the operational management of the business to the CEO for further delegation by him in respect of matters that are necessary for the effective day-to-day running and management of the business. The Board holds the CEO accountable in discharging his delegated responsibilities.
Management Team	The Management Team forms the Executive Committee and has the responsibility to execute the strategy, led by the Chief Executive Officer. Details of the Management Team can be found on page 12 of this report.

Management Level Committees Reporting to the Board

Asset and Liability Committee	Oversight over the Company's balance sheet to ensure it is managed in line with regulatory requirements and Company policies. Reports to the Board.
Executive Committee	Support the CEO in the oversight and day-to-day management of the Company as well as implementation of the Company's strategy. Reports to the Board through the CEO.
Executive Risk Committee	Oversight of the implementation of the Company's risk management to ensure the effective management of risk throughout the Company. Reports to the Board Risk Committee.
Credit Approvals Committee	Monitoring and enforcing applicable credit policies within the Company and approving credit applications within the approved credit risk appetite. Reports to the Board Credit Committee.
Third Party Risk Management Committee	Monitoring the effective management of risks arising from outsourcing and oversight of all outsourcing arrangements. Reports to the Board Risk Committee
Information and Technology (IT) Management Forum	Management of IT resources to facilitate the achievement of the Company's strategic objectives. Reports to the Board Technology and Innovation Committee.

Management Committees have delegated authority from the Board and Board Committees and report to the respective Board and Board Committees.

Statement of Corporate Governance continued

Asset and Liability Committee (ALCO)

Members

C. Murgor	**Chairperson**
K. Ngari	
J. Mucheke	
E. Chumba	
B. Sanghrajka	
M. Kiboi	
C. Njuguna	**Country Treasurer**
P. Kariuki	**Head, Treasury Markets**

Role and function

The Committee is charged with the responsibility of ensuring the effective implementation of balance sheet management policies, receiving and reviewing reports on liquidity, market risk and capital management, and reviewing the deposit and asset pricing strategies in line with market fundamentals and regulatory guidelines.

The Committee meets once a month. The Chief Financial Officer presents the ALCO report to the Board at each scheduled Board meeting

Executive Committee Members

K. Ngari	**Chairperson**
E. Chumba	
B. Sanghrajka	
C. Murgor	
E. Munyori	
D. Mwindi	
J. Nyaga	
M. Malumane	
J. Mucheke	
D. Mwaisaka	
J. Kibe	
M. Kiboi	
D. Muugi	
J. Mwai*	

*subject to regulatory approval

Executive Committee

Role and function

The Executive Committee is the link between the Board and Management. The Committee supports the Chief Executive Officer in the day-to-day management of the Group and Company. The Committee is responsible for general oversight and the implementation of operational plans and the annual budgets. It is also responsible for the periodic review of operations, strategic plans, ALCO strategies, credit proposals, identification and management of key risks and opportunities. The Committee also reviews and approves guidelines for employees' remuneration.

The Committee meets formally at least once a month. A report on the Executive Committee's activities is presented to the Board by the Chief Executive Officer at each scheduled meeting.

Corporate Governance Policies

Statement of policy on corporate governance

The Company's corporate governance framework is structured to ensure the highest levels of accountability, fairness, and transparency in its operations. The key components reflective of their governance practices during this period include:

Commitment to Good Governance

We are committed to upholding the highest standards of corporate governance. Effective governance is critical for maintaining stakeholder trust and ensuring the long-term success of the company. We implement best practices that promote integrity, accountability, and ethical conduct across all operations.

The governance framework is steered by the Board of Directors, entrusted with the ultimate accountability for the strategic direction and oversight of the bank. The Board comprises a balanced blend of executive and non-executive directors, with a significant number of independent directors providing unbiased and impartial oversight.

To enhance operational efficacy and compliance, the Board has established specialised Committees focusing on essential areas such as audit, risk management, remuneration, and technology. These Committees play a vital role in overseeing the Company's activities and ensuring adherence to sound governance practices.

Continuous improvement in governance practices is facilitated through regular evaluations of the board's performance and the effectiveness of its various Committees, ensuring that governance structures evolve in response to changing dynamics.

Board Charter

The Board regularly reviews the Board Charter which outlines the role and responsibilities of the Board, powers of the Board, various Board Committees and their roles, separation of roles between the Board and Management and the policies and practices of the Board in respect of corporate governance. The Board Charter is available on the Company's website at https://www.sc.com/ke/investor-relations/

Capital Markets Authority – Corporate Governance Assessment Report for the Year Ended 31 December 2023

The Capital Markets Authority assessed the status of implementation of the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, by the Company for the year ended 31 December 2023 and awarded the Company a Leadership Rating. The assessment was based on a review of the following areas: Commitment to Good Corporate Governance (Leadership rating of 95%); Board Operations and Control (Good rating of 73%); Rights of shareholders (Leadership Rating of 80%); Stakeholder Relations (Leadership rating of 93%); Ethics and Social Responsibility (Leadership rating of 96%); Accountability, Risk Management and Internal Control (Leadership rating of 93%); Transparency and Disclosure (Leadership rating of 91%). The overall rating awarded to the Bank was a Leadership Rating of 85%. This is a testament to the Board's continued commitment to sound corporate governance practices. CMA identified the Company's governance and sustainability strengths and recommended opportunities for improvement some of which have been implemented (for example stepping down of Julie Browne as a Non-Executive in light of the revised definition of a Non-Executive Director under the CMA POLD Regulations; publishing of the Stakeholder Engagement Policy on the Company's website; disclosure of the tenure of the statutory auditor in the Annual Report; and appointment of a compliance officer for the purpose of the CMA POLD Regulations). Other recommendations relating to cross directorships and shareholder approval of operational policies are still under discussion with CMA and have therefore not been implemented. The Company remains committed to ensuring the highest standard of corporate governance is achieved and continues to engage with CMA with a view to achieving alignment in understanding of the practical implications of CMA's recommendations in the context of the current operating environment.

Legal and Compliance Audit Statement

The Code of Corporate Governance for Issuers of Securities to the Public (2015) requires the Boards of listed companies to ensure that a comprehensive independent legal and compliance audit is conducted at least once every two years by a legal professional in good standing with the Law Society of Kenya. The findings from the audits must be acted upon and any non-compliance issues closed. An external legal and compliance audit was conducted in 2021 and an unqualified audit opinion published in the 2021 Annual Report. The findings from the audit confirmed that the Company was substantially in compliance with the applicable laws and regulations. In the course of the year 2022, the Company carried out an internal legal and compliance audit in order to check the level of compliance with legal requirements and the report was tabled to the Board Audit Committee in 2023.

An external legal and compliance audit has been commissioned to be conducted in 2025. In addition, an internal legal and compliance audit focused on corporate governance is currently being undertaken. The results of both audits will be presented to the Board Audit Committee upon completion and any actions arising therefrom implemented.

Governance Audit Statement

The Capital Markets Authority (CMA) Code of Corporate Governance provides that issuers of securities to the public are required to undertake governance audits to ensure that the Company is operating on sound governance practices. The audits are conducted by a competent professional accredited for that purpose by the Institute of Certified Secretaries (ICS). A Governance Audit was conducted by Dorion Associates LLP in early 2023 and an unqualified audit opinion published in the 2022 Annual Report. The audit confirmed that the Board has put in place a sound governance framework, which complies with the legal and regulatory framework and in line with global best governance practices in the interest of stakeholders. The next Governance Audit will be conducted in 2025.

Relations with Shareholders

We recognise and respect the rights of our shareholders, which are integral to our corporate governance framework. Shareholders are entitled to timely and accurate information regarding the company's performance and strategic direction. We ensure that shareholders have opportunities to participate in key decisions, including voting on significant matters at annual and special meetings.

The Board recognises the importance of good communications with all shareholders and the importance of shareholder participation in meetings. Shareholders are strongly encouraged to attend and participate in the AGM which provides an opportunity for shareholders to engage with the Board and management directly. The virtual Annual General Meeting (AGM) as well as the published annual report are used as an opportunity to communicate with all shareholders. The Company always gives shareholders the 21 days' notice of the AGM as provided for in the Kenyan Companies Act, 2015 and shareholders are encouraged to submit questions and appoint proxies to represent them where they are unable to attend. Ad hoc shareholder requests for information are handled on an on-going basis and on the floor of the AGM. The Board uses electronic means to communicate with shareholders and shareholders are encouraged to visit https://www.sc.com/ke/investor-relations/ for general information on the Company as well as annual reports.

Risk Management and Internal Control

The Board is committed to managing risk and to controlling the Company's business and financial activities in a manner which enables it to maximise profitable business opportunities, manage and ensure compliance with applicable laws and regulations, and enhance resilience to external events.

A cornerstone of the Company's approach is the robust risk management framework designed to identify, assess, and effectively manage various risks, including financial, operational, and reputational risks. This proactive stance safeguards the bank against potential vulnerabilities. Our governance structure ensures accountability at all organisational levels as detailed in the Chief Risk Officer's report on pages 24 to 34 .

Corporate Governance Policies continued

Risk Management and Internal Control continued

Our internal controls are routinely reviewed and updated to maintain compliance with applicable laws and regulations, safeguard our assets, and enhance operational efficiency.

The Company has a process in place to ensure that any changes in legislation are captured and monitored effectively. The Legal department reviews and undertakes a comprehensive gap analysis once the laws are in place and advises the impact of the changes to the Company. The Compliance department ensures that the business units put in place controls to ensure compliance with the various laws and regulations.

The effectiveness of the Company's internal controls system is reviewed regularly by the Board through a Management framework and the Internal Audit function.

The Internal Audit function monitors compliance with policies and standards and the effectiveness of internal control structures of the Company through its programme of business audits. The work of the Internal Audit function is focused on the areas of greatest risk as determined by a risk-based assessment methodology. The Internal Audit function reports to the Board Audit Committee.

The Company's business is conducted within a developed control framework, underpinned by policy statements, written procedures and control manuals. This ensures that there are written policies and procedures to identify and manage the Principal Risk Types. The Board has established a management framework that clearly defines roles, responsibilities, and reporting lines. Delegated Authorities are documented and communicated.

The performance of the Company's business is reported by Management to the Board. Financial information is prepared using appropriate accounting policies, which are applied consistently. Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions and the safeguarding of assets.

Operational Policies

There are broad operation policies that guide Management in execution of the Company's operations in an efficient and socially responsible manner. The policies cover various operational functions including Human Resource, ICT, Risk Management, Financial Management, Sustainability, Environment, Safety and Health and Corporate Affairs.

Ethics and Compliance

We adhere to a strong ethical framework that informs our business practices and decision-making processes. Our commitment to ethical conduct is outlined in our Code of Conduct and Ethics, which sets forth the principles and standards expected of all employees and board members. All directors, management and employees are required to observe the Code and are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulators. The Directors and Management also comply with the Central Bank of Kenya Code of Conduct as set out in the Prudential Guidelines.

Whistle Blowing Policy

We promote a culture of responsibility, encouraging individuals to act with integrity and report any unethical behaviour without fear of retaliation. Speak Up mechanisms are in place for employees to report misconduct or ethical breaches confidentially.

Speaking Up is our confidential and anonymous whistleblowing programme. It includes independent and secure channels for anyone – employees, contractors, suppliers and members of the public – to raise concerns. The public, employees, contractors and suppliers are encouraged to report alleged irregularities of a general, operational and financial nature in the Company to the directors or designated official through the "Speak Up" portal. All "Speak-Up" cases are investigated, and the required action taken to ensure feedback is provided as appropriate.

Anti-Bribery and Corruption

Anti-bribery and corruption (ABC) policies aim to prevent employees, directors or third parties working on our behalf, from participating in active or passive bribery or corruption, or from making facilitation payments. To embed the policy, the Company regularly carries out training for all staff and the Board regarding the ABC risk. Further, the Company has worked with its third parties to raise awareness on the ABC risk, embed strict requirements in the contractual documents, and share best practices on controls to manage the risk.

Related Party Transactions Standard

The Company has established a Related Party Transactions Standard that aims to set out requirements for the creation of any new Related Party and maintaining controls to prevent or identify Non-Exempt Transactions that are entered into with existing Related Parties. Details of transactions with directors and officers and other related parties are set out in Note 39 to the financial statements.

Insider Trading

The Company has a policy on insider trading which is observed and implemented through the Group Transactional Conflicts and Information Walls Standard and the Group Personal Account Dealing Standard. Directors, Management, and employees are aware that they ought not to trade in the Company's shares while in possession of any insider information not available to the public or during a closed period.

The closed period is a specified period before the publication of the Company's annual, half year and quarterly financial results. Further, directors, Management, and employees in possession of inside information must not deal directly or indirectly in any financial instruments to which the inside information relates, including Company shares. The Group Personal Account Dealing Standard requires specific staff to declare any dealings with securities or company shares all year round.

Stakeholder Relations

Our Company values the relationships with all stakeholders, including employees, customers, suppliers, regulators, and the communities in which we operate. We are committed to engaging with stakeholders transparently and constructively, fostering mutual respect and collaboration. Understanding and addressing the interests and concerns of our stakeholders is a critical aspect of our decision-making processes. The Board has established a Board Stakeholder Engagement Policy which articulates the bank's dedication to fostering meaningful interactions with a diverse array of stakeholders, such as clients, regulators, investors, suppliers, employees, and the surrounding community. Central to this policy is the principle of transparent communication and collaborative efforts aimed at enhancing value for all stakeholders. By actively considering their interests and concerns in the decision-making framework, the bank integrates stakeholder engagement into its core strategy, thereby reinforcing operational effectiveness while nurturing trust and accountability throughout its operations. This holistic approach not only strengthens relationships but also ensures that the bank remains responsive and responsible to the needs of its various stakeholder groups.

The Company actively engages with its diverse stakeholders, including shareholders, employees, customers, and local communities. This engagement is crucial for understanding stakeholder expectations while enhancing overall transparency and trust.

More information on stakeholder engagements is available on pages 35 to 46.

Transparency and Disclosure

We are committed to maintaining a high level of transparency in our operations and financial reporting. We provide stakeholders with clear, accurate, and timely information regarding our financial performance, governance practices, and strategic initiatives. Our disclosure practices align with regulatory requirements and best practices, ensuring stakeholders have access to necessary information for informed decision-making.

Corporate Governance Policies continued

Sustainability and Corporate Social Responsibility

The Company is dedicated to sustainable practices, actively integrating corporate social responsibility into its operations. The annual reports highlight various initiatives aimed at promoting environmental sustainability, financial inclusion, and community development, illustrating the bank's commitment to creating a positive societal impact. More information is available on pages 47 to 55.

This Corporate Governance Policy Statement reflects our commitment to excellence in governance and our dedication to fostering a culture of integrity, accountability, and transparency.

Going Concern

The directors have assessed the Group and Company's ability to continue as a going concern. This assessment has been made having considered the continuing geopolitical challenges and macroeconomic headwinds, and has included:

- a review of the Strategy and Corporate plan, including a review of the actual performance to date, loan book quality and legal and regulatory matters;
- consideration of the capital adequacy stress testing performed; and
- analysis of the funding and liquidity position of the Group, including a review of the Group's emerging risks.

Based on the analysis performed, the directors confirm that they are satisfied that the Group and Company have adequate resources to continue in business for a period of at least 12 months from the date of approval of these financial statements. For this reason, the Group continues to adopt the going concern basis of accounting for preparing these financial statements.

Directors' Remuneration Report

The Company presents the Directors' remuneration report for the year ended 31 December 2024. This report is in compliance with the Company's reward policy, banking regulations, the Capital Markets Authority (CMA) Code of Corporate Governance guidelines on Directors' remuneration, and the Kenyan Companies Act, 2015. A key provision of the Company's principles is that reward will directly support the business strategy with a clear and measurable linkage to business performance.

The Company's remuneration approach is aligned to market remuneration standards in Kenya. Oversight of the remuneration approach is provided by the Board Nomination, Evaluation and Remuneration Committee. It is designed to:

- reward employees for the progress made on the execution of our strategy and appropriately incentivise colleagues to deliver strong performance over the long-term whilst avoiding excessive and unnecessary risk-taking; and
- promote sound and effective risk management through our remuneration structures.

Our fair pay charter

The Company's remuneration policy is designed to reflect the purpose, valued behaviours and culture ambitions of the Group and Company as well as following the principles of the Fair Pay Charter used to make remuneration decisions for all colleagues in the Company.

Our Fair Pay Charter sets out the principles we use to make remuneration decisions that are fair, transparent, competitive and strongly reflect business and individual performance, supporting us in embedding a high-performance culture. Our approach to remuneration promotes long-term focus and alignment with shareholders 'interests and reflects the achievement of financial and strategic results as well as the demonstration of our valued behaviours in pay decisions. We seek to keep remuneration as simple as possible, ensure we meet all regulatory requirements and incorporate evolving best practice.

Directors' remuneration policy

The remuneration policy supports the achievement of the strategic objectives through balancing reward for both short-term and long-term sustainable performance.

The Board Nomination, Evaluation and Remuneration Committee ("Committee") reviews the implementation of the policy which provides for alignment of remuneration to the delivery of the Group's strategy and sustainable shareholder returns.

The Committee has the responsibility to review the annual remuneration of the executive and non-executive directors (NEDs) and the structure of their compensation package for approval by the Board. The Board received shareholders' authorisation to fix the directors' remuneration by a resolution passed at the Annual General Meeting held on 30 May 2024. The Committee monitors the competitiveness of directors' remuneration to ensure the Group is able to motivate and retain individuals of the appropriate calibre as directors. The remuneration of the executive directors is as per negotiated employment contracts.

In determining remuneration for NEDs, regular surveys on the market rates for NEDs and the levels of remuneration are carried out for consideration by the Committee. All the remuneration and privileges accorded to the NEDs and enumerated under the policy are competitive and reviewed according to the prevailing market trends for companies of a similar size and complexity as the Company. Compensation is set to attract NEDs who together with the Board as a whole have a broad range of skills and experience to determine the Group's strategy and oversee its implementation.

NEDs are also reimbursed for expenses, such as travel and subsistence, incurred in the performance of their duties. The NEDs employed within the Standard Chartered Group entities are not remunerated by the Company.

During the financial year, the Board of Directors consisted of:

- Five Independent Non-Executive directors: Dr. Catherine Adeya, Kellen Kariuki, David Ong'olo, Nivedita Sharma and Robert Mbugua.
- Four Executive Directors: Kariuki Ngari, Chemutai Murgor, Birju Sanghrajka and Peter Gitau/Edith Chumba.
- Two Non-Executive directors: Julie Browne and Richard Etemesi.
- NEDs are subject to retirement by rotation and re-election by shareholders. The Group's NEDs were appointed on the dates indicated below:

Directors' Remuneration Report continued

Name	Appointment Date	Date of Retirement/Resignation
Kellen Kariuki (Chairperson)*	31 May 2021	-
Catherine Adeya	1 January 2016	31 December 2024
David Ong'olo	28 January 2020	-
Nivedita Sharma	22 July 2021	-
Robert Mbugua	4 June 2024	-
Richard Etemesi	25 September 2017	-
Julie Browne	15 December 2020	31 December 2024

*Kellen Kariuki was appointed to the Board on 10 February 2020 and elected Chairperson on 31 May 2021.

Non-executive directors' remuneration and policy

The Group has put in place a policy that defines the remuneration and related privileges received by the NEDs of the Group. The components in the policy are directors' annual Board and Committee membership fees paid in monthly instalments. The fees payable reflect the time commitment and responsibilities of a non-executive director of the Group.

Service contracts for non-executive directors

Independent Non-Executive Directors are appointed for fixed terms not exceeding three years, which may be renewed subject to their re-election by shareholders at annual general meetings. Other than as set out above, there are no obligations in their letters of appointment which could give rise to payments for loss of office.

Executive directors' remuneration policy

Executive directors typically receive a salary, pension, and other benefits, and are eligible to be considered for variable remuneration (determined based on both the Group and individual performance). The Group's remuneration approach is consistent with effective risk management and the delivery of the Group strategy, underpinned by the principles of:

- a competitive remuneration opportunity that enables the Group to attract, motivate and retain the executive directors;
- a clearly defined performance management framework that ensures executive directors have clear objectives and receive ongoing feedback;
- remuneration outcomes that relate to the performance of the executive director and the Group. The Group aims to ensure the executive director is aligned to deliver long-term sustainable growth of the Group in the interest of stakeholders;
- variable remuneration and deferred options that recognises the achievement, conduct, behaviours and values of each executive director, ensuring reward is aligned to the Groups's performance. The Group takes into account both what is achieved and how it is achieved;
- an appropriate mix of fixed and variable remuneration, with the level of fixed remuneration based on each executive director's role;
- remuneration that is fair and transparent. An equal pay review is undertaken as part of the pay review process; and a core level of benefits that protects the executive directors and reflects the Group's commitment to employee wellbeing.

There were no changes in remuneration policy from the prior year.

Service contracts for executive directors

The remuneration policy provides for a combination of permanent terms and renewable fixed term employment contracts for executive directors on international assignments. (if any)

Directors' Remuneration Report continued

The executive directors were appointed as indicated below:

Name	Appointment Date	Date of Retirement/Resignation
Kariuki Ngari	**4 March 2019**	Permanent terms
Chemutai Murgor	**1 March 2007**	Permanent terms
Peter Gitau	**30 April 2020**	25 November 2024
Birju Sanghrajka	**22 July 2021**	Permanent Terms
Edith Chumba	**24 December 2024**	Permanent terms

Directors' emoluments

The following table shows the directors' remuneration for services rendered for the financial year ended 31 December 2024 together with the comparative figures for 2023. The aggregate directors' emoluments are shown in Note 12 and are subject to audit.-

Year ended 31 December 2024	Basic pay KShs '000	Bonus KShs '000	Deferred cash awards KShs '000	Share based awards KShs '000	Non-cash benefits KShs '000	Pension KShs '000	Directors Fees[1] KShs '000	Other[2] KShs '000	Total KShs '000
Executive Directors									
K. Ngari	54,078	43,582	32,686	32,686	4,040	7,348	-	-	174,420
C. Murgor	32,509	14,408	-	-	125	3,968	-	-	51,010
P. Gitau	29,331	3,166	-	-	111	3,518	-	-	36,126
B. Sanghrajka	38,120	33,962	6,705	6,705	125	4,684	-	-	90,301
E. Chumba[3]	667	327	16	-	3	82	-	-	1,095
	154,705	95,445	39,407	39,391	4,404	19,600	-	-	352,952
Non-Executive Directors									
K. Kariuki	-	-	-	-	-	-	6,160	-	6,160
C. Adeya	-	-	-	-	-	-	4,540	-	4,540
D. Ong'olo	-	-	-	-	-	-	3,910	1,100	5,010
N. Sharma	-	-	-	-	-	-	3,770	-	3,770
R. Mbugua[4]	-	-	-	-	-	-	2,119	-	2,119
R. Etemesi	-	-	-	-	-	-	3,435	-	3,435
J. Browne[5]	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	23,934	1,100	25,034
	154,705	95,445	39,407	39,391	4,404	19,600	23,934	1,100	377,986

[1] Sitting allowance and retainer fees were consolidated into Board and Committee membership fees/retainer.

[2] Fees earned from chairing the board of trustees of the company's pension scheme and fund.

[3] E. Chumba was appointed on 24 December 2024. Her remuneration is prorated for the period of appointment.

[4] R. Mbugua was appointed on 4 June 2024. His remuneration is prorated for the period of appointment.

[5] J. Browne is remunerated by Standard Chartered Bank PLC, the parent company. She is not remunerated as a board member of the Company.

Directors' Remuneration Report continued

Year ended 31 December 2023	Basic pay KShs '000	Bonus KShs '000	Deferred cash awards KShs '000	Share based awards KShs '000	Non-cash benefits KShs '000	Pension KShs '000	Directors Fees retainer KShs '000	Other Sitting allowances KShs '000	Total KShs '000
Executive Directors									
K Ngari	51,188	35,640	11,880	11,880	4,040	6,940	-	-	121,568
C Murgor	31,782	14,375	-	-	125	3,886	-	-	50,168
P Gitau	32,040	12,495	-	-	125	3,906	-	-	48,566
B Sanghrajka	37,133	26,704	4,293	4,293	125	4,420	-	-	76,968
	152,143	89,214	16,173	16,173	4,415	19,152	-	-	297,270
Non-Executive Directors									
K Kariuki	-	-	-	-	-	-	5,785	-	5,785
C Adeya-Weya	-	-	-	-	-	-	4,045	-	4,045
N Sharma	-	-	-	-	-	-	3,295	-	3,295
R Etemesi	-	-	-	-	-	-	3,290	-	3,290
I Khan	-	-	-	-	-	-	3,645	-	3,645
D Ongolo	-	-	-	-	-	-	3,725	990	4,715
J Browne	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	23,785	990	24,775
	152,143	89,214	16,173	16,173	4,415	19,152	23,785	990	322,045

Neither at the end of the financial year, nor at any time during the year, did there exist any arrangement to which the Company is a party to, under which directors acquired benefits by means of acquisition of the Company's shares.

Share awards

The Group's employees participate in a number of share-based payment schemes (equity-settled and cash-settled) operated by Standard Chartered PLC, the ultimate holding company of Standard Chartered Bank Kenya Limited and its subsidiaries. Participating employees are awarded ordinary shares in Standard Chartered PLC in accordance with the terms and conditions of the relevant scheme.

In addition, employees have the choice of opening a three-year or five-year savings contract under the "All Employee Share Save" plan. Within a period of six months after the third or fifth anniversary, as appropriate, employees may purchase ordinary shares of Standard Chartered PLC. The price at which they may purchase shares is at a discount of up to twenty per cent on the share price at the date of invitation. There are no performance conditions attached to options granted under the "All Employee Share Save" plan.

The Management Long Term Incentive Plan (MLTIP) awards are granted with vesting subject to performance measures. Deferred share awards are used to deliver the deferred portion of variable remuneration, in line with both market practice and Group regulatory requirements. These awards vest in instalments on anniversaries of the award date specified at the time of the grant.

MLTIP and deferred share awards are delivered through the Standard Chartered PLC Share Plan (2011 plan) which replaced the 2006 Restricted Share Scheme.

Finally, although the Restricted Share Scheme has now closed, there are outstanding shares that are still to vest. Within the 2011 plan, the grants made are differentiated to indicate the year it was made and also the type of share.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. Further details are provided in Note 11.

The following details are with respect to the outstanding share awards:

	At 1 January 2024	Awarded	Exercised	Lapsed	At 31 December 2024	Vesting date
Kariuki Ngari						
2011 Deferred Restricted Share Award	31,482	11,600	(10,679)	-	32,403	14 March 2027
Management Long Term Incentive Plan	36,008	-		(36,008)	-	-
2013 Share save plan	1,530	1,330	-	-	2,860	1 December 2026
Birju Sanghrajka						
2011 Deferred Restricted Share Award	5,214	4,003	(2,293)	-	6,924	15 March 2024
2013 Share save plan	1,908	-	-	-	1,908	15 March 2024
Chemutai Murgor						
2011 Deferred Restricted Share Award	1,391	47	(585)	-	853	15 March 2024
Peter Gitau						
2011 Deferred Restricted Share Award	491	16	(167)	-	340	31 March 2024

Approval of the directors' remuneration report by the Board of Directors

The directors confirm that this report has been prepared in accordance with the Kenyan Companies Act, 2015, Capital Markets Authority (CMA) Code and listing rules and reflects the disclosure requirements under the IFRSs.

BY ORDER OF THE BOARD

Kellen Kariuki
Chairperson
19 March 2025

Statement of Directors' Responsibilities

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their profit or loss for that year. It also requires the directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the Company; (b) disclose, with reasonable accuracy, the financial position of the Company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting 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 assessed the Company's and Group's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group'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.

Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 19 March 2025.

Kellen Kariuki
Director

Kariuki Ngari
Director

Chemutai Murgor
Director

Financial Statements

Independent Auditor's Report

To the Members of Standard Chartered Bank Kenya Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Standard Chartered Bank Kenya Limited ("the· Company") and its Subsidiaries (together "the Group") set out on pages 151 to 276, which comprise the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate statements of profit or loss, the consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at 31 December 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of 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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and Company in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our descriptions of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the audit of the consolidated and separated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our·assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Report on the audit of the consolidated and separate financial statements continued

Key audit matters continued

The key audit matter	How the matter was addressed
Expected Credit Losses (ECLs) on loans and advances to customers As disclosed in Note 19 to the financial statements, as at 31 December 2024, the Company reported total impairment losses (expected credit losses) on loans and advances to customers of KShs 6,994 million (2023: KShs 9,775 million).The estimation of expected credit losses ("ECLs") on financial instruments, involves significant judgment and estimates due to the significant uncertainty associated with the assumptions used in the estimation in respect of the timing and measurement of ECLs. We have therefore identified the audit of the ECLs as a key audit matter. The key areas where we identified greater levels of management judgment include: **Significant increase in credit risk (SICR)** Allocation of assets to stage 1, 2, or 3 is dependent on criteria used in identification of SICR which is highly judgmental. Staging of assets determines whether a 12-month or lifetime ECL is assessed and can materially impact the ECLs recognised. **Expected credit loss modelling** Accounting interpretations, modelling assumptions and data used to build and run the models that calculate the ECLs are inherently judgmental and can materially impact the ECLs recognised. **ECL macroeconomics** There are significant judgments involved in determination of significant macroeconomic factors that correlate with historical data of the Bank's portfolios to achieve a forward-looking model.	Our procedures included, but were not limited to the following: We reviewed the appropriateness of the Group's accounting policy manual (GAPM) and other IFRS 9 Financial Instruments technical documentations on correct classification of the financial assets between IFRS 9 categories and IFRS 9 ECL model of estimation. We evaluated the design and operating effectiveness of controls relevant to the Company's processes over material ECL balances, including the judgments and estimates noted. **Significant increase in credit risk (SICR)** We evaluated the criteria used to allocate financial assets to stage 1, 2 or 3 in accordance with IFRS 9. We reperformed the staging distribution for a sample of assets and assessed the reasonableness of staging applied by management. **Expected credit loss modelling** We performed a risk assessment on models involved in the ECL calculation to select a sample of models to test. We evaluated a sample of ECL models by assessing the reasonableness of underpinning assumptions, inputs and formulae used. This included a combination of assessing the appropriateness of model design and formulae used, alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default. **ECL macroeconomics** We held discussions to understand significant macroeconomic forecasts considered in the ECL model and corroborated assumptions using both internal and publicly available information.

Independent Auditor's Report continued

Report on the audit of the consolidated and separate financial statements continued

Key audit matters continued

The key audit matter	How the matter was addressed
Management overlays Significant management judgment is applied in determining appropriateness, completeness and valuation of risk event overlays on modelled outputs. **Impairment of individually assessed assets** Measurement of individual provisions including the assessment of probability weighted scenarios, collateral valuations and time to collect involves greater levels of management judgment. The disclosures associated with ECLs are set out in the financial statements in the following notes: • Note 3 – Financial assets and liabilities • Note 4(a) – Credit risk • Note 19 – Loans and advances to customers	**Management overlays** We challenged the completeness and appropriateness of overlays used for risks not captured by the models. **Impairment of individually assessed assets** We recomputed a sample of individually assessed provisions and challenged management's forward-looking economic assumptions of the recovery outcomes identified, time to realisation and individual probability weightings applied. We evaluated the adequacy of disclosures on this matter in Notes 3, 4(a) and 19 to the financial statements.
Provisions and contingent liabilities in respect of claims and litigations The Group is subject to a number of significant claims and litigations. The amounts of claims may be significant and estimates of the amounts of provisions or contingent liabilities are subject to significant management judgment. Given the uncertainties surrounding resolution of these matters, management has to use significant judgment in order to determine the probability of an outflow of resources, its timing and the amount it will have to pay to discharge the liability. This area is significant to our audit, since the accounting and disclosure for contingent liabilities in respect of claims and litigations is complex and judgmental (due to the difficulty in predicting the outcome of the matter and estimating the potential impact if the outcome is unfavourable), and the amounts involved are, or can be, material to the financial statements as a whole. The disclosure associated with contingent liabilities in respect of claims and litigations is set out in Note 32 to the financial statements.	Our procedures included, but were not limited, to the following: Gained an understanding of the process of identification of claims, litigations and contingent liabilities. Held discussions with the in-house legal counsel on the nature of all significant on-going claims and legal cases and validated the status of each case and the accounting and disclosure implications. Obtained formal legal confirmations from external legal counsel for all significant litigation matters, evaluated the likelihood of an unfavourable outcome against management assessment and checked for completeness of provisions made. Reviewed the provisions to assess whether the disclosures made in the financial statements detailing significant legal procedures adequately disclose the potential liabilities.

Report on the audit of the consolidated and separate financial statements continued

Other information

Tile directors are responsible for the other information. The other information consists of the information included in the Annual Report other than the financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other Information and we do not express an audit opinion or 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 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 obtained prior to the date of this auditor's report, 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.

Responsibilities of the Directors for the Consolidated and Separate 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 and 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 and the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting processes.

Auditor's responsibilities for the audit of the consolidated and separate 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 judgment 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.
- 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 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 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

Independent Auditor's Report continued

Auditor's responsibilities for the audit of the consolidated and separate financial statements continued

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/or 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 entitles or business units within the group as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for the 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taker:i 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 year and are therefore 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

As required by the Kenyan Companies Act, 2015, we report to you based on our audit, that;

(i) In our opinion, the information given in the Report of the Directors on pages 74 to 76 is consistent with the consolidated and separate financial statements.

(ii) In our opinion, the auditable part of the Directors' Remuneration Report on pages 139 to 143 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 was CPA Tom Nyakoe, Practising Certificate No. 2283.

For and on behalf of Ernst & Young LLP
Certified Public Accountants
Nairobi, Kenya
20 March 2025

Consolidated and Company income statements

For the year ended 31 December 2024

		Group		Company	
	Notes	**2024 KShs '000**	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Interest income calculated using the effective interest method	6	**38,815,684**	32,352,169	**38,815,684**	32,352,169
Interest expense calculated using the effective interest method	6	**(5,550,381)**	(3,507,761)	**(5,572,877)**	(3,509,422)
Net interest income	6	**33,265,303**	28,844,408	**33,242,807**	28,842,747
Fees and commission income	7	**9,193,627**	7,586,384	**7,374,939**	5,902,765
Fees and commission expense	7	**(2,530,268)**	(1,632,407)	**(2,530,268)**	(1,632,407)
Net fee and commission income		**6,663,359**	5,953,977	**4,844,671**	4,270,358
Net gains on foreign exchange transactions	8	**8,266,151**	8,500,334	**8,266,151**	8,500,334
Net gains on financial assets at fair value through profit or loss	8	**3,246,460**	728,085	**3,246,460**	728,085
Net trading income		**11,512,611**	9,228,419	**11,512,611**	9,228,419
Dividend income	9	**–**	–	**886,267**	894,102
Other operating loss	10	**(1,174,095)**	(3,166,798)	**(1,174,095)**	(3,166,798)
Operating income		**50,267,178**	40,860,006	**49,312,261**	40,068,828
Staff costs	11	**(9,433,617)**	(8,145,029)	**(9,312,745)**	(8,041,077)
Premises costs	11	**(866,127)**	(767,008)	**(863,388)**	(765,185)
General administrative expenses		**(8,273,718)**	(7,623,444)	**(7,801,504)**	(7,239,635)
Depreciation and amortization	11	**(1,420,626)**	(1,361,928)	**(1,420,626)**	(1,361,928)
Operating expenses		**(19,994,088)**	(17,897,409)	**(19,398,263)**	(17,407,825)
Operating profit before impairment losses and tax		**30,273,090**	22,962,597	**29,913,998**	22,661,003
Impairment losses on financial instruments	19(a)	**(1,763,610)**	(3,217,995)	**(1,763,610)**	(3,217,995)
Impairment losses on property and equipment	27	**(301,244)**	(76,120)	**(301,244)**	(76,120)
Profit before tax		**28,208,236**	19,668,482	**27,849,144**	19,366,888
Income tax expense	13	**(8,147,649)**	(5,833,015)	**(7,787,613)**	(5,449,658)
Profit for the year		**20,060,587**	13,835,467	**20,061,531**	13,917,230
Earnings per share:					
Basic and diluted earnings per ordinary share	14	**52.65**	36.17	**52.65**	36.39

The notes set out on pages 157 - 276 form an integral part of these financial statements.

Financial Statements

Consolidated and Company statements of other comprehensive income

For the year ended 31 December 2024

	Notes	Group 2024 KShs '000	Group 2023 KShs '000	Company 2024 KShs '000	Company 2023 KShs '000
Profit for the year		**20,060,587**	13,835,467	**20,061,531**	13,917,230
Other comprehensive (loss)/income					
Items that will not be reclassified to profit or loss:					
Actuarial (losses)/gains on retirement benefit obligations	34	**(39,797)**	788	**(39,797)**	788
Related deferred tax	28	**11,939**	(236)	**11,939**	(236)
Revaluation deficit on non-current assets held for sale	25	**–**	(23,400)	**–**	(23,400)
Related deferred tax	28	**–**	2,520	**–**	2,520
Revaluation deficit on property and equipment	26	**–**	(237,764)	**–**	(237,764)
Related deferred tax		**–**	71,329	**–**	71,329
Write -back of depreciation on revaluation	26	**–**	68,987	**–**	68,987
Related deferred tax		**–**	(20,696)	**–**	(20,696)
		(27,858)	(138,472)	**(27,858)**	(138,472)
Items that may be reclassified subsequently to profit or loss:					
Movement in fair value reserves					
Valuation gains/(losses) through OCI	20	**1,911,651**	(3,281,903)	**1,911,651**	(3,281,903)
Related deferred tax		**(573,495)**	984,571	**(573,495)**	984,571
Reclassified to income statement	20	**1,252,258**	3,230,494	**1,252,258**	3,230,494
Related deferred tax		**(375,677)**	(969,148)	**(375,677)**	(969,148)
Movement in expected credit loss on investment securities at FVOCI					
Net remeasurement	4a(ii)	**(247,109)**	262,390	**(247,109)**	262,390
Reclassified to income statement	4a(ii)	**–**	(42,789)	**–**	(42,789)
Related deferred tax		**74,133**	(65,880)	**74,133**	(65,880)
		2,041,761	117,735	**2,041,761**	117,735
Other comprehensive income/(loss) for the year		**2,013,903**	(20,737)	**2,013,903**	(20,737)
Total comprehensive income for the year		**22,074,490**	13,814,730	**22,075,434**	13,896,493

The notes set out on pages 157 - 276 form an integral part of these financial statements.

Consolidated and Company statements of financial position

As at 31 December 2024

		Group		Company	
		2024 KShs '000	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
ASSETS					
Cash and balances with Central Bank of Kenya	16	**32,339,549**	42,901,755	**32,339,549**	42,901,755
Government and other securities held at FVPTL	17	**818,815**	5,768,468	**818,815**	5,768,468
Derivative financial instruments	18	**3,231,435**	925,051	**3,231,435**	925,051
Loans and advances to banks	19	**1,157,643**	3,957,778	**1,157,643**	3,957,778
Loans and advances to customers	19	**151,647,379**	163,161,777	**151,647,379**	163,161,777
Government securities held at FVOCI	20	**98,002,713**	63,834,200	**98,002,713**	63,834,200
Current tax assets	13	**1,080,212**	1,185,327	**961,104**	1,052,843
Other assets	21	**6,361,410**	6,124,762	**6,209,627**	6,047,186
Due from group companies and other related parties	22	**78,564,954**	129,253,610	**79,428,275**	129,675,405
Investment in subsidiary undertakings	23	**–**	–	**145,243**	145,243
Non-current assets held for sale	25	**215,280**	198,600	**215,280**	198,600
Property, equipment and right of use assets	26	**3,256,272**	2,969,518	**3,256,272**	2,969,518
Goodwill and intangible assets	27	**5,516,312**	5,016,586	**5,516,312**	5,016,586
Deferred tax assets	28	**2,382,115**	3,664,743	**2,276,221**	3,624,168
Total assets		**384,574,089**	428,962,175	**385,205,868**	429,278,578
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Deposits from banks	29	**306,862**	4,327,045	**306,862**	4,327,045
Deposits from customers	30	**295,690,089**	342,853,241	**295,690,089**	342,853,241
Derivative financial instruments	18	**1,164,920**	1,109,841	**1,164,920**	1,109,841
Other liabilities	31	**5,771,847**	9,333,178	**5,745,405**	9,312,375
Due to group companies and other related parties	22	**8,087,854**	9,757,711	**9,174,388**	10,368,876
Current tax liabilities	13	**1,742,437**	–	**1,587,139**	–
Retirement benefit obligations	34	**33,960**	48,892	**33,960**	48,892
Total liabilities		**312,797,969**	367,429,908	**313,702,763**	368,020,270
Shareholders' equity					
Share capital and share premium	35	**9,961,680**	9,961,680	**9,961,680**	9,961,680
Other reserves		**4,061,220**	1,976,684	**4,061,220**	1,976,684
Retained earnings		**43,688,518**	40,818,649	**43,415,503**	40,544,690
Proposed dividends	15	**14,064,702**	8,775,254	**14,064,702**	8,775,254
Total shareholders' equity		**71,776,120**	61,532,267	**71,503,105**	61,258,308
Total liabilities and shareholders' equity		**384,574,089**	428,962,175	**385,205,868**	429,278,578

The financial statements set out on pages 151 - 276 were approved and authorised for issue by the Board of Directors on 19 March 2025

Kellen Kariuki
Director

Kariuki Ngari
Director

Chemutai Murgor
Director

The notes set out on pages 157 - 276 form an integral part of these financial statements.

Financial Statements

Consolidated statement of changes in equity

For the year ended 31 December 2024

				Other reserves						
KShs '000	Notes	Ordinary share capital and share premium	Preference share capital and share premium	Capital contribution reserve	Statutory credit risk reserve	Fair value reserve	Revaluation reserve	Retained earnings	Proposed dividends	Total
At 1 January 2023		7,161,680	2,800,000	1,938,534	2,255,690	(871,188)	878,959	35,842,755	6,130,300	56,136,730
Profit for the year		–	–	–	–	–	–	13,835,467	–	13,835,467
Other comprehensive loss		–	–	–	–	117,735	(139,024)	552	–	(20,737)
Total comprehensive (loss)/income		–	–	–	–	117,735	(139,024)	13,836,019	–	13,814,730
Transfers to statutory credit risk reserve		–	–	–	(2,255,690)	–	–	2,255,690	–	–
Excess depreciation transfer net of deferred tax[1]		–	–	–	–	–	(9,853)	9,853	–	–
Share option expense - 2022 paid		–	–	(114,861)	–	–	–	–	–	(114,861)
- 2023 accrued		–	–	176,382	–	–	–	–	–	176,382
Dividends paid - Ordinary shares - Final 2022	15	–	–	–	–	–	–	–	(6,045,610)	(6,045,610)
- Preference shares - Final 2022	15	–	–	–	–	–	–	–	(84,690)	(84,690)
- Ordinary shares - Interim 2023	15	–	–	–	–	–	–	(2,267,104)	–	(2,267,104)
- Preference shares - Interim 2023	15	–	–	–	–	–	–	(83,310)	–	(83,310)
Proposed dividend - Ordinary shares - Final 2023	15	–	–	–	–	–	–	(8,690,564)	8,690,564	–
- Preference shares - Final 2023	15	–	–	–	–	–	–	(84,690)	84,690	–
At 31 December 2023		**7,161,680**	**2,800,000**	**2,000,055**	**–**	**(753,453)**	**730,082**	**40,818,649**	**8,775,254**	**61,532,267**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**20,060,587**	**–**	**20,060,587**
Other comprehensive income/(loss)		**–**	**–**	**–**	**–**	**2,041,761**	**–**	**(27,858)**	**–**	**2,013,903**
Total comprehensive income /(loss)		**–**	**–**	**–**	**–**	**2,041,761**	**–**	**20,032,729**	**–**	**22,074,490**
Excess depreciation transfer net of deferred tax[1]		**–**	**–**	**–**	**–**	**–**	**(8,417)**	**8,417**	**–**	**–**
Share option expense - 2023 paid		**–**	**–**	**(176,382)**	**–**	**–**	**–**	**–**	**–**	**(176,382)**
- 2024 accrued		**–**	**–**	**227,574**	**–**	**–**	**–**	**–**	**–**	**227,574**
Dividends paid - Ordinary shares - Final 2023	15	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,690,564)**	**(8,690,564)**
- Preference shares - Final 2023	15	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(84,690)**	**(84,690)**
- Ordinary shares - Interim 2024	15	**–**	**–**	**–**	**–**	**–**	**–**	**(3,022,805)**	**–**	**(3,022,805)**
- Preference shares - Interim 2024	15	**–**	**–**	**–**	**–**	**–**	**–**	**(83,770)**	**–**	**(83,770)**
Proposed dividend - Ordinary shares - Final 2024	15	**–**	**–**	**–**	**–**	**–**	**–**	**(13,980,472)**	**13,980,472**	**–**
- Preference shares - Final 2024	15	**–**	**–**	**–**	**–**	**–**	**–**	**(84,230)**	**84,230**	**–**
At 31 December 2024		**7,161,680**	**2,800,000**	**2,051,247**	**–**	**1,288,308**	**721,665**	**43,688,518**	**14,064,702**	**71,776,120**

The notes set out on pages 157 - 276 form an integral part of these financial statements.

[1] Comprises excess depreciation transfer KShs 12,025,000, net of deferred tax KShs 3,608,000 (KShs 14,076,000 excess depreciation transfer net of deferred tax KShs 4,223,000 for the year ended 31 December 2023).

Company statement of changes in equity

For the year ended 31 December 2024

KShs '000		Notes	Ordinary share capital and share premium	Preference share capital and share premium	Other reserves: Capital contribution reserve	Other reserves: Statutory credit risk reserve	Other reserves: Fair value reserve	Other reserves: Revaluation reserve	Retained earnings	Proposed dividends	Total
At 1 January 2023			7,161,680	2,800,000	1,938,534	2,255,690	(871,188)	878,959	35,487,033	6,130,300	55,781,008
Profit for the year			–	–	–	–	–	–	13,917,230	–	13,917,230
Other comprehensive income/(loss)			–	–	–	–	117,735	(139,024)	552	–	(20,737)
Total comprehensive income/(loss)			–	–	–	–	117,735	(139,024)	13,917,782	–	13,896,493
Transfers to statutory credit risk reserve			–	–	–	(2,255,690)	–	–	2,255,690	–	–
Excess depreciation transfer net of deferred tax[1]			–	–	–	–	–	(9,853)	9,853	–	–
Share option expense - 2022 paid			–	–	(114,861)	–	–	–	–	–	(114,861)
	- 2023 accrued		–	–	176,382	–	–	–	–	–	176,382
Dividends paid	- Ordinary shares - Final 2022	15	–	–	–	–	–	–	–	(6,045,610)	(6,045,610)
	- Preference shares - Final 2022	15	–	–	–	–	–	–	–	(84,690)	(84,690)
	- Ordinary shares - Interim 2023	15	–	–	–	–	–	–	(2,267,104)	–	(2,267,104)
	- Preference shares - Interim 2023	15	–	–	–	–	–	–	(83,310)	–	(83,310)
Proposed dividend	- Ordinary shares - Final 2023	15	–	–	–	–	–	–	(8,690,564)	8,690,564	–
	- Preference shares - Final 2023	15	–	–	–	–	–	–	(84,690)	84,690	–
At 31 December 2023			**7,161,680**	**2,800,000**	**2,000,055**	**–**	**(753,453)**	**730,082**	**40,544,690**	**8,775,254**	**61,258,308**
Profit for the year			**–**	**–**	**–**	**–**	**–**	**–**	**20,061,531**	**–**	**20,061,531**
Other comprehensive income/(loss)			**–**	**–**	**–**	**–**	**2,041,761**	**-**	**(27,858)**	**–**	**2,013,903**
Total comprehensive income /(loss)			**–**	**–**	**–**	**–**	**2,041,761**	**-**	**20,033,673**	**–**	**22,075,434**
Excess depreciation transfer net of deferred tax[1]			**–**	**–**	**–**	**–**	**–**	**(8,417)**	**8,417**	**–**	**–**
Share option expense - 2023 paid			**–**	**–**	**(176,382)**	**–**	**–**	**–**	**–**	**–**	**(176,382)**
	- 2024 accrued		**–**	**–**	**227,574**	**–**	**–**	**–**	**–**	**–**	**227,574**
Dividends paid	- Ordinary shares - Final 2023	15	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,690,564)**	**(8,690,564)**
	- Preference shares - Final 2023	15	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(84,690)**	**(84,690)**
	- Ordinary shares - Interim 2024	15	**–**	**–**	**–**	**–**	**–**	**–**	**(3,022,805)**	**–**	**(3,022,805)**
	- Preference shares - Interim 2024	15	**–**	**–**	**–**	**–**	**–**	**–**	**(83,770)**	**–**	**(83,770)**
Proposed dividend	- Ordinary shares - Final 2024	15	**–**	**–**	**–**	**–**	**–**	**–**	**(13,980,472)**	**13,980,472**	**–**
	- Preference shares - Final 2024	15	**–**	**–**	**–**	**–**	**–**	**–**	**(84,230)**	**84,230**	**–**
At 31 December 2024			**7,161,680**	**2,800,000**	**2,051,247**	**–**	**1,288,308**	**721,665**	**43,415,503**	**14,064,702**	**71,503,105**

The notes set out on pages 157 - 276 form an integral part of these financial statements.

[1] Comprises excess depreciation transfer KShs 12,025,000, net of deferred tax KShs 3,608,000 (KShs 14,076,000 excess depreciation transfer net of deferred tax KShs 4,223,000 for the year ended 31 December 2023).

Consolidated and Company statements of cash flows

For the year ended 31 December 2024

		Group		Company	
		2024 KShs '000	2023 KShs '000	2024 KShs '000	2023 KShs '000
Cash flows from operating activities					
Profit before tax	12	**28,208,236**	19,668,482	**27,849,144**	19,366,888
Adjustments for non-cash items and other adjustments included within income statement	36	**1,724,086**	1,878,515	**1,724,086**	1,878,515
Change in operating assets	36	**5,199,993**	(40,571,445)	**5,274,200**	(40,550,157)
Change in operating liabilities	36	**(50,646,991)**	52,229,237	**(50,177,258)**	52,092,292
Cash (used in)/generated from operating activities		**(15,514,676)**	33,204,789	**(15,329,828)**	32,787,538
Income taxes paid	13	**(5,880,569)**	(8,195,305)	**(5,623,889)**	(7,837,197)
Net cash (used in)/generated from operating activities		**(21,395,245)**	25,009,484	**(20,953,717)**	24,950,341
Cash flows from financing activities					
Purchase of property and equipment	26	**(756,639)**	(637,619)	**(756,639)**	(637,619)
Proceeds from sale of property and equipment		**23,160**	3,363	**23,160**	3,363
Purchase of intangible assets	27	**(1,779,219)**	(1,896,648)	**(1,779,219)**	(1,896,648)
Net cash (used in)/generated from operating activities		**(2,512,698)**	(2,530,904)	**(2,512,698)**	(2,530,904)
Cash flows from financing activities					
Lease liability payments	33	**(111,225)**	(157,957)	**(111,225)**	(157,957)
Share based payments:					
– 2023/2022 settled	35	**(176,382)**	(114,861)	**(176,382)**	(114,861)
Dividends paid on ordinary shares:					
– Final 2023/2022	15	**(8,690,564)**	(6,045,610)	**(8,690,564)**	(6,045,610)
– Interim 2024/2023	15	**(3,022,805)**	(2,267,104)	**(3,022,805)**	(2,267,104)
Dividends paid on preference shares:					
– Final 2023/2022	15	**(84,690)**	(84,690)	**(84,690)**	(84,690)
– Interim 2024/2023	15	**(83,770)**	(83,310)	**(83,770)**	(83,310)
Net cash used in financing activities		**(12,169,436)**	(8,753,532)	**(12,169,436)**	(8,753,532)
(Decrease)/increase in cash and cash equivalents		**(36,077,379)**	13,725,048	**(35,635,851)**	13,665,905
Cash and cash equivalents at 1 January	36	**88,300,844**	74,575,796	**88,722,638**	75,056,733
Cash and cash equivalents at 31 December	36	**52,223,465**	88,300,844	**53,086,787**	88,722,638
Additional information on operational cash flows from interest and dividends					
Interest received		**38,912,554**	25,488,614	**38,912,554**	25,488,614
Interest paid		**(5,636,626)**	(4,242,448)	**(5,659,121)**	(4,259,460)
Dividend received		**-**	-	**530,000**	649,883

The notes set out on pages 157 - 276 form an integral part of these financial statements.

Notes to the financial statements

1. Reporting Entity

Standard Chartered Bank Kenya Limited is incorporated as a limited company in Kenya under the Kenyan Companies Act, 2015, and is domiciled in Kenya. The Company is regulated by the Central Bank of Kenya. The address of its registered office is as follows

StandardChartered@Chiromo

48 Westlands Road

P.O. Box 30003

00100 Nairobi GPO.

2. Accounting Policies

The accounting policies used by the Group are detailed in the relevant notes to the financial statements, except those set out below. Except as explained in Note 2(d)(i), all accounting policies have been applied consistently across the Group and to all the years presented in these financial statements.

(a) Statement of compliance

The Group financial statements consolidate, Standard Chartered Bank Kenya Limited (the Company) and its subsidiaries (together referred to as the Group).

The Group financial statements have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB) and in the manner required by the Kenyan Companies Act, 2015. For the Kenyan Companies Act, 2015 reporting purposes, in these financial statements, the balance sheet is represented by the statement of financial position, and the profit and loss account is presented by the income statement.

(b) Basis of preparation

The Group and Company financial statements set out on pages 151 to 276 have been prepared under the historical cost convention, as modified by the revaluation of the following items:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- financial instruments at fair value through other comprehensive income are measured at fair value;
- share-based payments are measured at fair value;
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation less the net total of the plan assets, plus unrecognised actuarial gains, less unrecognised past service costs and unrecognised actuarial losses subject to the International Financial Reporting Interpretations Committee (IFRIC) 14 restrictions; and
- land and buildings are measured at revalued amounts.

The consolidated and separate financial statements are presented in Kenya shillings (KShs), and all values are rounded to the nearest thousand - KShs'000, except when otherwise indicated.

(c) Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

2. Accounting Policies continued

(c) Significant accounting estimates and judgments continued

The estimates and assumptions are based on the Directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Further information about key assumptions concerning the future, and other key sources of estimation uncertainty are set out in the relevant disclosure notes for the following areas:

- credit impairment (Note 4)
- effective interest rate (EIR) (Note 3)
- fair value and impairment of financial instruments (Note 3)
- tax (Note 13)
- goodwill impairment (Notes 24, 27)
- retirement benefit obligations (Note 34)
- determination of lease term for lease contract with renewal/termination options (Note 33)
- estimating incremental borrowing rate (Note 33)
- Revaluation of land and buildings (Note 26)

(d) New standards, amendments, and interpretations

(i) New accounting standards adopted by the Group

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 new and amended standards and interpretations effective as of 1 January 2024 are listed and discussed below. The adoption of the standard and amendments did not have an impact on the financial statements of the Group.

New standard or amendments	Effective for annual periods beginning on or after
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements	1 January 2024

2. **Accounting Policies** continued

(d) **New standards, amendments, and interpretations** continued

(ii) New accounting standards in issue but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements which are relevant to the Group are discussed below. The Group intends to adopt these standards, if applicable, when they become effective. These standards are not expected to have a material impact on the Group's financial statements.

New standard or amendments	Effective for annual periods beginning on or after
Amendments to IAS 21: Lack of exchangeability –	1 Jan 2025
IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments	1 Jan 2026
Annual Improvements to IFRS Accounting Standards—Volume 11	1 Jan 2026
Amendments to IFRS 9 and IFRS 7: Power Purchase Agreements	1 Jan 2026
Amendments to IFRS 18: Presentation and Disclosure in Financial Statements	1 Jan 2027
Amendments to IFRS 19: Subsidiaries without Public Accountability: Disclosures	1 Jan 2027
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	Deferred indefinitely

(e) **Going concern**

The directors have assessed the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. In making this assessment, the Group has considered the impact of climate-related matters on their going concern assessment. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3. **Financial assets and liabilities**

Classification and measurement

Accounting policy

The Group classifies its financial assets into the following measurement categories:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPTL).

Financial liabilities are classified as either:

- amortised cost, or
- held at fair value through profit or loss.

Management determines the classification of its financial assets and liabilities at initial recognition of the instrument or, where applicable, at the time of reclassification.

Financial assets held at amortised cost or held at fair value through other comprehensive income (FVOCI)

Debt instruments held at amortised cost or held at fair value through other comprehensive income (FVOCI) have contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI characteristics).

3. **Financial assets and liabilities** continued

Classification and measurement continued

Accounting policy continued

Financial assets held at amortised cost or held at fair value through other comprehensive income (FVOCI) continued

The transaction price is the fair value of the financial asset at initial recognition, but this may change over the life of the instrument as amounts are repaid. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows have SPPI characteristics, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Whether financial assets are held at amortised cost or at FVOCI depend on the objectives of the business models under which the assets are held. A business model refers to how the Group manages financial assets to generate cash flows.

The Group makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed and information is provided to management.

Factors considered include:

- how the performance of the product business line is evaluated and reported to the Group's management;
- how managers of the business model are compensated, including whether management is compensated based on the fair value of assets or the contractual cash flows collected;
- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets which have SPPI characteristics and that are held within a business model whose objective is to hold financial assets to collect contractual cash flows ("hold to collect") are recorded at amortised cost. Conversely, financial assets which have SPPI characteristics but are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("hold to collect and sell") are classified as held at FVOCI.

Both a hold to collect business model and a hold to collect and sell business model involve holding assets to collect the contractual cash flows. However, the business models are distinct by reference to the frequency and significance that asset sales play in meeting the objective under which a particular group of financial assets is managed. Hold to collect business models are characterised by asset sales that are incidental to meeting the objectives under which a group of assets is managed. Sales of assets under a hold to collect business model can be made to manage increases in credit risk of financial assets but sales for other reasons should be infrequent or insignificant.

3. Financial assets and liabilities continued

Classification and measurement continued

Accounting policy continued

Cash flows from the sale of financial assets under a hold to collect and sell business model by contrast are integral to achieving the objectives under which a particular group of financial assets are managed. This may be the case where frequent sales of financial assets are required to manage the Group's daily liquidity requirements or to meet regulatory requirements to demonstrate liquidity of financial instruments. Sales of assets under hold to collect and sell business models are therefore both more frequent and more significant in value than those under the hold to collect model.

Equity instruments designated as held at FVOCI

Non-trading equity instruments acquired for strategic purposes rather than capital gain may be irrevocably designated at initial recognition as held at FVOCI on an instrument-by-instrument basis. Dividends received are recognised in profit or loss. Gains and losses arising from changes in the fair value of these instruments, including foreign exchange gains and losses, are recognised directly in equity and are never reclassified to profit or loss even on derecognition.

Financial assets and liabilities held at fair value through profit or loss (FVTPL)

Financial assets which are not held at amortised cost or that are not held at FVOCI are held at fair value through profit or loss. Financial assets and liabilities held at fair value through profit or loss are either mandatorily classified as fair value through profit or loss or irrevocably designated at fair value through profit or loss at initial recognition.

Mandatorily classified at fair value through profit or loss

Financial assets and liabilities which are mandatorily held at fair value through profit or loss are split between two subcategories as follows:

Trading, including:

- financial assets and liabilities held for trading, which are those acquired principally for the purpose of selling in the short term; and
- derivatives.
- Non-trading, including:
- instruments in a business which has a fair value business model which are not trading or derivatives;
- hybrid financial assets that contain one or more embedded derivatives;
- financial assets that would otherwise be measured at amortised cost or FVOCI, but which do not have SPPI characteristics;
- equity instruments that have not been designated as held at FVOCI; and
- financial liabilities that constitute contingent consideration in a business combination.

Designated at fair value through profit or loss

Financial assets and liabilities may be designated at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis (accounting mismatch).

Interest rate swaps have been acquired by the Group with the intention of significantly reducing interest rate risk on certain debt securities with fixed rates of interest. To significantly reduce the accounting mismatch between assets and liabilities and measurement bases, these debt securities have been designated at fair value through profit or loss.

3. Financial assets and liabilities continued

Classification and measurement continued

Accounting policy continued

Similarly, to reduce accounting mismatches, the Group has designated certain financial liabilities at fair value through profit or loss where the liabilities either:

- have fixed rates of interest and interest rate swaps or other interest rate derivatives have been entered with the intention of significantly reducing interest rate risk; or
- are exposed to foreign currency risk and derivatives have been acquired with the intention of significantly reducing exposure to market changes; or
- have been acquired to fund trading asset portfolios or assets.
- Financial liabilities may also be designated at fair value through profit or loss where they are managed on a fair value basis or have a bifurcately embedded derivative where the Group is not able to separately value the embedded derivative component.

Financial liabilities held at amortised cost

Financial liabilities that are not financial guarantees or loan commitments and that are not classified as financial liabilities held at fair value through profit or loss are classified as financial liabilities held at amortised cost.

Financial guarantee contracts and loan commitments

The Group issues financial guarantee contracts and loan commitments in return for fees. Financial guarantee contracts and any loan commitments issued at below-market interest rates are initially recognised at their fair value as a financial liability, and subsequently measured at the higher of the initial value less the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers and their expected credit losses. Loan commitments may be designated at fair value through profit or loss where that is the business model under which such contracts are held.

Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market to which the Group has access at the date. The fair value of a liability includes the risk that the Group will not be able to honour its obligations.

The fair value of financial instruments is generally measured on the basis of the individual financial instrument. However, when a group of financial assets and financial liabilities is managed on the basis of its net exposure to either market risk or credit risk, the fair value of the group of financial instruments is measured on a net basis.

The fair values of quoted financial assets and liabilities in active markets are based on current prices. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If the market for a financial instrument, and for unlisted securities, is not active, the Group establishes fair value by using valuation techniques.

Initial recognition

Purchases and sales of financial assets and liabilities held at fair value through profit or loss, and debt securities classified as financial assets held at fair value through other comprehensive income are initially recognised on the trade date (the date on which the Group commits to purchase or sell the asset). Loans and advances and other financial assets held at amortised cost are recognised on settlement date (the date on which cash is advanced to the borrowers).

All financial instruments are initially recognised at fair value, which is normally the transaction price, plus directly attributable transaction costs for financial assets which are not subsequently measured at fair value through profit or loss.

3. Financial assets and liabilities continued

Classification and measurement continued

Accounting policy continued

In certain circumstances, the initial fair value may be based on a valuation technique which may lead to the recognition of profits or losses at the time of initial recognition. However, these profits or losses can only be recognised when the valuation technique used is based solely on observable market data. In those cases where the initially recognised fair value is based on a valuation model that uses unobservable inputs, the difference between the transaction price and the valuation model is not recognised immediately in the income statement but is amortised or released to the income statement as the inputs become observable, or the transaction matures or is terminated.

Subsequent measurement

Financial assets and financial liabilities held at amortised cost

Financial assets and financial liabilities held at amortised cost are subsequently carried at amortised cost using the effective interest method. Foreign exchange gains and losses are recognised in the income statement.

Where a financial instrument carried at amortised cost is the hedged item in a qualifying fair value hedge relationship, its carrying value is adjusted by the fair value gain or loss attributable to the hedged risk.

Financial assets held at FVOCI

Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealised gains and losses arising from changes in fair value (including any related foreign exchange gains or losses) recognised in other comprehensive income and accumulated in a separate component of equity. Changes in expected credit losses are recognised in the profit or loss and are accumulated in equity. On derecognition, the cumulative fair value gains or losses, net of the cumulative expected credit loss reserve, are transferred to the profit or loss.

Equity investments designated at FVOCI are subsequently carried at fair value with all unrealised gains and losses arising from changes in fair value (including any related foreign exchange gains or losses) recognised in other comprehensive income and accumulated in a separate component of equity. On derecognition, the cumulative reserve is transferred to retained earnings and is not recycled to profit or loss.

Financial assets and liabilities held at FVTPL

Financial assets and liabilities mandatorily held at fair value through profit or loss and financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the net trading income line in the income statement unless the instrument is part of a cash flow hedging relationship.

Financial liabilities designated at FVTPL

Financial liabilities designated at fair value through profit or loss are held at fair value, with changes in fair value recognised in the net trading income line in the income statement, other than that attributable to changes in own credit risk. Fair value changes attributable to credit risk are recognised in other comprehensive income and recorded in a separate category of reserves unless this is expected to create or enlarge an accounting mismatch, in which case the entire change in fair value of the financial liability designated at fair value through profit or loss is recognised in the income statement.

Derecognition of financial instruments

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially through sale all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Group has retained control, the assets continue to be recognised to the extent of the Group's continuing involvement.

3. Financial assets and liabilities continued

Classification and measurement continued

Accounting policy continued

Derecognition of financial instruments continued

Where financial assets have been modified, the modified terms are assessed on a qualitative and quantitative basis to determine whether a fundamental change in the nature of the instrument has occurred, such as whether the derecognition of the pre-existing instrument and the recognition of a new instrument is appropriate.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income statement except for equity instruments elected FVOCI (see above) and cumulative fair value adjustments attributable to the credit risk of a liability that are held in other comprehensive income.

Financial liabilities are derecognised when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expires and this is evaluated both qualitatively and quantitatively. However, where a financial liability has been modified, it is derecognised if the difference between the modified cash flows and the original cash flows is more than 10 per cent , or if less than 10 per cent, the Group will perform a qualitative assessment to determine whether the terms of the two instruments are substantially different.

If the Group purchases its own debt, it is derecognised and the difference between the carrying amount of the liability and the consideration paid is included in 'Other income' except for the cumulative fair value adjustments attributable to the credit risk of a liability that are held in other comprehensive income which are never recycled to the income statement.

Modified financial instruments

Financial assets and financial liabilities whose original contractual terms have been modified, including those loans subject to forbearance strategies, are modified instruments. Modifications may include changes to the tenor, cash flows and or interest rates among other factors.

Where derecognition of financial assets is appropriate, the newly recognised residual loans are assessed to determine whether the assets should be classified as purchased or originated credit impaired assets (POCI).

Where derecognition is not appropriate, the gross carrying amount of the applicable instruments is recalculated as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets). The difference between the recalculated values and the pre-modified gross carrying values of the instruments are recorded as a modification gain or loss in the income statement to the extent that an impairment loss has not already been recorded.

Gains and losses arising from modifications for credit reasons are recorded as part of credit impairment. Modification gains and losses arising for non-credit reasons are recognised either as part of credit impairment or within income depending on whether there has been a change in the credit risk on the financial asset subsequent to the modification. Modification gains and losses arising on financial liabilities are recognised within income.

Reclassifications

Financial liabilities are not reclassified subsequent to initial recognition. Reclassifications of financial assets are made when, and only when, the business model for those assets' changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or the purchase of a subsidiary whose business model is to realise the value of pre-existing held for trading financial assets through a hold to collect model.

3. **Financial assets and liabilities** continued

Classification and measurement continued

Accounting policy continued

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at fair value through other comprehensive income do not affect effective interest rate or expected credit loss computations.

Reclassified from amortised cost

Where financial assets held at amortised cost are reclassified to financial assets held at fair value through profit or loss, the difference between the fair value of the assets at the date of reclassification and the previously recognised amortised cost is recognised in the income statement.

For financial assets held at amortised cost that are reclassified to FVOCI, the difference between the fair value of the assets at the date of reclassification and the previously recognised amortised cost is recognised in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

Where financial assets held at FVOCI are reclassified to financial assets held at fair value through profit or loss, the cumulative gain or loss previously recognised in other comprehensive income is transferred to the income statement.

For financial assets held at FVOCI that are reclassified to financial assets held at amortised cost, the cumulative gain or loss previously recognised in other comprehensive income is adjusted against the fair value of the financial asset such that the financial asset is recorded at a value as if it had always been held at amortised cost. In addition, the related cumulative ECL held within other comprehensive income are reversed against the gross carrying value of the reclassified assets at the date of reclassification.

Reclassified from FVTPL

Where financial assets held at fair value through profit or loss are reclassified to financial assets held at FVOCI or financial assets held at amortised cost, the fair value at the date of reclassification is used to determine the effective interest rate on the financial asset going forward. In addition, the date of reclassification is used as the date of initial recognition for the calculation of ECL. Where financial assets held at fair value through profit or loss are reclassified to financial assets held at amortised cost, the fair value at the date of reclassification becomes the gross carrying value of the financial asset.

3. Financial assets and liabilities continued

Classification and measurement continued

Reclassified from FVOCI

The Group's classification of its financial assets and liabilities as at 31 December 2024 and 2023 is summarised in the following tables.

Group At 31 December 2024 KShs '000	Notes	Assets at fair value Trading	Non-trading mandatorily at fair value through profit or loss	Fair value through other comprehensive income	Total financial assets at fair value	Assets held at amortised cost	Total
Cash and balances at Central Bank of Kenya	16	–	–	–	–	**32,339,549**	**32,339,549**
Government and other securities held at FVPTL	17	**774,509**	**44,306**	–	**818,815**	–	**818,815**
Government securities		**774,509**	–	–	**774,509**	–	**774,509**
Equity shares		–	**44,306**	–	**44,306**	–	**44,306**
Derivative financial instruments	18	**3,231,435**	–	–	**3,231,435**	–	**3,231,435**
Loans and advances to banks	19	–	–	–	–	**1,157,643**	**1,157,643**
Loans and advances to customers	19	–	–	–	–	**151,647,379**	**151,647,379**
Government securities held at FVOCI	20	–	–	**98,002,713**	**98,002,713**	–	**98,002,713**
Other assets	21	–	–	–	–	**6,094,750**	**6,094,750**
Due from group companies and other related parties	22	–	–	–	–	**78,564,954**	**78,564,954**
Total assets		**4,005,944**	**44,306**	**98,002,713**	**102,052,963**	**269,804,275**	**371,857,238**
At 31 December 2023							
Cash and balances at Central Bank of Kenya	16	–	–	–	–	42,901,755	42,901,755
Government and other securities held at FVPTL	17	5,740,496	27,972	–	5,768,468	–	5,768,468
Government securities		5,740,496	–	–	5,740,496	–	5,740,496
Equity shares		–	27,972	–	27,972	–	27,972
Derivative financial instruments	18	925,051	–	–	925,051	–	925,051
Loans and advances to banks	19	–	–	–	–	3,957,778	3,957,778
Loans and advances to customers	19	–	–	–	–	163,161,777	163,161,777
Government securities held at FVOCI	20	–	–	63,834,200	63,834,200	–	63,834,200
Other assets	21	–	–	–	–	5,843,046	5,843,046
Due from group companies and other related parties	22	–	–	–	–	129,253,610	129,253,610
Total assets		6,665,547	27,972	63,834,200	70,527,719	345,117,966	415,645,685

3. **Financial assets and liabilities** continued

Classification and measurement continued

The Group's classification of its financial assets and liabilities as at 31 December 2024 and 2023 is summarised in the following tables.

Company At 31 December 2024 KShs '000	Notes	Assets at fair value Trading	Non-trading mandatorily at fair value through profit or loss	Fair value through other comprehensive income	Total financial assets at fair value	Assets held at amortised cost	Total
Cash and balances at Central Bank of Kenya	16	–	–	–	–	**32,339,549**	**32,339,549**
Government and other securities held at FVPTL	17	**774,509**	**44,306**	–	**818,815**	–	**818,815**
Government securities		**774,509**	–	–	**774,509**	–	**774,509**
Equity shares		–	**44,306**	–	**44,306**	–	**44,306**
Derivative financial instruments	18	**3,231,435**	–	–	**3,231,435**	–	**3,231,435**
Loans and advances to banks	19	–	–	–	–	**1,157,643**	**1,157,643**
Loans and advances to customers	19	–	–	–	–	**151,647,379**	**151,647,379**
Government securities held at FVOCI	20	–	–	**98,002,713**	**98,002,713**	–	**98,002,713**
Other assets	21	–	–	–	–	**5,942,967**	**5,942,967**
Due from group companies and other related parties	22	–	–	–	–	**79,428,275**	**79,428,275**
Total assets		**4,005,944**	**44,306**	**98,002,713**	**102,052,963**	**270,515,813**	**372,568,776**
31 December 2023							
Cash and balances at Central Bank of Kenya	16	–	–	–	–	42,901,755	42,901,755
Government and other securities held at FVPTL	17	5,740,496	27,972	–	5,768,468	–	5,768,468
Government securities		5,740,496	–	–	5,740,496	–	5,740,496
Equity shares		–	27,972	–	27,972	–	27,972
Derivative financial instruments	18	925,051	–	–	925,051	–	925,051
Loans and advances to banks	19	–	–	–	–	3,957,778	3,957,778
Loans and advances to customers	19	–	–	–	–	163,161,777	163,161,777
Government securities held at FVOCI	20	–	–	63,834,200	63,834,200	–	63,834,200
Other assets	21	–	–	–	–	5,765,469	5,765,469
Due from group companies and other related parties	22	–	–	–	–	129,675,405	129,675,405
Total assets		6,665,547	27,972	63,834,200	70,527,719	345,462,184	415,989,903

3. Financial assets and liabilities continued

Classification and measurement continued

Group At 31 December 2024 KShs '000	Notes	Liabilities at fair value Trading	Total financial liabilities at fair value	Amortised cost	Total
Derivative financial instruments	18	**1,164,920**	**1,164,920**	**–**	**1,164,920**
Deposits by banks	29	**–**	**–**	**306,862**	**306,862**
Deposits from customers	30	**–**	**–**	**295,690,089**	**295,690,089**
Other liabilities - bills payable	31	**–**	**–**	**429,326**	**429,326**
Lease liability	31	**–**	**–**	**229,380**	**229,380**
Dividends payable	31	**–**	**–**	**152,560**	**152,560**
ECL on undrawn commitments	31	**–**	**–**	**111,345**	**111,345**
Due to group companies and other related parties	22	**–**	**–**	**8,087,854**	**8,087,854**
Total liabilities		**1,164,920**	**1,164,920**	**305,007,416**	**306,172,336**
At 31 December 2023					
Derivative financial instruments	18	1,109,841	1,109,841	–	1,109,841
Deposits by banks	29	–	–	4,327,045	4,327,045
Deposits from customers	30	–	–	342,853,241	342,853,241
Other liabilities - bills payable	31	–	–	3,177,188	3,177,188
Lease liability	31	–	–	270,705	270,705
Dividends payable	31	–	–	182,320	182,320
ECL on undrawn commitments	31	–	–	111,587	111,587
Due to group companies and other related parties	22	–	–	9,757,711	9,757,711
Total liabilities		1,109,841	1,109,841	360,679,797	361,789,638

3. **Financial assets and liabilities** continued

Classification and measurement continued

Company At 31 December 2024 KShs '000	Notes	Liabilities at fair value: Trading	Liabilities at fair value: Total financial liabilities at fair value	Amortised cost	Total
Derivative financial instruments	18	**1,164,920**	**1,164,920**	**–**	**1,164,920**
Deposits by banks	29	**–**	**–**	**306,862**	**306,862**
Deposits from customers	30	**–**	**–**	**295,690,089**	**295,690,089**
Other liabilities - bills payable	31	**–**	**–**	**429,326**	**429,326**
Lease liability	31	**–**	**–**	**229,380**	**229,380**
Dividends payable	31	**–**	**–**	**152,560**	**152,560**
ECL on undrawn commitments	31	**–**	**–**	**111,345**	**111,345**
Due to group companies and other related parties	22	**–**	**–**	**9,174,388**	**9,174,388**
Total liabilities		**1,164,920**	**1,164,920**	**306,093,950**	**307,258,870**

At 31 December 2023					
Derivative financial instruments	18	1,109,841	1,109,841	–	1,109,841
Deposits by banks	29	–	–	4,327,045	4,327,045
Deposits from customers	30	–	–	342,853,241	342,853,241
Other liabilities - bills payable	31	–	–	3,177,188	3,177,188
Lease liability	31	–	–	270,705	270,705
Dividends payable	31	–	–	182,320	182,320
Due to group companies and other related parties	22	–	–	10,368,876	10,368,876
Total liabilities		1,109,841	1,109,841	361,179,375	362,289,216

3. Financial assets and liabilities continued

Classification and measurement continued

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets and financial liabilities are generally reported gross in the consolidated and separate statements of financial position except when IFRS netting criteria are met.

Other instruments, primarily over-the-counter derivatives, are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the Group also intends to settle on a net basis in all the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Bank and/or its counterparties.

Valuation of financial instruments

The fair values of quoted financial assets and liabilities in active markets are based on current prices. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets for identical instruments held by the Group. Where quoted market prices are not available, or are unreliable because of poor liquidity, fair values have been determined using valuation techniques which, to the extent possible, use market observable inputs, but in some cases use non market observable inputs. Valuation techniques used include discounted cash flow analysis and pricing models and, where appropriate, comparison with instruments that have characteristics similar to those of the instruments held by the Group.

The Valuation Control function is responsible for independent price verification, oversight of fair value and appropriate value adjustments and escalation of valuation issues. Independent price verification is the process of determining that the valuations incorporated into the financial statements are validated independent of the business area responsible for the product. The Valuation Control function has oversight of the fair value adjustments to ensure the financial instruments are priced to exit. These are key controls in ensuring the material accuracy of the valuations incorporated in the financial statements. The market data used for price verification may include data sourced from recent trade data involving external counterparties or third parties such as Bloomberg, Reuters, brokers and consensus pricing providers. Valuation Control performs a semi-annual review of the suitability of the market data used for price testing. Price verification uses independently sourced data that is deemed most representative of the market the instruments trade in. To determine the quality of the market data inputs, factors such as independence, relevance, reliability, availability of multiple data sources and methodology employed by the pricing provider are taken into consideration.

3. Financial assets and liabilities continued

Classification and measurement continued

Significant accounting estimates and judgments

The Group evaluates the significance of financial instruments and material accuracy of the valuations incorporated in the financial statements as they involve a high degree of judgment and estimation uncertainty in determining the carrying values of financial assets and liabilities at the reporting date.

- Fair value of financial instruments is determined using valuation techniques and estimates (see below) which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs. Changes in the observability of significant valuation inputs can materially affect the fair values of financial instruments.
- When establishing the exit price of a financial instrument using a valuation technique, the Group estimates valuation adjustments in determining the fair value.
- In determining the valuation of financial instruments, the Group makes judgments on the amounts reserved to cater for model and valuation risks, which cover both Level 2 and Level 3 assets, and the significant valuation judgments in respect of Level 3 instruments.
- Where the estimated measurement of fair value is more judgmental in respect of Level 3 assets, these are valued based on models that use a significant degree of non-market-based unobservable inputs.

(a) Valuation techniques

The following sets out the Group's basis of establishing fair value of the financial instruments:

Derivative financial instruments and government securities held at fair value through profit or loss

Derivative financial instruments and government securities held for trading are measured at fair value as set out in Notes 18.

Cash and balances with Central Bank of Kenya

Cash and bank balances are measured at amortised cost. The fair value of cash and bank balances with the Central Bank of Kenya is their carrying amounts.

Loans and advances to banks

The fair value of floating rate placements and overnight deposits approximates their carrying amounts due to their short - term nature. The estimated fair value of fixed interest - bearing deposits is based on discounted cash flows using the prevailing money market rates for debts with similar credit risk and remaining maturity. The carrying amount approximates their fair value.

Loans and advances to customers

Loans and advances to customers are net of impairment losses. The estimated fair value of loans and advances represents the discounted amount of future cash flows expected to be received, including assumptions relating to prepayment rates. Expected cash flows are discounted at current market rates to determine fair value. A substantial proportion of loans and advances re-price within 12 months and hence the fair value approximates their carrying amounts.

Government and other securities

Investment securities with observable market prices, including debt and equity securities are fair valued using that information. Debt securities that do not have observable market data are fair valued by either discounting cash flows using prevailing market rates for debts with a similar credit risk and remaining maturity or using quoted market prices for securities with similar credit risk maturity and yield characteristics.

3. Financial assets and liabilities continued

Classification and measurement continued

Deposits from banks and customers

The estimated fair value of deposits with no stated maturity is the amount repayable on demand. The estimated fair value of fixed interest - bearing deposits without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with a similar credit risk and remaining maturity.

A substantial proportion of deposits mature within 6 months and hence the fair value approximates their carrying amounts.

Other assets

Other assets comprise primarily of trades pending settlement. The carrying amount of these financial instruments is considered to be a reasonable approximation of fair value as they are either short-term in nature or re-price to current market rates frequently.

(b) Valuation hierarchy - financial instruments at fair value

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Group recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

- Level 1: Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Fair value measurements are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable; and
- Level 3: Fair value measurements are those where at least one input which could have a significant effect on the instrument’s valuation is not based on observable market data.

3. **Financial assets and liabilities** continued

(b) Valuation hierarchy - financial instruments at fair value continued

The tables below show the classification of financial instruments held at fair value into the valuation hierarchy set out above as at 31 December 2024 and 2023:

At 31 December 2024	**Notes**	**Group and Company** **Level 1 KShs '000**	**Level 2 KShs '000**	**Level 3 KShs '000**	**Total KShs '000**
Assets					
Government and other securities held at FVPTL	17	**–**	**774,509**	**44,306**	**818,815**
Government securities		**–**	**774,509**	**–**	**774,509**
Equity shares		**–**		**44,306**	**44,306**
Derivative financial instruments	18	**5,722**	**3,225,713**	**–**	**3,231,435**
Foreign exchange		**5,722**	**3,221,631**	**–**	**3,227,353**
Interest rate		**–**	**4,082**	**–**	**4,082**
Government securities held at FVOCI	20	**5,068,525**	**92,934,188**	**–**	**98,002,713**
Total assets		**5,074,247**	**96,934,410**	**44,306**	**102,052,963**
Liabilities					
Derivative financial instruments	18	**1,808**	**1,163,112**	**–**	**1,164,920**
Foreign exchange		**1,808**	**1,156,115**	**–**	**1,157,923**
Interest rate		**–**	**6,997**	**–**	**6,997**
Total liabilities		**1,808**	**1,163,112**	**–**	**1,164,920**

At 31 December 2023	Notes	Group and Company Level 1 KShs '000	Level 2 KShs '000	Level 3 KShs '000	Total KShs '000
Assets					
Government and other securities held at FVPTL	17	–	5,740,496	27,972	5,768,468
Government securities		–	5,740,496	–	5,740,496
Equity shares		–	–	27,972	27,972
Derivative financial instruments	18	5,256	919,795	–	925,051
Foreign exchange		5,256	871,543	–	876,799
Interest rate		–	48,252	–	48,252
Government securities held at FVOCI	20	–	63,834,200	–	63,834,200
Total assets		5,256	70,494,491	27,972	70,527,719
Liabilities					
Derivative financial instruments	18	16,107	1,093,734	–	1,109,841
Foreign exchange		16,107	1,049,205	–	1,065,312
Interest rate		–	44,529	–	44,529
Total liabilities		16,107	1,093,734	–	1,109,841

3. Financial assets and liabilities continued

(c) Valuation hierarchy - financial instruments measured at amortised cost continued

The following table shows the carrying amounts and incorporates the Group's estimate of fair values of those financial assets and liabilities not presented on the Group's Statement of financial position at fair value. These fair values may be different from the actual amount that will be received or paid on the settlement or maturity of the financial instrument. For certain instruments, the fair value may be determined using assumptions for which no observable prices are available.

			Fair value			
Group **At 31 December 2024**	**Notes**	**Carrying value KShs '000**	**Level 1 KShs '000**	**Level 2 KShs '000**	**Level 3 KShs '000**	**Total KShs '000**
Assets						
Cash and balances at Central Bank of Kenya	16	**32,339,549**	**-**	**32,339,549**	**-**	**32,339,549**
Loans and advances to banks	19	**1,157,643**	**-**	**1,157,643**	**-**	**1,157,643**
Loans and advances to customers	19	**151,647,379**	**-**	**-**	**151,647,379**	**151,647,379**
Due from group companies and other related parties	22	**78,564,954**	**-**	**-**	**78,564,954**	**78,564,954**
Other assets	21	**6,094,750**	**-**	**6,094,750**	**-**	**6,094,750**
Total assets		**269,804,275**	**-**	**39,591,942**	**230,212,333**	**269,804,275**
Liabilities						
Deposits by banks	29	**306,862**	**-**	**306,862**	**-**	**306,862**
Customer accounts	30	**295,690,089**	**-**	**-**	**295,690,089**	**295,690,089**
Due to group companies and other related parties	22	**8,087,854**	**-**	**-**	**8,087,854**	**8,087,854**
Other liabilities	31	**429,326**	**-**	**-**	**429,326**	**429,326**
Total liabilities		**304,514,131**	**-**	**306,862**	**304,207,269**	**304,514,131**
At 31 December 2023						
Assets						
Cash and balances at Central Bank of Kenya	16	42,901,755	-	42,901,755	-	42,901,755
Loans and advances to banks	19	3,957,778	-	3,957,778	-	3,957,778
Loans and advances to customers	19	163,161,777	-	-	163,161,777	163,161,777
Due from group companies and other related parties	22	129,253,610	-	-	129,253,610	129,253,610
Other assets	21	5,843,046	-	-	5,843,046	5,843,046
Total assets		345,117,966	-	46,859,533	298,258,433	345,117,966
Liabilities						
Deposits by banks	29	4,327,045	-	4,327,045	-	4,327,045
Customer accounts	30	342,853,241	-	-	342,853,241	342,853,241
Due to group companies and other related parties	22	9,757,711	-	-	9,757,711	9,757,711
Other liabilities	31	3,177,188	-	-	3,177,188	3,177,188
Total liabilities		360,115,185	-	4,327,045	355,788,140	360,115,185

3. **Financial assets and liabilities** continued

(c) **Valuation hierarchy - financial instruments measured at amortised cost** continued

Company At 31 December 2024	Notes	Carrying value KShs '000	Fair value Level 1 KShs '000	Fair value Level 2 KShs '000	Fair value Level 3 KShs '000	Fair value Total KShs '000
Assets						
Cash and balances at Central Bank of Kenya	16	**32,339,549**	**-**	**32,339,549**	**-**	**32,339,549**
Loans and advances to banks	19	**1,157,643**	**-**	**1,157,643**	**-**	**1,157,643**
Loans and advances to customers	19	**151,647,379**	**-**	**-**	**151,647,379**	**151,647,379**
Due from group companies and other related parties	22	**78,428,275**	**-**	**-**	**78,428,275**	**78,428,275**
Other assets	21	**5,942,967**	**-**	**5,942,967**	**-**	**5,942,967**
Total assets		**269,515,813**	**-**	**39,440,159**	**230,075,654**	**269,515,813**
Liabilities						
Deposits by banks	29	**306,862**	**-**	**306,862**	**-**	**306,862**
Customer accounts	30	**295,690,089**	**-**	**-**	**295,690,089**	**295,690,089**
Due to group companies and other related parties	22	**9,174,388**	**-**	**-**	**9,174,388**	**9,174,388**
Other liabilities	31	**429,326**	**-**	**-**	**429,326**	**429,326**
Total liabilities		**305,600,665**	**-**	**306,862**	**305,293,803**	**305,600,665**
At 31 December 2023						
Assets						
Cash and balances at Central Bank of Kenya	16	42,901,755	-	42,901,755	-	42,901,755
Loans and advances to banks	19	3,957,778	-	3,957,778	-	3,957,778
Loans and advances to customers	19	163,161,777	-	-	163,161,777	163,161,777
Due from group companies and other related parties	22	129,675,405	-	-	129,675,405	129,675,405
Other assets	21	5,765,469	-	-	5,765,469	5,765,469
Total assets		345,462,184	-	46,859,533	298,602,651	345,462,184
Liabilities						
Deposits by banks	29	4,327,045	-	4,327,045	-	4,327,045
Customer accounts	30	342,853,241	-	-	342,853,241	342,853,241
Due to group companies and other related parties	22	10,368,876	-	-	10,368,876	10,368,876
Other liabilities	31	3,177,188	-	-	3,177,188	3,177,188
Total liabilities		360,726,350	-	4,327,045	356,399,305	360,726,350

4. Financial risk and capital management

This section provides details of the Group's and Company's exposure to risk and describes the methods used by management to control risk in respect of financial instruments. The most significant types of financial risks to which the Group and Company are exposed to are credit risk, liquidity risk, market risk and operational risk. This section also provides details on how the Group manages its capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's enterprise risk management framework.

Through its risk management structure, the Group and Company seek to manage efficiently the core risks: credit, liquidity and market risk, which arise directly through the Group's and Company's commercial activities. Compliance and regulatory risk, operational risk and reputational risk are normal consequences of any business undertaking.

The Board is supported by executive level committees which are responsible for developing and monitoring Group and Company risk management policies in their specified areas. The executive level committees include the Asset and Liability Committee (ALCO), Anti-Money Laundering and Financial Crime Risk Committee (FCRC) and the Credit Issues Committee (CIC). The FCRC and CIC report to the Executive Risk Committee (ERC). All committees report regularly to the Board of Directors on their activities.

The Group's and Company's risk management policies are established to identify and analyse the risks faced by the Group and Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group and Company, through their 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 Board Risk Committee is responsible for monitoring compliance with the Group's and Company's risk management policies and procedures, and for reviewing the robustness of the risk management framework in relation to the risks faced by the Group and Company. The Board Risk Committee is supported in these functions by the Internal Audit Department, which undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board Risk Committee.

Stress testing

Stress testing and scenario analysis are important components of the Group's and Company's risk assessment processes and are used to assess the financial management capability of the Group and the Company to continue operating effectively under extreme but plausible trading conditions. Such conditions may arise from economic, legal, political, environmental and social factors which define the context within which the Group and Company operate. It is intended that stress testing and scenario analysis will help to inform management of:

- the nature and dynamics of the risk profile;
- the identification of potential future risks;
- the robustness of risk management systems and controls;
- adequacy of contingency planning; and
- the effectiveness of risk mitigants.

Stress testing continued

Details of how the various risks are managed are outlined below:

a) Credit risk

(i) Credit risk overview

Credit risk is the potential for loss due to the failure of a counterparty to meet its obligation to pay the Group and Company. This arises principally from the Group's and Company's loans and advances to customers and other banks and government and other investment securities.

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 against loans and advances in the form of mortgage interests over property, other registered securities over assets and guarantees.

The Group and Company structure the levels of credit risk they undertake by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments.

Impairment model

The impairment model recognises expected credit losses (ECL) and it applies to all financial debt instruments held at amortised cost, fair value through other comprehensive income (FVOCI), undrawn commitments, letters of credit and financial guarantees. The impairment model is discussed in detail in Note 4 a(v)

(ii) Credit risk quality analysis

For the Corporate and Investment Banking portfolio, exposures are analysed by credit grade (CG), which plays a central role in the quality assessment and monitoring of risk. All loans are assigned a CG, which is reviewed periodically and amended in light of changes in the borrower's circumstances or behaviour. CGs 1 to 12 are assigned to stage 1 and stage 2 (performing) clients or accounts, while CGs 13 and 14 are assigned to stage 3 (defaulted) clients.

Within Wealth and Retail Banking where there are a large number of small value loans in credit cards and personal loans portfolios along with medium size loans to a maximum of KShs 156 million under mortgages and Business Banking, a primary indicator of potential impairment is delinquency. An account is considered to be delinquent when payment is not received on the due date. For delinquency reporting purposes, the Group and Company follow industry standards, measuring delinquency as of 1, 30, 60, 90, 120 and 150 days past due.

Mapping of credit quality

The Group uses the following internal risk mapping to determine the credit quality for loans.

Credit quality description	Corporate and Investment Banking	Wealth and Retail Banking
	Internal grade mapping	Number of days past due
Strong	1A to 5B	Current loans (no past dues nor impaired)
Satisfactory	6A to 11C	Loans past due till 29 days
Higher risk	Grade 12	Past due loans 30 days and over till 90 days
Higher risk	Grade 13 and 14	Past due loans over 90 days

4. Financial risk and capital management continued

a) Credit risk continued

(ii) Credit risk quality analysis continued

Loans and advances by client segment

Group and Company Amortised cost KShs '000	2024						
		Customers					
	Banks	Corporate and Investment Banking	Wealth and Retail Banking	Central and other items	Customer Total	Undrawn commitments	Financial Guarantees
Stage 1	1,164,478	84,651,493	60,557,883	-	145,209,376	42,679,706	61,025,567
- Strong	1,164,478	57,875,196	56,099,044	-	113,974,240	31,426,633	49,507,450
- Satisfactory	-	26,776,297	4,458,839	-	31,235,136	11,253,073	11,518,117
Stage 2	-	1,993,654	3,876,780	-	5,870,434	3,311,817	2,697,847
- Strong	-	-	218,624	-	218,624	100,958	1,864,089
- Satisfactory	-	-	146,212	-	146,212	2,296,539	445,107
- Higher risk	-	1,993,654	3,511,944	-	5,505,598	914,320	388,651
Of which (stage 2):							
- Less than 30 days past due	-	-	146,212	-	146,212	-	-
- More than 30 days past due	-	-	1,427,871	-	1,427,871	-	-
Stage 3	-	2,571,455	4,990,085	-	7,561,540	-	451,073
Gross balance	1,164,478	89,216,602	69,424,748	-	158,641,350	45,991,523	64,174,487
Stage 1	(6,835)	(44,575)	(1,042,506)	-	(1,087,081)	(33,402)	(13,642)
- Strong	(6,835)	(22,615)	(888,764)	-	(911,379)	(13,367)	(2,083)
- Satisfactory	-	(21,960)	(153,742)	-	(175,702)	(20,035)	(11,559)
Stage 2	-	(495,454)	(112,130)	-	(607,584)	(77,943)	(7,722)
- Strong	-	-	(70,250)	-	(70,250)	(532)	(117)
- Satisfactory	-	-	(6,287)	-	(6,827)	(43,977)	(2,203)
- Higher risk	-	(495,454)	(35,593)	-	(531,047)	(33,434)	(5,402)
Stage 3	-	(2,252,268)	(3,047,038)	-	(5,299,306)	-	(225,246)
Total credit impairment	(6,835)	(2,792,297)	(4,201,674)	-	(6,993,971)	(111,345)	(246,610)
Net carrying value	1,157,643	86,424,305	65,223,074	-	151,647,379		
Stage 1	0.6%	0.1%	1.7%	-	0.7%	0.1%	0.0%
- Strong	0.6%	0.0%	1.6%	-	0.8%	0.0%	0.0%
- Satisfactory	0.0%	0.1%	3.4%	-	0.6%	0.2%	0.1%
Stage 2	0.0%	24.9%	2.9%	-	10.3%	2.4%	0.3%
- Strong	0.0%	0.0%	32.1%	-	32.1%	0.5%	0.0%
- Satisfactory	0.0%	0.0%	4.3%	-	4.3%	1.9%	0.5%
- Higher risk	0.0%	24.9%	1.0%	-	9.6%	3.7%	1.4%
Stage 3	0.0%	87.6%	61.1%	-	70.1%	0.0%	49.9%
Cover ratio	0.6%	3.1%	6.1%	-	4.4%	0.2%	0.4%
Net carrying value	1,157,643	86,424,305	65,223,074	-	151,647,379		

a) Credit risk continued

(ii) Credit risk quality analysis continued

Loans and advances by client segment

Group and Company Amortised cost KShs '000	Banks	Corporate and Investment Banking	Wealth and Retail Banking	Central and other items	Customer Total	Undrawn commitments	Financial Guarantees
	2023						
		Customers					
Stage 1	3,963,423	87,654,053	66,588,406	-	154,242,459	35,775,853	67,718,780
- Strong	3,963,423	38,655,727	6,141,921	-	44,797,648	14,506,554	56,369,574
- Satisfactory	-	48,998,326	60,446,485	-	109,444,811	21,269,299	11,349,206
Stage 2	-	3,346,818	3,524,244	-	6,871,062	3,431,271	1,833,420
- Strong	-	-	-	-	-	-	352,453
- Satisfactory	-	904,994	1,715,590	-	2,620,584	2,709,212	802,682
- Higher risk	-	2,441,824	1,808,655	-	4,250,478	722,059	678,285
Of which (stage 2):							
- Less than 30 days past due	-	-	-	-	-	-	-
- More than 30 days past due	-	3,346,818	3,524,245	-	6,871,062	-	-
Stage 3	-	7,210,820	4,612,275	-	11,823,095	11,422	268,291
Gross balance	3,963,423	98,211,691	74,724,925	-	172,936,616	39,218,546	69,820,491
Stage 1	(5,645)	(185,085)	(485,171)	-	(670,256)	(29,820)	(5,454)
- Strong	(5,645)	(55,437)	(462,522)	-	(517,959)	(10,090)	(1,777)
- Satisfactory	-	(129,648)	(22,649)	-	(152,297)	(19,730)	(3,677)
Stage 2	-	(616,180)	(760,048)	-	(1,376,228)	(57,696)	(18,540)
- Strong	-	-	-	-	-	-	-
- Satisfactory	-	(24,316)	(265,776)	-	(290,092)	(30,342)	(16,073)
- Higher risk	-	(591,864)	(494,272)	-	(1,086,136)	(27,354)	(2,467)
Stage 3	-	(5,594,780)	(2,133,575)	-	(7,728,355)	-	(77)
Total credit impairment	(5,645)	(6,396,045)	(3,378,794)	-	(9,774,839)	(87,516)	(24,071)
Net carrying value	3,957,778	91,815,646	71,346,131	-	163,161,777		
Stage 1	0.1%	0.2%	0.7%	0.0%	0.4%	0.1%	0.0%
- Strong	0.1%	0.1%	7.5%	0.0%	1.2%	0.1%	0.0%
- Satisfactory	0.0%	0.3%	0.0%	0.0%	0.1%	0.1%	0.0%
Stage 2	0.0%	18.4%	21.6%	0.0%	20.0%	1.7%	1.0%
- Strong	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
- Satisfactory	0.0%	2.7%	15.5%	0.0%	11.1%	1.1%	2.0%
- Higher risk	0.0%	24.2%	27.3%	0.0%	25.6%	3.8%	0.4%
Stage 3	0.0%	77.6%	46.3%	0.0%	65.4%	0.0%	0.0%
Cover ratio	0.1%	6.5%	4.5%	0.0%	5.7%	0.2%	0.0%
Net carrying value	3,957,778	91,815,646	71,346,131	-	163,161,777	39,131,030	69,796,420

4. **Financial risk and capital management** continued

a) **Credit risk** continued

(ii) Credit risk quality analysis continued

Analysis of financial instruments by stage

The tables below show the financial instruments and off-balance sheet commitments by stage with the total credit impairment against each financial instrument class.

The proportion of financial instruments held within stage 1 remained stable at 96 per cent (2023: 95 per cent). Total stage 1 balances decreased by KShs 28.3 billion, with loans and advances to customers reducing by KShs 9.03 and government securities at FVOCI increasing by KShs 34.1 billion. Balances due from group companies and other related parties decreased by KShs 50.7 billion. Stage 2 and 3 financial instruments are stable at 4 per cent (2023: 5 per cent) each of the Group total.

	2024											
	Stage 1			Stage 2			Stage 3			Total		
Group KShs '000	Gross balance	Total credit impairment	Net carrying value	Gross balance	Total credit impairment	Net carrying value	Gross balance	Total credit impairment	Net carrying value	Gross balance	Total credit impairment	Net carrying value
Balances with Central Bank of Kenya	28,173,143	–	28,173,143	–	–	–	–	–	–	28,173,143	–	28,173,143
Loans and advances to banks (amortised cost)	1,164,478	(6,835)	1,157,643	–	–	–	–	–	–	1,164,478	(6,835)	1,157,643
Loans and advances to customers (amortised cost)	145,209,376	(1,087,081)	144,122,295	5,870,434	(607,584)	5,262,850	7,561,540	(5,299,306)	2,262,234	158,641,350	(6,993,971)	151,647,379
Government securities held at FVOCI[1]	98,002,713	(197,721)	98,002,713	–	–	–	-	-	–	98,002,713	(197,721)	98,002,713
Government securities held at FVTPL	774,509	–	774,509	–	–	–	–	–	–	774,509	–	774,509
Due from group companies and other related parties	78,608,857	(43,903)	78,564,954	–	–	–	–	–	–	78,608,857	(43,903)	78,564,954
Other assets	6,094,750	–	6,094,750	–	–	–	–	–	–	6,094,750	–	6,094,750
Undrawn commitments[2]	42,679,706	(33,402)		3,311,817	(77,943)		–	–		45,991,523	(111,345)	
Financial guarantees[2]	61,025,567	(13,642)		2,697,847	(7,722)		451,073	(225,246)		64,174,487	(246,610)	
Total	461,733,099	(1,382,584)		11,880,098	(693,249)		8,012,613	(5,524,552)		481,625,810	(7,600,385)	

[1]These instruments are held at fair value on the statement of financial position. The ECL provision in respect of government securities measured at FVOCI is held within the OCI reserve.
[2]These are off-balance sheet instruments. Only the ECL is recorded in the statement of financial position as a financial liability and therefore there is no "net carrying amount".

4. **Financial risk and capital management** continued

a) **Credit risk** continued

(ii) Credit risk quality analysis continued

Analysis of financial instruments by stage continued

Group KShs '000	2023											
	Stage 1			Stage 2			Stage 3			Total		
	Gross balance	Total credit impairment	Net carrying value	Gross balance	Total credit impairment	Net carrying value	Gross balance	Total credit impairment	Net carrying value	Gross balance	Total credit impairment	Net carrying value
Balances with Central Bank of Kenya	38,904,879	–	38,904,879	–	–	–	–	–	–	38,904,879	–	38,904,879
Loans and advances to banks (amortised cost)	3,963,423	(5,645)	3,957,778	–	–	–	–	–	–	3,963,423	(5,645)	3,957,778
Loans and advances to customers (amortised cost)	154,242,459	(670,256)	153,572,203	6,871,062	(1,376,228)	5,494,834	11,823,095	(7,728,355)	4,094,740	172,936,616	(9,774,839)	163,161,777
Government securities held at FVOCI[1]	63,834,200	(444,830)	63,834,200							63,834,200	(444,830)	63,834,200
Government securities held at FVTPL related parties	5,740,496	–	5,740,496	–	–	–	–	–	–	5,740,496	–	5,740,496
Due to group companies and other elated parties	129,281,610	(28,000)	129,253,610	–	–	–	–	–	–	129,281,610	(28,000)	129,253,610
Other assets	5,843,046	–	5,843,046	–	–	–	–	–	–	5,843,046	–	5,843,046
Undrawn commitments[2]	35,775,853	(29,820)		3,431,271	(57,696)		11,422	–		39,218,546	(87,516)	
Financial guarantees[2]	67,718,780	(5,454)		1,833,420	(18,540)		268,291	(77)		69,820,491	(24,071)	
Total	505,304,746	(1,184,005)		12,135,753	(1,452,464)		12,102,808	(7,728,432)		529,543,307	(10,364,901)	

[1] These instruments are held at fair value on the statement of financial position. The ECL provision in respect of government securities measured at FVOCI is held within the OCI reserve.
[2] These are off-balance sheet instruments. Only the ECL is recorded in the statement of financial position as a financial liability and therefore there is no "net carrying amount".

4. Financial risk and capital management continued

a) Credit risk continued

(ii) Credit risk quality analysis continued

Analysis of financial instruments by stage continued

Company KShs '000	2024											
	Stage 1			Stage 2			Stage 3			Total		
	Gross balance	Total credit impairment	Net carrying value	Gross balance	Total credit impairment	Net carrying value	Gross balance	Total credit impairment	Net carrying value	Gross balance	Total credit impairment	Net carrying value
Balances with Central Bank of Kenya	28,173,143	–	28,173,143	–	–	–	–	–	–	28,173,143	–	28,173,143
Loans and advances to banks (amortised cost)	1,164,478	(6,835)	1,157,643	–	–	–	–	–	–	1,164,478	(6,835)	1,157,643
Loans and advances to customers (amortised cost)	145,209,376	(1,087,081)	144,122,295	5,870,434	(607,584)	5,262,850	7,561,540	(5,299,306)	2,262,234	158,641,350	(6,993,971)	151,647,379
Government securities held at FVOCI[1]	98,002,713	(197,721)	98,002,713			–		-	–	98,002,713	(197,721)	98,002,713
Government securities held at FVTPL	774,509	–	774,509	–	–	–	–	–	–	774,509	–	774,509
Due from group companies and other related parties	79,472,178	(43,903)	79,428,275							79,472,178	(43,903)	79,428,275
Other assets	5,942,967	–	5,942,967	–	–	–	–	–	–	5,942,967	–	5,942,967
Undrawn commitments[2]	42,679,706	(33,402)		3,311,817	77,943		–	–		45,991,523	(111,345)	
Financial guarantees[2]	61,025,567	(13,642)		2,697,847	(7,722)		451,073	(225,246)		64,174,487	(246,610)	
Total	462,444,637	(1,382,584)		11,880,098	(693,249)		8,012,613	(5,524,552)		482,337,348	(7,600,385)	

[1]These instruments are held at fair value on the statement of financial position. The ECL provision in respect of government securities measured at FVOCI is held within the OCI reserve.
[2]These are off-balance sheet instruments. Only the ECL is recorded in the statement of financial position as a financial liability and therefore there is no "net carrying amount".

4. Financial risk and capital management continued

a) Credit risk continued

(ii) Credit risk quality analysis continued

Analysis of financial instruments by stage continued

	2023											
	Stage 1			Stage 2			Stage 3			Total		
Company KShs '000	Gross balance	Total credit impairment	Net carrying value	Gross balance	Total credit impairment	Net carrying value	Gross balance	Total credit impairment	Net carrying value	Gross balance	Total credit impairment	Net carrying value
Balances with Central Bank of Kenya	38,904,879	–	38,904,879	–	–	–	–	–	–	38,904,879	–	38,904,879
Loans and advances to banks (amortised cost)	3,963,423	(5,645)	3,957,778	–	–	–	–	–	–	3,963,423	(5,645)	3,957,778
Loans and advances to customers (amortised cost)	154,242,459	(670,256)	153,572,203	6,871,062	(1,376,228)	5,494,834	11,823,095	(7,728,355)	4,094,740	172,936,616	(9,774,839)	163,161,777
Government securities held at FVOCI[1]	63,834,200	(444,830)	63,834,200	–	–	–	–	–	–	63,834,200	(444,830)	63,834,200
Government securities held at FVTPL related parties	5,740,496	–	5,740,496	–	–	–	–	–	–	5,740,496	–	5,740,496
Due to group companies and other elated parties	129,703,405	(28,000)	129,675,405	–	–	–	–	–	–	129,703,405	(28,000)	129,675,405
Other assets	5,765,469	–	5,765,469	–	–	–	–	–	–	5,765,469	–	5,765,469
Undrawn commitments[2]	35,775,853	(29,820)		3,431,271	(57,696)		11,422	–		39,218,546	(87,516)	
Financial guarantees[2]	67,718,780	(5,454)		1,833,420	(18,540)		268,291	(77)		69,820,491	(24,071)	
Total	505,648,964	(1,184,005)		12,135,753	(1,452,464)		12,102,808	(7,728,432)		529,887,525	(10,364,901)	

[1]These instruments are held at fair value on the statement of financial position. The ECL provision in respect of government securities measured at FVOCI is held within the OCI reserve.
[2]These are off-balance sheet instruments. Only the ECL is recorded in the statement of financial position as a financial liability and therefore there is no "net carrying amount".

4. Financial risk and capital management continued

a) Credit risk continued

Analysis of loans and advances concentration by sector

Credit concentration risk in Corporate and Investment Banking segment is managed through the use of various concentration dimensions that include industry sector, geographic spread, credit rating, customer segment and exposure to single counterparties or groups of related counterparties.

Credit concentration risk in Wealth and Retail Banking segment is managed within exposure limits set for each product segment. These limits are reviewed at least annually and are approved by the responsible business and risk officer and ultimately by the Board in accordance with their delegated authority level.

	Group and Company							
	2024				2023			
	Stage 1 KShs '000	Stage 2 KShs '000	Stage 3 KShs '000	Total KShs '000	Stage 1 KShs '000	Stage 2 KShs '000	Stage 3 KShs '000	Total KShs '000
On balance sheet								
Business services	**24,121,569**	**–**	**232**	**24,121,801**	19,782,989	–	126	19,783,115
Manufacturing	**12,856,693**	**1,079,510**	**2,034,076**	**15,970,279**	15,530,819	557,626	3,896,693	19,985,138
Wholesale and retail	**7,597,877**	**926,896**	**1,141,689**	**9,666,462**	11,791,205	2,837,226	2,274,146	16,902,577
Transport and communication	**28,924,683**	**72,966**	**133,352**	**29,131,001**	31,184,400	153,436	114,028	31,451,864
Real estate	**667,515**	**62,391**	**181,911**	**911,817**	771,484	122	224,192	995,798
Agriculture	**2,112,412**	**70,922**	**371,312**	**2,554,646**	2,245,985	102,299	463,352	2,811,636
Energy and water	**12,185,229**	**4,510**	**–**	**12,189,739**	12,941,407	–	666,713	13,608,120
Others	**56,743,398**	**3,653,239**	**3,698,968**	**64,095,605**	59,994,170	3,220,353	4,183,845	67,398,368
Total	**145,209,376**	**5,870,434**	**7,561,540**	**158,641,350**	154,242,459	6,871,062	11,823,095	172,936,616
Expected credit loss	**(1,087,081)**	**(607,584)**	**(5,299,306)**	**(6,993,971)**	(670,256)	(1,376,228)	(7,728,355)	(9,774,839)
Carrying amount as at 31 December	**144,122,295**	**5,262,850**	**2,262,234**	**151,647,379**	153,572,203	5,494,834	4,094,740	163,161,777

	Group and Company							
	2024				2023			
	Stage 1 KShs '000	Stage 2 KShs '000	Stage 3 KShs '000	Total KShs '000	Stage 1 KShs '000	Stage 2 KShs '000	Stage 3 KShs '000	Total KShs '000
On balance sheet								
Corporate and Investment Banking	**84,651,493**	**1,993,654**	**2,571,455**	**89,216,602**	87,654,053	3,346,819	7,210,820	98,211,692
Wealth and Retail Banking	**60,557,883**	**3,876,780**	**4,990,085**	**69,424,748**	66,588,406	3,524,244	4,612,274	74,724,924
	145,209,376	**5,870,434**	**7,561,540**	**158,641,350**	154,242,459	6,871,063	11,823,094	172,936,616

Movement in gross exposures and credit impairment

The tables overleaf set out the movement in gross exposures and credit impairment by stage in respect of amortised cost loans to banks and customers, undrawn commitments, financial guarantees and Government securities held at FVOCI.

4. Financial risk and capital management continued

a) Credit risk continued

(ii) Credit risk quality analysis continued

Methodology

The movement lines within the tables are an aggregation of monthly movements over the year and will therefore reflect the accumulation of multiple trades during the year. The credit impairment charge in the income statement comprises the amounts within the boxes in the table below less recoveries of amounts previously written off. Discount unwind is reported in net interest income and relates to stage 3 financial instruments only.

The approach for determining the key line items in the tables is set out below.

- Transfers – transfers between stages are deemed to occur at the beginning of a month based on prior month closing balances;
- Net remeasurement from stage changes – the remeasurement of credit impairment provisions arising from a change in stage is reported within the stage that the assets are transferred to. For example, assets transferred into stage 2 are remeasured from a 12 month to a lifetime expected credit loss, with the effect of remeasurement reported in stage 2. For stage 3, this represents the initial remeasurement from specific provisions recognised on individual assets transferred into stage 3 in the year;
- Net changes in exposures – new business written less repayments in the year. Within stage 1, new business written will attract up to 12 months of expected credit loss charges. Repayments of non-amortising loans (primarily within Corporate and Investment Banking) will have low amounts of expected credit loss provisions attributed to them, due to the release of provisions over the term to maturity. In stages 2 and 3, the amounts principally reflect repayments although stage 2 may include new business written where clients are on non-purely precautionary early alert, are a credit grade 12, or when non-investment grade debt securities are acquired;
- Changes in risk parameters – for stages 1 and 2, this reflects changes in the probability of default (PD), loss given default (LGD) and exposure at default (EAD) of assets during the year, which includes the impact of releasing provisions over the term to maturity. It also includes the effect of changes in forecasts of macroeconomic variables during the year. In stage 3, this line represents additional specific provisions recognised on exposures held within stage 3; and
- Changes to ECL models, which incorporates changes to model approaches and methodologies, is not reported as a separate line item as it has an impact over a number of lines and stages.

4. Financial risk and capital management continued

a) Credit risk continued

(ii) Credit risk quality analysis continued

Movement of Government securities held at FVOCI

Group and Company	Stage 1 Gross balance KShs '000	Stage 1 Impairment KShs '000
As at 1 January 2024	**63,834,200**	**(444,830)**
Additions	**110,460,753**	**(1,123,078)**
Disposals and maturities	**(87,964,000)**	**1,370,187**
Changes in fair value	**(1,911,651)**	**–**
Fair value recycled through income statement	**1,252,258**	**–**
Movement in accrued interest	**(643,123)**	**–**
Amortisation of discounts and premiums	**9,150,974**	**–**
As at 31 December 2024	**98,002,713**	**(197,721)**
Income statement ECL charge		**247,109**
As at 1 January 2023	104,731,162	(225,229)
Additions	70,648,767	(262,390)
Disposals and maturities	(113,544,150)	42,789
Changes in fair value	(3,281,903)	–
Fair value recycled through income statement	3,230,494	–
Movement in accrued interest	(1,163,911)	–
Amortisation of discounts and premiums	3,213,741	–
As at 31 December 2023	63,834,200	(444,830)
Income statement ECL charge		(219,602)

Government securities are held at fair value in the statement of financial position. Therefore, there is no "net carrying amount". The ECL provision in respect of government securities measured at FVOCI is held within the OCI reserve.

4. Financial risk and capital management continued

a) Credit risk continued

(ii) Credit risk quality analysis continued

Movement of loans and advances to banks

Group and Company	Stage 1 Gross balance KShs '000	Stage 1 Impairment KShs '000	Stage 1 Net
As at 1 January 2023	430,551	(2,462)	428,089
Additions	54,156,739	(2,207)	54,154,532
Repayments	(50,703,269)	142	(50,703,127)
Exchange translation differences	79,402	(1,118)	78,284
As at 31 December 2023	3,963,423	(5,645)	3,957,778
Income statement ECL release		(2,065)	
As at 1 January 2024	**3,963,423**	**(5,645)**	**3,957,778**
Additions	**54,146,177**	**(1,514)**	**54,144,663**
Repayments	**(57,024,524)**	**(1,235)**	**(57,025,759)**
Exchange translation differences	**79,402**	**1,559**	**80,961**
As at 31 December 2024	**1,164,478**	**(6,835)**	**1,157,643**
Income statement ECL release		**(2,749)**	

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4. Financial risk and capital management continued

a) Credit risk continued

(ii) Credit risk quality analysis continued

Movement in gross exposures and credit impairment loans and advances to customers

Group and Company KShs '000	Stage 1 Gross balance	Stage 1 Total credit impairment	Stage 1 Net	Stage 2 Gross balance	Stage 2 Total credit impairment	Stage 2 Net	Stage 3 Gross balance	Stage 3 Total credit impairment	Stage 3 Net	Total Gross balance	Total Total credit impairment	Total Net
As at 1 January 2023	133,372,653	(1,770,521)	131,602,132	2,279,359	(1,281,355)	998,004	13,038,242	(6,225,818)	6,812,423	148,690,254	(9,277,695)	139,412,559
Transfers to stage 1	9,039,992	(897,462)	8,142,530	(9,039,992)	897,462	(8,142,530)	–	–	–	–	–	–
Transfers to stage 2	(41,202,332)	331,763	(40,870,569)	45,144,153	(864,093)	44,280,060	(3,941,821)	532,330	(3,409,491)	–	–	–
Transfers to stage 3	–	–	–	(8,409,284)	477,121	(7,932,163)	8,409,284	(477,121)	7,932,163	–	–	–
Newly originated	257,833,308	(758,937)	257,074,371	-	-	-	-	-	-	257,833,308	(758,937)	257,074,371
Repayments	(206,590,999)	561,849	(206,029,150)	(23,752,198)	292,489	(23,459,709)	(3,563,243)	4,031,179	467,936	(233,906,440)	4,885,517	(229,020,923)
Net remeasurement from stage changes	–	176,968	176,968	–	(293,996)	(293,996)	–	(1,275,825)	(1,275,825)	–	(1,392,853)	(1,392,853)
Change in models	–	592,728	592,728	–	(357,001)	(357,001)	–	(6,325,799)	(6,325,799)	–	(6,090,075)	(6,090,075)
Write-offs	–	–	–	–	–	–	(4,012,597)	4,037,165	24,568	(4,012,597)	4,037,165	24,568
Exchange translation differences	1,789,837	1,093,356	2,883,193	649,025	(246,855)	402,170	1,893,229	(2,024,466)	(131,237)	4,332,091	(1,177,961)	3,154,130
As at 31 December 2023	154,242,459	(670,256)	153,572,203	6,871,063	(1,376,228)	5,494,835	11,823,094	(7,728,355)	4,094,739	172,936,616	(9,774,839)	163,161,777
Income statement ECL (charge)/release		572,608			(358,508)			(3,570,445)			(3,356,345)	
Recoveries of amounts previously written off		–			–			387,902			387,902	
Total credit impairment charge		572,608			(358,508)			(3,182,543)			(2,968,443)	

4. Financial risk and capital management continued

a) Credit risk continued

(ii) Credit risk quality analysis continued

Group and Company KShs '000	Stage 1			Stage 2			Stage 3			Total		
	Gross balance	Total credit impairment	Net	Gross balance	Total credit impairment	Net	Gross balance	Total credit impairment	Net	Gross balance	Total credit impairment	Net
As at 1 January 2024	154,242,459	(670,256)	153,572,203	6,871,063	(1,376,228)	5,494,835	11,823,094	(7,728,355)	4,094,739	172,936,616	(9,774,839)	163,161,777
Transfers to stage 1	10,407,178	(1,372,336)	9,034,842	(10,407,178)	1,372,336	(9,034,842)	–	–	–	–	–	–
Transfers to stage 2	(28,811,821)	464,857	(28,346,964)	31,302,073	(990,837)	30,311,236	(2,490,252)	525,980	(1,964,272)	–	–	–
Transfers to stage 3	–	–	–	(4,467,754)	896,272	(3,571,482)	4,467,754	(896,272)	3,571,482	–	–	–
Newly originated	242,261,085	(784,219)	241,476,866	–	–	–	–	–	–	242,261,085	(784,219)	241,476,866
Repayments	(241,468,009)	24,344	(241,443,665)	(16,655,426)	(270,061)	(16,925,487)	(1,211,122)	4,579,138	3,368,016	(259,334,557)	4,333,421	(255,001,136)
Net remeasurement from stage changes	–	217,089	217,089	–	(277,832)	(277,832)	–	125,699	125,699	–	64,956	64,956
Changes in models	–	1,012,106	1,012,106	–	26,719	26,719	–	(7,015,057)	(7,015,057)	–	(5,976,232)	(5,976,232)
Write-offs	–	–	–	–	–	–	(1,586,122)	1,586,122	–	(1,586,122)	1,586,122	–
Exchange translation differences	8,578,484	21,334	8,599,818	(772,344)	12,047	(760,297)	(3,441,812)	3,523,439	81,627	4,364,328	3,556,820	7,921,148
As at 31 December 2024	145,209,376	(1,087,081)	144,122,295	5,870,434	(607,584)	5,262,850	7,561,540	(5,299,306)	2,262,234	158,641,350	(6,993,971)	151,647,379
Income statement ECL (charge)/release		469,320			(521,174)			(2,310,220)			(2,362,074)	
Recoveries of amounts previously written off		–			–			409,907			409,907	
Total credit impairment charge		469,320			(521,174)			(1,900,313)			(1,952,167)	

4. Financial risk and capital management continued

a) Credit risk continued

(ii) Credit risk quality analysis continued

Movement in gross exposures and credit impairment on balances due from group companies and other related parties

Group KShs '000	Stage 1 Gross balance	Credit impairment	Net
As at 1 January 2023	96,127,601	(6,415)	96,121,186
Additions	62,752,611	(21,849)	62,730,762
Repayments	(29,598,602)	264	(29,598,338)
As at 31 December 2023	129,281,610	(28,000)	129,253,610
Income statement ECL charge		(21,585)	
As at 1 January 2024	**129,281,610**	**(28,000)**	**129,253,610**
Additions	**62,876,945**	**(44,925)**	**62,832,020**
Repayments	**(113,549,698)**	**29,022**	**(113,520,676)**
As at 31 December 2024	**78,608,857**	**(43,903)**	**78,564,954**
Income statement ECL release		**(15,903)**	

Company KShs '000	Stage 1 Gross balance	Credit impairment	Net
As at 1 January 2023	96,608,538	(6,415)	96,602,123
Net change in exposures	62,752,611	(21,849)	62,730,762
Net remeasurement from stage changes	(29,657,744)	264	(29,657,480)
As at 31 December 2023	129,703,405	(28,000)	129,675,405
Income statement ECL charge		(21,585)	
As at 1 January 2024	**129,703,405**	**(28,000)**	**129,675,405**
Net change in exposures	**62,876,945**	**(44,925)**	**62,832,020**
Net remeasurement from stage changes	**(113,108,172)**	**29,022**	**(113,079,150)**
As at 31 December 2024	**79,472,178**	**(43,903)**	**79,428,275**
Income statement ECL release		**(15,903)**	

a) Credit risk continued

(ii) Credit risk quality analysis continued

Movement in gross exposures and credit impairment on undrawn commitments, financial guarantees and letters of credit

	Stage 1		Stage 2		Stage 3		Total	
Group and Company KShs '000	Gross balance	Credit impairment	Gross balance	Credit impairment	Gross balance	Credit impairment	Gross balance	Credit impairment
As at 1 January 2023	101,633,844	(52,857)	6,167,600	(41,469)	170,184	(8,985)	107,971,628	(103,311)
Transfers to stage 1	7,834,206	(48,830)	-7,834,206	48,830	–	–	–	–
Transfers to stage 2	(17,290,737)	14,308	17,326,466	(23,293)	(35,729)	8,985	–	–
Transfers to stage 3	–		(533,245)	208	533,245	-208	–	–
Newly originated during the period	91,020,997	(24,570)	–	-	–	-	91,020,997	(24,570)
Applied during the period	(84,195,328)	–	(10,326,874)	(66,931)	(388,327)	(16,611)	(94,910,529)	(83,542)
Net remeasurement from stage changes	–	15,742	–	(7,007)	–	–	–	8,735
Changes in risk parameters	–	59,725	–	16,610	–	16,742	–	93,077
Exchange translation differences	4,491,652	1,208	464,950	(3,184)	340	–	4,956,942	(1,976)
As at 31 December 2023	103,494,634	(35,274)	5,264,691	(76,236)	279,713	(77)	109,039,038	(111,587)
Income statement ECL (charge)/release		50,897		(57,328)		131		(6,300)
Total credit impairment (charge)/release		50,897		(57,328)		131		(6,300)
As at 1 January 2024	**103,494,634**	**(35,274)**	**5,264,691**	**(76,236)**	**279,713**	**(77)**	**109,039,038**	**(111,587)**
Transfers to stage 1	**4,359,308**	**(14,015)**	**(4,333,899)**	**14,015**	**(25,409)**	**–**	**–**	**–**
Transfers to stage 2	**(13,295,450)**	**7,463**	**13,324,150**	**(7,463)**	**(28,700)**	**–**	**–**	**–**
Transfers to stage 3	**–**	**–**	**(642,475)**	**3,903**	**642,475**	**(3,903)**	**–**	**–**
Newly originated during the period	**79,495,968**	**(29,143)**	**–**	**–**	**–**	**–**	**79,495,968**	**(29,143)**
Applied during the period	**(66,155,505)**	**19,638**	**(7,353,880)**	**(26,426)**	**(393,942)**	**(3,969)**	**(73,903,327)**	**(10,757)**
Net remeasurement from stage changes	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Exchange translation differences	**(4,193,678)**	**4,287**	**(248,927)**	**6,542**	**(23,063)**	**(217,297)**	**(4,465,668)**	**(206,468)**
As at 31 December 2024	**103,705,277**	**(47,044)**	**6,009,660**	**(85,665)**	**451,074**	**(225,246)**	**110,166,011**	**(357,955)**
Income statement ECL (charge)/release		**(9,505)**		**(26,426)**		**(3,969)**		**(39,900)**
Total credit impairment (charge)/release		**(9,505)**		**(26,426)**		**(3,969)**		**(39,900)**

4. Financial risk and capital management continued

a) Credit risk continued

(ii) Credit risk quality analysis continued

These are off-balance sheet instruments. Only the ECL is recorded on as a financial in the statement of financial position as a liability and therefore there is no "net carrying amount". ECL allowances on off-balance sheet instruments are held as liability provisions to the extent that the drawn and undrawn components of loan exposures can be separately identified. Otherwise, they will be reported against the drawn component.

(iii) Collateral held and other credit enhancements

The Group and Company hold collateral against loans and advances to customers in the form of cash, residential, commercial and industrial property, fixed assets such as plant and machinery, marketable securities, bank guarantees and letters of credit.

The Group and Company also enter into collateralised reverse purchase agreements. Risk mitigation policies control the approval of collateral types. Collateral is valued in accordance with the Group's and Company's risk mitigation policy, which prescribes the frequency of valuation for different collateral types. The valuation frequency is driven by the level of price volatility of each type of collateral.

Collateral held against impaired loans is maintained at fair value. The valuation of collateral is monitored regularly and is back tested at least annually.

Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse purchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held as at 31 December 2024 and 2023.

No collateral or credit enhancement is held for other assets (bank balances, government securities, loans and advances to banks , other financial assets due from group companies and other related parties)

4. Financial risk and capital management continued

a) Credit risk continued

(ii) Credit risk quality analysis continued

Movement in gross exposures and credit impairment on undrawn commitments, financial guarantees and letters of credit continued

The table below details collateral held against exposures, showing separately stage 1, stage 2 and stage 3 exposures and corresponding collateral.

	2024										
	Stage 1			Stage 2			Stage 3				
Group and Company KShs '000	**Financial assets**	**Collateral**	**Net exposure**	**Financial assets**	**Collateral**	**Net exposure**	**Financial assets**	**Collateral**	**Net exposure**	**Total Net Loans**	**Total Collaterals**
Corporate and Investment Banking	**84,606,918**	**68,536,420**	**16,070,498**	**1,498,200**	**1,680,577**	**(182,377)**	**319,187**	**330,534**	**(11,347)**	**86,424,305**	**70,547,531**
Wealth and Retail Business Banking	**59,515,377**	**59,515,377**	**-**	**3,764,650**	**7,814,787**	**(4,065,486)**	**1,943,047**	**4,027,120**	**(2,084,073)**	**65,223,074**	**71,357,284**
Total	**144,122,295**	**128,051,797**	**16,070,498**	**5,262,850**	**9,495,364**	**(4,247,863)**	**2,262,234**	**4,357,654**	**(2,095,420)**	**151,647,379**	**141,904,815**

	2023										
	Stage 1			Stage 2			Stage 3				
Group and Company KShs '000	Financial assets	Collateral	Net exposure	Financial assets	Collateral	Net exposure	Financial assets	Collateral	Net exposure	Total Net Loans	Total Collaterals
Corporate and Investment Banking	86,500,696	72,491,832	14,008,864	1,162,816	6,859,952	(5,697,136)	3,049,350	1,549,639	1,499,711	90,712,862	80,901,422
Wealth and Retail Business Banking	67,071,507	65,192,014	1,879,493	4,332,019	4,591,136	(259,117)	1,045,389	788,344	257,045	72,448,915	70,571,495
Total	153,572,203	137,683,846	15,888,357	5,494,835	11,451,088	(5,956,253)	4,094,739	2,337,983	1,756,756	163,161,777	151,472,917

4. Financial risk and capital management continued

a) Credit risk continued

(iv) Problem credit management

Accounts or portfolios are placed on an early alert report and regularly reviewed by the Credit Issues Committee when they display signs of weakness or financial deterioration for example where there is a rapid decline in the client's position within the industry, a breach of covenants, non-performance of an obligation, or there are issues relating to ownership or management.

Such accounts and portfolios are subjected to a dedicated process with oversight involving the Chief Executive Officer, Chief Risk Officer, Senior Credit Officer and Special Asset Group ("SAG"). Account plans are re-evaluated, and remedial actions are agreed and monitored until completed. Remedial actions include, but are not limited to, reviewing structure of facilities, exposure reduction, security enhancement, exit of the accounts or immediate movement of the accounts into the control of SAG, the specialist recovery unit.

For Wealth and Retail Banking facilities, Business banking accounts are placed on Stressed Accounts Monitoring when they become delinquent or when their credit turnovers show a declining trend. The accounts are then transferred to collections team upon further deterioration. On reaching 90 days past due (dpd), the accounts are managed through a foreclosure process. The accounts are and regularly reviewed by the Credit Issues Committee with oversight involving the Chief Executive Officer, Chief Risk Officer and Country Credit Head.

(v) Expected credit loss measurement

Staging of financial instruments

Financial instruments that are not already credit-impaired are originated into stage 1 and a 12-month ECL is recognised. Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit-impaired (stage 3).

ECL for financial assets will transfer from a 12- month basis to lifetime when there is significant increase in credit risk (SICR) compared with what was expected at origination or when they become credit impaired. On transfer to a lifetime basis, the ECL for those assets will reflect the impact of a default event expected to occur over the remaining lifetime of the instrument rather than just over the 12 months from the reporting date.

SICR is assessed by comparing the risk of default of an exposure at the reporting date with the risk of default at origination (after considering the passage of time). 'Significant' does not mean statistically significant nor is it reflective of the extent of the impact on the Group's and Company's financial statements. Whether a change in the risk of default is significant or not is assessed using quantitative and qualitative criteria, the weight of which will depend on the type of product and counterparty.

Instruments are classified as stage 3 when they become credit impaired. Lifetime ECL is recognised for stage 3 assets.

Stage 1	Stage 2	Stage 3
12-month expected credit loss	Lifetime expected credit loss	Credit impaired
Performing	Performing but significant increase in credit risk (SICR)	Non-performing

Transfers between stages

Assets will transfer from stage 3 to stage 2 when they are no longer considered to be credit impaired. Assets will not be considered to be credit-impaired only if the customer makes payments such that all arrears have been cleared in line with the original contractual terms.

In addition:

- loans that were subject to forbearance measures must remain current for 12 months before they can be transferred to stage 2 or stage 1 when they are no longer considered to have significant increase in credit risk; and
- Wealth and Retail Banking loans that were not subject to forbearance measures must remain current for 180 days before they can be transferred to stage 2 or stage 1.

Assets may transfer to stage 1 if they are no longer considered to have experienced a SICR. This will be immediate when the original probability of default (PD) based transfer criteria are no longer met (and as long as none of the other transfer criteria apply). Where assets were transferred using other measures, the assets will only transfer back to stage 1 when the condition that caused the significant increase in credit risk no longer applies (and as long as none of the other transfer criteria apply).

Approach to determining ECL – inputs, assumptions and estimation techniques

ECL is the discounted product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) defined as follows:

- PD is the probability at a point in time that a counterparty will default, calibrated over up to 12 months from the reporting date (stage 1) or over the lifetime of the asset (stage 2) and incorporating the impact of forward-looking economic assumptions that have an effect on credit risk, such as interest rates, unemployment rates and GDP forecasts. PD is estimated at a point in time, that means it will fluctuate in line with the economic cycle.
- LGD refers to the loss that is expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cash flows due and those that the Bank expects to receive. The Group and Company estimate LGD based on the history of recovery rates and consider the recovery of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.
- EAD refers to the expected reporting date exposure at the time of default, taking into account the expected change in exposure over the lifetime of the exposure. This incorporates the impact of drawdowns of committed facilities, repayments of principal and interest, amortisation and prepayments, together with the impact of forward-looking economic assumptions where relevant.

ECL is determined by projecting the PD, LGD and EAD for each future month for each exposure or segment. These three components are multiplied together and adjusted for survival (i.e. the exposure has not prepaid or defaulted in an earlier month) effectively calculating ECL for a future month. This is then discounted to the reporting date using the effective interest rate.

For portfolios within Corporate and Investment Banking, and material WRB portfolios that do not have objective evidence of impairment (Stages 1 and 2), ECLs are determined by estimating the expected cash shortfalls by multiplying the PD with the LGD and the EAD. The ECL is discounted to the reporting date using a rate that approximates the effective interest rate (EIR) of the asset. Where insufficient information is available for certain small WRB portfolios for the Group and Company to assess lifetime ECL at individual instrument level, ECL may be measured on a collective basis that considers credit risk information on instrument groups that share similar credit risk characteristics. For smaller, less complex WRB portfolios, simplified models are used to determine ECL. These use a combination of roll rate and loss rate models.

4. Financial risk and capital management continued

a) Credit risk continued

(v) Expected credit loss measurement continued

ECL is estimated based on the shorter of the expected life and the maximum contractual period for which the Group and Company are exposed to credit risk. For Wealth and Retail Banking credit cards and Corporate and Investment Banking overdraft facilities, however, the Group and Company do not typically enforce the contractual period. As a result, for these instruments, the lifetime of the exposure is based on the period the Group and Company are exposed to credit risk. This period has been determined by reference to the extent to which credit risk management actions curtail the period of exposure. For credit cards, this has resulted in an average life of 12 months. Overdraft facilities have a 22-month lifetime.

The lifetime of drawn and undrawn committed revolving facilities in the Corporate and Investment Banking segments, is set at the residual tenor of the respective facilities. With the exception of overdraft facilities, drawn and undrawn revolving facilities in these client segments do not give rise to credit risk and hence no ECL because the Group and Company have a legal right to revoke the facilities at short notice and has a practice of doing so in response to a SICR.

Forward looking economic information is also included in determining the 12-month and lifetime PD, LGD and EAD as detailed below.

The assumptions underlying the ECL calculation such as the maturity profile of the PDs and how collateral values change etc, are monitored and reviewed on a quarterly basis.

Incorporation of forward-looking information

Multiple forward-looking economic scenarios are incorporated into the range of reasonably possible outcomes, both in respect of determining the PD (and where relevant, the LGD and EAD) and in determining the overall ECL amounts to address the non-linearity characteristic of credit losses. These scenarios are conditioned internal macroeconomic views of the Group and Company.

Monte Carlo Simulation generates scenarios of macroeconomic variables relevant for IFRS 9 models.

The Multiple Scenario solution consists of three integrated components:

(i) A set of point forecasts, generated by the Scenario Design Team ("SDT"), that sets the internal view of the future macroeconomic environment;
(ii) A set of simulation models, calibrated on historical data, to generate "un-weighted" alternative scenarios; and
(iii) A procedure to ensure that the simulations (component (ii) above) are plausible given the internal view (component (i) above). The procedure yields probability weights that are attached to the alternative scenarios.

The Multiple Scenario solution generates 50 random scenarios to ensure non-linearity is appropriately reflected. To ensure these scenarios remain plausible, simulated macroeconomic variables have to fall within defined ceilings or floors, which are set by SDT to enable a wide range of reasonably possible scenarios while excluding extreme or implausible scenarios.

The reported ECL is therefore the equally weighted average of the ECL of the 50 simulated scenarios, whose average scenario coincides closely with the central economic scenario. In this way, the methodology both orients the ECL to management view of the economic outlook and incorporates significant dispersion around the management view to account for unforeseen eventualities.

The review and challenge of the macroeconomic forecasts is primarily driven through the activities of the IFRS 9 Expert Panel and the IFRS 9 Impairment Committee.

4. Financial risk and capital management continued

a) Credit risk continued

(v) Expected credit loss measurement continued

Incorporation of forward-looking information continued

The table below sets out a representative summary of the economic variables and asset prices that the Group and Company considered most important in the determination of ECL.

	2024			2023		
Group	Base forecast	Low	High	Base forecast	Low	High
GDP Growth (YoY%)	5.03	4.53	5.53	4.97	4.47	5.46
FX rate (KShs)	134	121	147	147	132	162
Government spending (KShs Billions)	3,752	3,377	4,127	536	482	589
Household income (KShs Billions)	3,359	3,023	3,695	2,962	2,666	3,258
Imports (KShs Billions)	590	531	649	571	513	628
Interest rate – 91 Day TB rate (%)	11.0	9.90	12.10	10.60	9.54	11.66
Consumer price index	144	129	158	263	236	289
Equity index	1,716	1,544	1,887	51	46	56

Credit impaired assets managed by the Stressed Assets Group (SAG) department incorporate forward looking economic assumptions in respect of recovery outcomes identified and are assigned individual probability weightings. These assumptions are not based on Monte Carlo simulation but are informed by the base case.

Sensitivity of expected credit loss calculation to macroeconomic variables

The ECL calculation relies on multiple variables and is inherently non-linear and portfolio-dependent, which implies that no single analysis can fully demonstrate the sensitivity of the ECL to changes in the macroeconomic variables. The Group has conducted a series of analyses with the aim of identifying the macroeconomic variables that might have the greatest impact on overall ECL. These encompassed single variable and multi-variable exercises, using simple up/ down variation and extracts from actual calculation data, as well as bespoke scenario design and assessments. The primary conclusion of these exercises is that no individual macroeconomic variable is materially influential. The Group believes this is plausible as the number of variables used in the ECL calculation is large. This does not mean that macroeconomic variables are uninfluential; rather, that the Group believes that consideration of macroeconomics should involve whole scenarios, as this aligns with the multi-variable nature of the calculation.

Significant increase in credit risk

Significant deterioration is assessed by comparing the risk of default at the reporting date to the risk of default at origination. Whether a change in the risk of default is significant or not is assessed using quantitative and qualitative criteria. These quantitative significant deterioration thresholds have been separately defined for each business segment and where meaningful, are consistently applied across business lines.

4. Financial risk and capital management continued

a) Credit risk continued

(v) Expected credit loss measurement continued

Corporate and Investment Banking segment

- Quantitative criteria: exposures are assessed based on both the absolute and the relative movement in the PD from origination to the reporting date. The relative threshold is a 100 per cent increase in PD and the absolute change in PD is between 50 – 100 basis points.
- Qualitative criteria: all accounts that have been placed on Early Alert (for non-purely precautionary reasons) are deemed to have experienced a significant increase in credit risk. An account is placed on Early Alert on a non-purely precautionary basis if it exhibits risk or potential weaknesses of a material nature requiring closer monitoring, supervision or attention by management. Weaknesses in such a borrower's account, if left uncorrected, could result in deterioration of repayment prospects and the likelihood of being downgraded. Indicators could include a rapid erosion of position within the industry, concerns over management's ability to manage operations, weak/deteriorating operating results, liquidity strain and overdue balances among other factors.

All accounts that have been assigned a CG12 rating, equivalent to 'Higher Risk', are deemed to have experienced a significant increase in credit risk (SICR). Accounts rated CG12 are managed by the Special Asset unit. The only exception to this is for accounts under USD 5m/KShs 649m in Corporate and Investment Banking where business Relationship Managers (RMs) will retain responsibility for managing CG12-14 client groups with exposures of less than or equal to USD 5m. The Business RMs will continue managing these accounts with the approvals from credit (when client is in CG12) or country business heads via SAG delegated authority (when client is in CG13/14).

All Corporate and Investment Banking clients are placed on CG12 when they are 30 days past due (dpd) unless they are granted a waiver through a strict governance process.

Wealth and Retail Banking segment

- Quantitative criteria: exposures are assessed based on both the absolute and the relative movement in the PD from origination to the reporting date. The relative threshold is a 100 per cent increase in PD and the absolute change in PD is between 50 – 100 basis points.
- Qualitative criteria: accounts that are 30 dpd that have not been captured by the quantitative criteria are considered to have experienced a SICR. For medium and small sized portfolios, which are modelled based on a roll-rate or loss-rate approach, SICR is primarily assessed through the 30 dpd trigger.

Backstop

Across all portfolios, accounts that are 30 or more dpd on contractual payments of principal and/or interest that have not been captured by the criteria above are considered to have experienced a SICR.

Expert credit judgment may be applied in assessing SICR to the extent that certain risks may not have been captured by the models or through the above criteria. Such instances are expected to be rare, for example due to events arising close to the reporting date.

4. Financial risk and capital management continued

a) Credit risk continued

(v) Expected credit loss measurement continued

Assessment of credit-impaired assets

Credit-impaired financial assets comprise those assets that have experienced an observed credit event and are in default. Default is the failure to meet the legal obligations of a loan. Default occurs when the obligor is unlikely to pay its credit obligations in full, including where the obligor:

- is more than 90 days past due on payments on any material debt;
- has filed for, or is in the process of filing, or has asked to be placed into bankruptcy; and
- has asked for credit-related modifications of contractual cash flows due to significant financial difficulty (forbearance) where the Bank has granted concessions that it would not ordinarily consider.

Corporate and Investment Banking segment

Credit-impaired accounts are managed by the Group's specialist recovery unit, SAG which is independent of its main businesses. Where any amount is considered irrecoverable, a stage 3 credit-impairment provision is raised. This stage 3 provision is the difference between the loan carrying amount and the probability weighted present value of estimated future cash flows, reflecting a range of scenarios (typically the best, worst and most likely recovery outcomes). Where the cash flows include realisable collateral, the values used will incorporate the impact of forward-looking economic information.

The individual circumstances of each client are considered when SAG estimates future cash flows and timing of future recoveries which involve significant judgment. All available sources, such as cash flows arising from operations, selling assets or subsidiaries, realising collateral or payments under guarantees, are considered.

Wealth and Retail Banking segment

The core components in determining credit impaired ECL provisions are the value of gross charge off and recoveries. Gross charge off for unsecured facilities occurs when dpd reaches the specified levels for product type e.g. personal loans, credit cards, auto loans and overdrafts at 150dpd, excess and DRPs at 90 dpd.

Grouping of instruments for losses measured on a collective basis

In any decision relating to the raising of provisions, the Group and Company attempt to balance economic conditions, local knowledge and experience, and the results of independent asset reviews.

Secured facilities

For Secured facilities upon credit impairment: -

- Provision is raised for the shortfall between the facilities carrying amount and the discounted forced sale value (FSV) of the collateral for loans or,
- Provision equivalent to the entire outstanding amount is recognised on credit impairment if the title document for the collateral is deficient and the collateral value cannot be realised.
- Provision equivalent to the entire outstanding amount is recognised if the foreclosure and property disposal process for loan has not been completed by 720 dpd.

4. Financial risk and capital management continued

a) Credit risk continued

(v) Expected credit loss measurement continued

Un-secured facilities

Recovery of unsecured debt post credit-impairment is recognised based on actual cash collected, either directly from clients or through the sale of defaulted loans to third-party institutions. Release of credit-impairment provisions for secured loans is recognised if the loan outstanding is paid in full (release of full provision), or the provision is higher than the loan outstanding (release of the excess provision).

If the loan is paid to current and remains in current for more than 180 days (1 year for forborne loans) the account will be transferred to stage 2. Where insufficient information is available for certain small Wealth and Retail Banking portfolios for the Group and Company to assess lifetime ECL at individual instrument level, ECL may be measured on a collective basis that considers credit risk information on instrument groups that share similar credit risk characteristics.

Write-offs

Where it is considered that there is no realistic prospect of recovering a portion of an exposure against which an impairment provision has been raised, that amount is written off.

Modified financial assets

Where the contractual terms of a financial instrument have been modified, and this does not result in the instrument being derecognised, a modification gain or loss is recognised in the income statement representing the difference between the original cash flows and the modified cash flows, discounted at the effective interest rate. The modification gain/loss is directly applied to the gross carrying amount of the instrument.

If the modification is credit related, such as forbearance or where the Group and Company have granted concessions that it would not ordinarily consider, then it will be considered credit-impaired. Modifications that are not credit related will be subject to an assessment of whether the asset's credit risk has increased significantly since origination by comparing the remaining lifetime PD based on the modified terms with the remaining lifetime PD based on the original contractual terms.

Amounts arising from ECL

Loss allowance

The credit impairment recognised in the period is impacted by a variety of factors:

- transfers between stages 1, 2 and 3 due to financial instruments experiencing significant increases in or decreases in credit risk or becoming credit impaired in the period;
- additional impairment for new instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- impact of measurement of ECL due to changes in PD, LGD and EAD arising from refresh of inputs to the model;
- impacts of measurement arising from changes to model and assumptions;
- discount unwind due to passage of time;
- foreign exchange retranslation for assets held in foreign currency; and
- financial assets derecognised during the period and write-offs of impairment allowances related to assets written-off in the period.

4. Financial risk and capital management continued

a) Credit risk continued

(v) Expected credit loss measurement continued

Other financial assets

Certain financial assets do not share the same characteristics as typical loan portfolios, hence specific ECL models' considerations apply to the following:

Cash and other assets

Cash balances and other assets will attract no ECL due to the immaterial risk of impairment and short dated maturity of the respective amounts.

Debt securities

Debt securities consist of corporate and government bonds, certificates of deposit, convertible bonds, credit and structured notes and debt securities. ECL on these positions are calculated in a manner consistent with loans as set out above with the exception of debt securities.

PDs on debt securities are determined using both external credit ratings as published by ratings agencies and internally generated PDs. Ratings agencies credit ratings typically already take into account the loss characteristics of a portfolio and hence LGDs on debt securities portfolios are assumed to be 100%. Like other assets EADs on debt securities are the full amortised cost amount of the respective instruments at the reporting date. SICR is also assessed in a similar way to Corporate and Investment Banking exposures.

The table below shows other financial assets financial assets that have not attracted ECL.

Group and Company	2024 KShs '000	2023 KShs '000
Balances with Central Bank of Kenya	28,173,143	38,904,879
Government and other securities held at FVTPL	818,815	5,768,468
Derivative financial instruments	3,231,435	925,051

(b) Settlement risk

The Group's and Company's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Group and Company mitigate this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described earlier. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from Traded Credit Risk (TCR).

Derivatives

The credit risk arising from derivatives is managed as part of the overall lending limits to banks and customers. The amount of credit risk is the current positive fair value of the underlying contract together with potential exposures from future market movements. The Group and Company further limit their exposures to credit losses in the event of default by entering into master netting agreements with certain market counterparties. Exposures are not presented net in the financial statements as in the ordinary course of business they are not intended to be settled net . Where appropriate, derivatives are used to reduce credit risks in the portfolio. Due to their potential impact on income volatility, derivatives are only used in a controlled manner and within a pre-defined volatility expectation.

4. Financial risk and capital management continued

(c) Liquidity risk

Liquidity risk is the risk that the Group and Company do not have sufficient financial resources to meet their obligations and commitments as they fall due, or can only access these financial resources at excessive cost. The Group's and Company's approach to managing liquidity risk is to ensure, as far as possible, that they will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and Company's reputation.

Liquidity risk arises in the general funding of the Group's and Company's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time-frame.

The Group and Company have access to a diverse funding base. Funds are raised using a broad range of instruments including deposits, other liabilities evidenced by paper and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Group and Company strive to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities.

The Group and Company manage liquidity risk both on a short-term and medium-term basis. In the short-term, the focus is on ensuring that the cash flow demands can be met through asset maturities, customer deposits and wholesale funding where required. In the medium-term, the focus is on ensuring the statement of financial position remains structurally sound.

The Group and Company continually assess liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Group and Company strategy.

ALCO is responsible for ensuring that the Group and Company are self-sufficient and are able to meet all their obligations to make payments as they fall due by operating within the set liquidity limits. It also has primary responsibility for compliance with regulations and Group policy, and maintaining a Country Recovery Plan (CRP) which addresses both Liquidity and Capital Crisis.

The Group liquidity risk management framework requires limits to be set for prudent liquidity management. These limits are on:

- the mismatch in local and foreign currency behavioural cash flows;
- the level of wholesale borrowing to ensure that the size of this funding is proportional to the local market and the Group's operations;
- commitments, both on and off the statement of financial position, to ensure there are sufficient funds available in the event of drawdown on these commitments;
- the advances to deposits ratio to ensure that commercial advances are funded by stable sources;
- the amount of medium term funding to support the asset portfolio; and
- the amount of local currency funding sourced from foreign currency sources.

In addition, the Group prescribes a liquidity stress scenario that assumes accelerated withdrawal of deposits over a period of time. The Group has to ensure that cash inflows exceed outflows under such a scenario.

All limits are reviewed at least annually, and more frequently if required, to ensure that they are relevant given market conditions and business strategy. Compliance with limits is monitored independently by Treasury Risk (TR). Limit excesses are escalated and approved under a delegated authority structure and reviewed by ALCO.

In addition, regular reports to the ALCO include the following:

- information on the concentration and profile of debt maturities; and depositor concentration report to monitor reliance on large depositor

4. Financial risk and capital management continued

(c) Liquidity risk continued

The Group and Company maintain a portfolio of High-Quality Liquid Assets (HQLA), principally government securities, which can be realised, repurchased or used as collateral in the event that there is a need for liquidity in a crisis. In addition, liquidity and solvency crisis management plans (CRP) are maintained by the Group and Company and are reviewed and approved annually. The liquidity and capital/solvency crisis management plan lays out trigger points and actions in the event of a liquidity and/or capital crisis to ensure that there is an effective response by senior management.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of liquidity risk. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature are important factors in assessing the liquidity of the Group and Company and their exposure to changes in interest rates and exchange rates.

A substantial portion of the Group's and Company's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of funds. Lending is normally funded by liabilities in the same currency. ALCO monitors trends in the statement of financial position and ensures that any concerns that might impact the stability of these deposits are addressed effectively. ALCO also reviews financial position plans to ensure that asset growth plans are matched by growth in the relevant funding base.
The Group and Company also maintain significant levels of marketable securities either for compliance with statutory requirements or as prudential investments of surplus funds.

A key measure of liquidity risk is the ratio of net liquid assets to deposit liabilities. The Central Bank of Kenya requires banks to maintain a statutory minimum ratio of 20% of liquid assets to all its deposit liabilities.
For this purpose, liquid assets comprise cash and balances with Central Bank of Kenya, net loans and advances with banks and government securities. Deposit liabilities comprise deposits from customers and other liabilities that have matured or maturing within 91 days. Customer deposits up to three months represent current, savings and call deposit account balances, which past experience has shown to be stable and of a long-term nature.

The liquidity ratios at the reporting date and during the reporting period (based on month end ratios) were as follows:

Company	2024 %	2023 %
At 31 December	**68**	66
Average for the year	**66**	68
Highest for the year	**68**	74
Lowest for the year	**63**	63

The Group and Company also monitor on a regular basis the advances to deposits ratio. This is defined as the ratio of total loans and advances to customers relative to total customer deposits. A low advance to deposit ratio (less than 1) demonstrates that customer deposits exceed customer loans resulting from the emphasis placed on generating a high level of stable funding from customers.

The advances to deposits ratio at the end of the reporting period was as follows:

Group and Company	2024 KShs '000	2023 KShs '000
Total loans and advances to customers	**151,647,379**	163,161,777
Total customer accounts	**295,690,089**	342,853,241
Advances-to-deposits ratio	**51.3%**	47.6%

4. **Financial risk and capital management** continued

(c) **Liquidity risk** continued

The table below analyses financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Group KShs '000	2024 One month or les	Between one month and three months	Between three months and six months	Between six months and nine months	Between one year and two years	Between two years and five years	More than five years and undated	More than five years and undated	Total
Assets									
Cash and balances with Central Bank of Kenya	32,339,549	–	–	–	–	–	–	–	32,339,549
Derivative financial instruments	1,896,568	1,145,818	63,963	11,949	–	61,468	51,669	–	3,231,435
Loans and advances to banks	1,157,643	–	–	–	–	–	–	–	1,157,643
Loans and advances to customers	39,815,983	29,258,866	12,289,190	544,589	503,332	4,996,202	34,115,702	86,501,706	208,025,570
Investment securities*	1,362,474	33,433,944	29,207,285	7,302,492	24,210,649	2,743,086	44,219	673,597	98,977,746
Other assets	6,094,750	–	–	–	–	–	–	–	6,094,750
Due from group companies and other related parties	39,471,786	–	8,776,043	20,244,078	912,697	10,869,601	2,647,932	–	82,922,137
Total assets	122,138,753	63,838,628	50,336,481	28,103,108	25,626,678	18,670,357	36,859,522	87,175,303	432,748,830
Liabilities									
Deposits from banks	308,878	–	–	–	–	–	–	–	308,878
Deposits from customers	288,021,875	2,172,855	3,190,738	1,200,580	1,019,329	148,883	100,477	7,798	295,862,535
Derivative financial instruments	209,096	386,116	84,486	219,976	–	41,710	223,536	–	1,164,920
Due to group companies and other related parties	8,087,854	–	–	–	–	–	–	–	8,087,854
Other liabilities - bills payable	429,326	–	–	–	–	–	–	–	429,326
- lease liability	–	–	–	–	39,303	35,676	161,274	16,065	252,318
- dividend payable	152,560	–	–	–	–	–	–	–	152,560
Loan commitments	34,615,309	–	–	12,702	354,099	1,032,533	600,396	9,376,484	45,991,523
Financial guarantees	–	15,835,268	11,312,730	5,952,649	5,722,413	6,791,245	18,016,652	543,530	64,174,487
Total liabilities	331,824,898	18,394,239	14,587,954	7,385,907	7,135,144	8,050,047	19,102,335	9,943,877	416,424,401
Net liquidity gap	(209,686,145)	45,444,389	35,748,527	20,717,201	18,491,534	10,620,310	17,757,187	77,231,426	16,324,429

*Investment securities include government and other securities at FVOCI and FVPTL.

4. **Financial risk and capital management** continued

(c) **Liquidity risk** continued

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date

	2023								
Group KShs '000	One month or les	Between one month and three months	Between three months and six months	Between six months and nine months	Between one year and two years	Between two years and five years	More than five years and undated	More than five years and undated	Total
Assets									
Cash and balances with Central Bank of Kenya	42,901,755	–	–	–	–	–	–	–	42,901,755
Derivative financial instruments	328,303	40,835	12,279	189,604	77,130	41,710	133,999	101,191	925,051
Loans and advances to banks	3,957,778	–	–	–	–	–	–	–	3,957,778
Loans and advances to customers	51,417,255	20,059,502	7,007,946	6,741,153	1,381,425	3,578,306	38,569,562	100,790,531	229,545,680
Investment securities*	7,050,525	32,131,773	3,243,100	2,647,126	2,304,951	16,765,831	3,144,162	5,485,760	72,773,228
Other assets	5,843,046	–	–	–	–	–	–	–	5,843,046
Due from group companies and other related parties	68,936,410	29,220	16,300,150	25,637,686	19,342,892	1,516,675	–	–	131,763,033
Total assets	180,435,072	52,261,330	26,563,475	35,215,569	23,106,398	21,902,522	41,847,723	106,377,482	487,709,571
Liabilities									
Deposits from banks	4,328,258	–	–	–	–	–	–	–	4,328,258
Deposits from customers	333,501,042	2,855,031	3,989,208	1,377,927	1,160,790	63,471	54,905	16,742	343,019,116
Derivative financial instruments	154,017	386,116	84,486	219,976	–	41,710	223,536	–	1,109,841
Due to group companies and other related parties	9,757,711	–	–	–	–	–	–	–	9,757,711
Other liabilities - bills payable	3,177,188	–	–	–	–	–	–	–	3,177,188
- lease liability	–	–	–	–	111,270	13,242	170,742	13,429	308,683
- dividend payable	182,320	–							182,320
Loan commitments	34,995,576	–	9	–	193	46,152	541,183	3,635,433	39,218,546
Financial guarantees	4,747,602	9,464,742	13,627,686	9,715,824	5,057,357	15,500,574	8,713,170	2,993,536	69,820,491
Total liabilities	390,843,714	12,705,889	17,701,389	11,313,727	6,329,610	15,665,149	9,703,536	6,659,140	470,922,154
Net liquidity gap	(210,408,642)	39,555,441	8,862,086	23,901,842	16,776,788	6,237,373	32,144,187	99,718,342	16,787,417

*Investment securities include government and other securities at FVOCI and FVPTL.

4. Financial risk and capital management continued

(c) Liquidity risk continued

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Company KShs '000	2024								
	One month or less	Between one month and three months	Between three months and six months	Between six months and nine months	Between one year and two years	Between two years and five years	More than five years and undated	More than five years and undated	Total
Assets									
Cash and balances with Central Bank of Kenya	32,339,549	–	–	–	–	–	–	–	32,339,549
Derivative financial instruments	1,896,568	1,145,818	63,963	11,949	–	61,468	51,669	–	3,231,435
Loans and advances to banks	1,157,643	–	–	–	–	–	–	–	1,157,643
Loans and advances to customers	39,815,983	29,258,866	12,289,190	544,589	503,332	4,996,202	34,115,702	86,501,706	208,025,570
Investment securities*	1,362,474	33,433,944	29,207,285	7,302,492	24,210,649	2,743,086	44,219	673,597	98,977,746
Other assets	5,942,967	–	–	–	–	–	–	–	5,942,967
Due from group companies and other related parties	40,335,107	–	8,776,043	20,244,078	912,697	10,869,601	2,647,932	-	83,785,458
Total assets	122,850,291	63,838,628	50,336,481	28,103,108	25,626,678	18,670,357	36,859,522	87,175,303	433,460,368
Liabilities									
Deposits from banks	308,878	–	–	–	–	–	–	–	308,878
Deposits from customers	288,021,875	2,172,855	3,190,738	1,200,580	1,019,329	148,883	100,477	7,798	295,862,535
Derivative financial instruments	209,096	386,116	84,486	219,976	–	41,710	223,536	–	1,164,920
Due to group companies and other related parties	9,174,388	–	–	–	–	–	–	–	9,174,388
Other liabilities - bills payable	429,326	–	–	–	–	–	–	–	429,326
- lease liability	–	–	–	–	39,303	35,676	161,274	16,064	252,318
- dividend payable	152,560	–	–	–	–	–	–	–	152,560
Loan commitments	34,615,309	–	–	12,702	354,099	1,032,533	600,396	9,376,484	45,991,523
Financial guarantees	–	15,835,268	11,312,730	5,952,649	5,722,413	6,791,245	18,016,652	543,530	64,174,487
Total liabilities	332,911,432	18,394,239	14,587,954	7,385,907	7,135,144	8,050,047	19,102,335	9,943,876	417,510,935
Net liquidity gap	(210,061,141)	45,444,389	35,748,527	20,717,201	18,491,534	10,620,310	17,757,187	77,231,427	15,949,434

*Investment securities include government and other securities at FVOCI and FVPTL.

(c) Liquidity risk continued

Company KShs '000	2023 One month or les	Between one month and three months	Between three months and six months	Between six months and nine months	Between one year and two years	Between two years and five years	More than five years and undated	More than five years and undated	Total
Assets									
Cash and balances with Central Bank of Kenya	42,901,755	–	–	–	–	–	–	–	42,901,755
Derivative financial instruments	328,303	40,835	12,279	189,604	77,130	41,710	133,999	101,191	925,051
Loans and advances to banks	3,957,778	–	–	–	–	–	–	–	3,957,778
Loans and advances to customers	51,417,255	20,059,502	7,007,946	6,741,153	1,381,425	3,578,306	38,569,562	100,790,531	229,545,680
Investment securities*	7,050,524	32,131,773	3,243,100	2,647,126	2,304,951	16,765,831	3,144,162	5,485,760	72,773,227
Other assets	5,765,469	–	–	–	–	–	–	–	5,765,469
Due from group companies and other related parties	69,358,205	29,220	16,300,150	25,637,686	19,342,892	1,516,675	–	–	132,184,828
Total assets	180,779,289	52,261,330	26,563,475	35,215,569	23,106,398	21,902,522	41,847,723	106,377,482	488,053,789
Liabilities									
Deposits from banks	4,328,258	–	–	–	–	–	–	–	4,328,258
Deposits from customers	333,501,042	2,855,031	3,989,208	1,377,927	1,160,790	63,471	54,905	16,742	343,019,115
Derivative financial instruments	154,017	386,116	84,486	219,976	–	41,710	223,536	–	1,109,841
Due to group companies and other related parties	10,368,876	–	–	–	–	–	–	–	10,368,876
Other liabilities - bills payable	3,177,188	–	–	–	–	–	–	–	3,177,188
- lease liability	–	–	–	–	111,270	13,242	170,742	13,429	308,683
- dividend payable	182,320	–	–	–	–	–	–	–	182,320
Loan commitments	34,995,574	–	9	–	193	46,152	541,183	3,635,435	39,218,546
Financial guarantees	4,747,602	9,464,742	13,627,686	9,715,824	5,057,357	15,500,574	8,713,170	2,993,536	69,820,491
Total liabilities	391,725,582	12,705,889	17,701,389	11,313,727	6,218,340	15,651,907	9,532,794	6,645,713	471,495,340
Net liquidity gap	(210,946,293)	39,555,441	8,862,086	23,901,842	16,888,058	6,250,615	32,314,929	99,731,769	16,558,449

*Investment securities include government and other securities at FVOCI and FVPTL.

4. Financial risk and capital management continued

(d) Market risk

The Group and Company recognise market risk as the risk of loss arising from changes in market prices and rates. The Group's and Company's exposure to market risk arises principally from customer-driven transactions. The objective of the Group's and Company's market risk policies and processes is to obtain the best balance between risk and return whilst meeting customers' requirements.

The primary categories of market risk for the Group and Company are:
- interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options;
- Foreign Exchange Rate Risk: arising from changes in currency exchange rates and implied volatilities on foreign exchange options;
- Commodity Risk: arising from changes in commodity prices and implied volatilities on commodity options; covering energy, precious metals, base metals and agriculture as well as commodity baskets;
- Equity Risk: arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options

The Board approves the Group's and Company's risk appetite for market risk. Subject to the risk appetite set for market risk, the Group Risk Committee sets Group-level market risk limits and stress loss triggers.

TRM function approves all the other market risk limits within delegated authorities, monitors exposures against these limits and reports to the Executive Risk Committee (ERC). The ERC provides adequate oversight of the Group's and Company's market risk exposures.

TRM co-ordinates the limit review process. Typically, the main limit review is concluded in the first two months of the year, and an additional, light touch review is performed at mid-year, ordinarily to accommodate business changes that have occurred in the first half.

Additional limits are placed on specific instruments and position concentrations where appropriate. Sensitivity measures are used in addition to VaR as risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved.

Sensitivity analysis

The Group and Company measure the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit or loss outcomes.

VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 97.5 per cent. This confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced six times per year.

The Group and Company applies two VaR methodologies:
Historical simulation: involves the revaluation of all existing positions to reflect the effect of historically observed changes in market risk factors on the valuation of the current portfolio. This approach is applied for general market risk factors and the majority of specific (credit spread) risk VaR.

4. **Financial risk and capital management** continued

Monte Carlo simulation: this methodology is similar to historical simulation but with considerably more input risk factor observations. These are generated by random sampling techniques, but the results retain the essential variability and correlations of historically observed risk factor changes. This approach is applied for some of the specific (credit spread) risk VaR in relation to idiosyncratic exposures in credit markets.

In both methods a historical observation period of one year is chosen and applied.

VaR is calculated as the exposure as at close of business. Intra-day risk levels may vary from those reported at the end of the day.

The Group and Company recognise that there are limitations to the VaR methodology. These limitations include the fact that the historic data may not be the best proxy for future price movements, either because the observation period does not include representative price movements or, in some cases, because of incomplete market data.

The Group and Company perform regular backtesting, where actual profits and losses are compared with VaR estimates to track the statistical validity of the VaR model.

Losses beyond the 97.5 per cent confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. To manage the risk arising from such events, which the VaR methodology does not fully capture, Traded Risk (TR) complements the VaR measurement by weekly stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. A consistent stress-testing methodology is applied to trading and non-trading books.

One basis point change in the yield curve will have the following impact on the statement of financial position.

	2024				2023			
Group and Company	**Actual KShs '000**	**Average KShs '000**	**High KShs '000**	**Low KShs '000**	Actual KShs '000	Average KShs '000	High KShs '000	Low KShs '000
Foreign Exchange Risk	**21,430**	**30,197**	**65,774**	**7,111**	12,996	9,679	15,140	4,862
Interest Rate Risk	**105,785**	**151,788**	**247,907**	**67,765**	154,673	245,953	597,847	102,382
Rates trading	**-**	**-**	**-**	**-**	428	474	582	425
Total	**97,616**	**148,597**	**249,500**	**66,290**	151,059	245,746	602,448	103,967

Financial Statements

4. **Financial risk and capital management** continued

(i) Interest rate risk

The Group and Company are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows. The table below summarises the exposure to interest rate risks. Included in the table below are the Group's and Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	2024							
Group KShs '000	**Weighted average effective interest rate (%)**	**Up to 1 month**	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Assets								
Cash and balances with Central Bank of Kenya	-	–	–	–	–	–	32,339,549	32,339,549
Government and other securities held at FVTPL	14.59%	54,115	18,080	28,803	65,075	652,742	–	818,815
Derivative financial instruments	-	–	–	–	–	–	3,231,435	3,231,435
Loans and advances to banks	0.01%	1,157,643	–	–	–	–	–	1,157,643
Loans and advances to customers	15.28%	39,765,472	28,623,420	12,762,109	25,838,321	44,658,057	–	151,647,379
Government securities held at FVOCI	16.02%	1,362,474	33,379,828	60,684,002	2,576,409	–	–	98,002,713
Other assets	-	–	–	–	–	–	6,094,750	6,094,750
Due from group companies and other related parties	4.60%	17,875,326	–	8,607,273	42,424,871	–	9,657,484	78,564,954
		60,215,030	62,021,328	82,082,187	70,904,676	45,310,799	51,323,218	371,857,238
Liabilities								
Deposits from banks	2.3%	242,179	–	–	–	–	64,683	306,862
Deposits from customers	4.7%	70,650,760	2,159,379	5,261,410	241,611	7,798	217,369,131	295,690,089
Derivative financial instruments	–	–	–	–	–	–	1,164,920	1,164,920
Other financial liabilities - Bills payable	–	–	–	–	–	–	429,326	429,326
- Lease liability	–	–	–	–	39,303	196,950	16,065	252,318
Due to group companies and other related parties	0.28%	–	–	–	–	–	8,087,854	8,087,854
		70,892,939	2,159,379	5,261,410	280,914	204,748	227,131,979	305,931,369
Interest rate sensitivity gap		(10,677,909)	59,861,949	76,820,777	70,623,762	45,106,051	(175,808,761)	65,925,869

4. **Financial risk and capital management** continued

(i) Interest rate risk

Group KShs '000	2023 Weighted average effective interest rate (%)	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non-interest bearing	Total
Assets								
Cash and balances with Central Bank of Kenya	–	–	–	–	–	–	42,901,755	42,901,755
Government and other securities held at FVTPL	17.2%	48,921	24,417	35,374	173,996	5,485,760	–	5,768,468
Derivative financial instruments	–	–	–	–	–	–	925,051	925,051
Loans and advances to banks	14.85%	3,957,778	–	–	–	–	–	3,957,778
Loans and advances to customers	13.0%	51,342,463	19,574,053	13,966,136	28,824,538	49,454,587	–	163,161,777
Government securities held at FVOCI	12.8%	6,991,707	32,051,802	7,911,937	16,878,754	–	–	63,834,200
Other assets	–	–	–	–	–	–	5,843,046	5,843,046
Due from group companies and other related parties	5.3%	65,356,771	–	59,117,247	1,290,411	–	3,489,181	129,253,610
		127,697,640	51,650,272	81,030,694	47,167,699	54,940,347	53,159,033	415,645,685
Liabilities								
Deposits from banks	3.4%	4,083,845	–	–	–	–	243,200	4,327,045
Deposits from customers	3.2%	56,463,148	2,837,579	6,391,600	108,782	16,591	277,035,541	342,853,241
Derivative financial instruments	–	–	–	–	–	–	1,109,841	1,109,841
Other financial liabilities – Bills payable	–	–	–	–	–	–	3,177,188	3,177,188
Due to group companies and other related parties	-	–	–	–	–	–	9,757,711	9,757,711
		60,546,993	2,837,579	6,391,600	108,782	16,591	291,323,481	361,225,026
Interest rate sensitivity gap		67,150,647	48,812,693	74,639,094	47,058,917	54,923,756	(238,164,448)	54,420,660

4. Financial risk and capital management continued

(i) Interest rate risk

Company KShs '000	2024							
	Weighted average effective interest rate (%)	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non-interest bearing	Total
Assets								
Cash and balances with Central Bank of Kenya	-	–	–	–	–	–	32,339,549	32,339,549
Government and other securities held at FVTPL	14.59%	54,115	18,080	28,803	65,075	652,742	–	818,815
Derivative financial instruments	-	–	–	–	–	–	3,231,435	3,231,435
Loans and advances to banks	0.0%	1,157,643	–	–	–	–	–	1,157,643
Loans and advances to customers	13.0%	39,765,472	28,623,420	12,762,109	25,838,321	44,658,057	–	151,647,379
Government securities held at FVOCI	11.5%	1,362,474	33,379,828	60,684,002	2,576,409	–	–	98,002,713
Other assets	-	–	–	–	–	–	5,942,967	5,942,967
Due from group companies and other related parties	5.3%	17,875,326	–	8,607,273	42,424,871	–	10,520,805	79,428,275
		60,215,030	62,021,328	82,082,187	70,904,676	45,310,799	52,034,756	372,568,776
Liabilities								
Deposits from banks	2.3%	242,179	–	–	–	–	64,683	306,862
Deposits from customers	4.7%	70,650,760	2,159,379	5,261,410	241,611	7,798	217,369,131	295,690,089
Derivative financial instruments	-	–	–	–	–	–	1,164,920	1,164,920
Other financial liabilities - Bills payable	-	–	–	–	–	–	429,326	429,326
- Lease liability	-	–	–	–	39,303	196,950	16,065	252,318
Due to group companies and other related parties	-	–	–	–	–	–	9,174,388	9,174,388
	-	70,892,939	2,159,379	5,261,410	280,914	204,748	228,218,513	307,017,903
Interest rate sensitivity gap	-	(10,677,909)	59,861,949	76,820,777	70,623,762	45,106,051	(176,183,757)	65,550,873

4. **Financial risk and capital management** continued

(i) Interest rate risk

Company KShs '000	Weighted average effective interest rate (%)	Up to 1 month	1 – 3 months	3 – 12 month	1 – 5 years	Over 5 years	Non-interest bearing	Total
	2023							
Assets								
Cash and balances with Central Bank of Kenya	–	–	–	–	–	–	42,901,755	42,901,755
Government and other securities held at FVTPL	17.2%	48,921	24,417	35,374	173,996	5,485,760	–	5,768,468
Derivative financial instruments	–	–	–	–	–	–	925,051	925,051
Loans and advances to banks	14.85%	3,957,778	–	–	–	–	–	3,957,778
Loans and advances to customers	13.0%	51,342,463	19,574,053	13,966,136	28,824,538	49,454,587	–	163,161,777
Government securities held at FVOCI	12.8%	6,991,707	32,051,802	7,911,937	16,878,754	–	–	63,834,200
Other assets	–	–	–	–	–	–	5,765,469	5,765,469
Due from group companies and other related parties	5.3%	65,778,566	–	59,117,247	1,290,411	–	3,489,181	129,675,405
		128,119,435	51,650,272	81,030,694	47,167,699	54,940,347	53,081,456	415,989,903
Liabilities								
Deposits from banks	3.4%	4,083,845	–	–	–	–	243,200	4,327,045
Deposits from customers	3.2%	56,463,147	2,837,579	6,391,600	108,782	16,591	277,035,542	342,853,241
Derivative financial instruments	–	–	–	–	–	–	1,109,841	1,109,841
Other financial liabilities – Bills payable	–	–	–	–	–	–	3,177,188	3,177,188
Due to group companies and other related parties	0.22%	–	–	–	–	–	10,368,876	10,368,876
		60,546,992	2,837,579	6,391,600	108,782	16,591	291,934,647	361,836,191
Interest rate sensitivity gap		67,572,443	48,812,693	74,639,094	47,058,917	54,923,756	(238,853,191)	54,153,712

4. Financial risk and capital management continued

(ii) Currency rate risk

The Group and Company operate wholly within Kenya and its assets and liabilities are translated to the local currency. The Group and Company maintain trade with the main shareholder and other correspondent banks.

The various foreign currencies to which the Group and Company are exposed to are summarised below:

Group and Company KShs '000	2024				
	USD	Euro	GBP	Other	Total
Assets					
Cash, deposits and advances to banks	566,201	161,646	241,512	533,287	1,502,646
Loans and advances to customers	27,514,301	15,407,377	257,045	-	43,178,723
Other assets	2,877,820	629,480	157,447	2,483	3,667,230
Amounts due from group companies	60,712,530	8,919,154	3,644,560	3,390,375	76,666,619
	91,670,852	25,117,657	4,300,564	3,926,145	125,015,218
Liabilities					
Deposits from banks	71,568	3,124	-	–	74,692
Deposits from customers	94,316,677	10,946,273	4,287,110	397,215	109,947,275
Other liabilities	296,135	3,428	5,944	–	305,508
Amounts due to group companies	3,907,058	–	–	3,138,252	7,045,310
	99,221,657	10,958,815	4,307,838	3,909,719	118,398,029
Net statement of financial position exposure	(7,550,805)	14,158,842	(7,274)	16,426	6,617,189
			2023		
Assets					
Cash, deposits and advances to banks	7,127,115	443,842	319,514	666,882	8,557,353
Loans and advances to customers	29,833,744	20,200,174	426,471	249	50,460,638
Other assets	1,791,359	351,711	–	37,626	2,180,696
Amounts due from group companies	103,890,922	8,434,462	8,786,840	1,945,990	123,058,214
	142,643,140	29,430,189	9,532,825	2,650,747	184,256,901
Liabilities					
Deposits from banks	4,122,486	18,054	67	–	4,140,607
Deposits from customers	125,320,703	11,714,855	8,997,079	976,566	147,009,203
Other liabilities	841,710	452,132	450,602	10,167	1,754,611
Amounts due to group companies	7,666,548	-	140,817	1,481,696	9,289,061
	137,951,447	12,185,041	9,588,565	2,468,429	162,193,482
Net statement of financial position exposure	4,691,693	17,245,148	-55,740	182,318	22,063,419

4. Financial risk and capital management continued

(e) Operational risk

The Group and Company define operational risk as the "potential for loss resulting from inadequate or failed internal processes and systems, human error, or from the impact of external events (including legal risks)". It is inherent in the Group carrying out business and can be impacted from a range of operational risks.

Operational risks arise from the broad scope of activities carried out across the Group and Company. To address this, we aim to achieve effective control design standards for all activities and benchmark practices against industry standards and regulatory requirements.

Operational risk profile

In 2024, the Group implemented a refreshed Framework to continue to enhance the management of operational risk, ensuring risk is managed within Risk Appetite as we continue to deliver services to our clients.

The Group continued to provide a stable level of service to clients throughout the year 2024 despite the challenges brought in by a tough business environment characterized by increase in cost of living. This was brought in by rise in petroleum prices, increase in foreign exchange rates, changing country tax regime and the war between Russia and Ukraine as well as the Middle East conflict. Following the macroeconomic challenges, particular areas of focus in risk are Information & Cyber Security, Fraud, Data Privacy, AML, Third Party, Conduct and Operational Resilience.

Operational Risk events and losses

The operational risk profile is the Group's and Company's overall exposure to operational risk, at a given point in time, covering all applicable operational risk sub-types. The operational risk profile comprises both operational risk events and losses that have already occurred and the current exposures to operational risks.
The significant losses recorded during the year were financial crime risk related due to mobile, cards (debit & credit) and internet banking external fraud events.

The Group's and Company's profile of operational loss events in 2024 and 2023 is summarised in the table below. It shows the percentage distribution of gross operational losses by Basel business lines.

	% Loss	
Distribution of Operational Losses by Basel business line	**2024**	**2023**
Agency services	**0.00**	0.00
Commercial Banking	**0.00**	0.00
Corporate Finance	**5.97**	0.02
Corporate Items	**0.00**	0.00
Payment and Settlements	**3.80**	0.00
Wealth and Retail Banking	**90.23**	99.32
Retail Brokerage	**0.00**	0.66
Trading and Sales	**0.00**	0.00
	100.00	100.00

4. Financial risk and capital management continued

(e) Operational risk continued

The Group's and Company's profile of operational loss events in 2024 and 2023 is also summarised in the table below. It shows the percentage distribution of gross operational losses by Basel event type.

	% Loss	
Distribution of Operational Losses by Basel business line	**2024**	**2023**
Business disruption and system failures	**0.61**	4.74
Clients products and business practices	**10.39**	2.22
Damage to physical assets	**–**	–
Employment practices and workplace safety	**0.24**	–
Execution delivery and process management	**55.01**	24.80
External fraud	**33.75**	68.24
Internal fraud	**–**	–
	100.00	100.00

Other principal risks

Losses arising from our other principal risks (Compliance, Conduct, Reputational, Information and Cyber Security and Financial Crime) would be captured under operational losses.

Operational risk management principles

The Group and Company allocates responsibilities for the management of operational risk and this is outlined in the Operational Risk Type Framework (ORTF). The ORTF is built on a risk-based approach which requires that risk management plans, processes, activities, and resource allocations are determined in accordance with the level of risk. Existing and future levels of operational risks must be maintained within the approved risk appetite of the Group and Company. Business strategy and planning must consider and address operational risks at the point of strategic choices and/or decision making. This should also include consideration of the impact of decisions on the design and operational effectiveness of the related system of controls.

Roles and Responsibilities

The ORTF considers processes and tools that are forward-looking – they should be repeatable, sustainable and anticipate future needs. The first line, when formulating business strategy and planning, must consider and address Operational Risk at the point of strategic choices and / or decision making. This should also include consideration of the impact of decisions on the design and operational effectiveness of the related system of controls.

The ORTF reinforces clear accountability for managing risk throughout the Group and Company, and delegates second line of defence responsibilities to identified subject matter experts. For each Operational Risk sub-type, the expert sets policies for the organisation to comply with, and provides guidance, oversight and challenge over the activities of the Group and Company. They ensure that key risk decisions are only taken by individuals with the requisite skills, judgment, and perspective to ensure that the risk/return objectives of the Group and Company are met.

The ORTF is periodically reviewed, at a minimum annually, or earlier if triggered by any material change in circumstances.

4. Financial risk and capital management continued

(e) Operational risk continued

Mitigation

The ORTF sets out the Group and Company overall approach to the management of Operational Risk in line with the Operational Risk Appetite of the Group and Company. Risk appetite and scenarios are forward looking and are used strategically to help planning and business management. This is supported by Risk and Control Self-Assessment (RCSA) which is a top-down, complete and consistent approach to risks and controls management process.

The RCSA process involves objective assessments of risks based on client impact and likelihood, more focus on material risks, more thinking on control design rather than simply testing, and tools to allow the Company to prioritise actions.

When an operational risk event occurs, rapid escalation and root-cause reviews are tracked to completion. People are skilled and rewarded for good risk management behaviour. The data and system encourage good risk management behaviour. Second line independent review is risk-based and proportionate.

Operational risk governance

The Executive Risk Committee (ERC) provides oversight of operational risk management across the Group and Company. It is supported by the Financial Crime Risk Committee, Information and Cyber Security Working Group and the Business and Function Operational Risk Forums, which oversee risks arising from Financial Crime, Information and Cyber Security, Businesses and Functions respectively. ERC and the business and function operational risk forums receive regular reports on the respective operational risk profiles.

Monitoring

To deliver services to clients and to participate in the financial services sector, the organisation runs processes which are exposed to operational risks. It prioritises and manages risks which are significant to clients and to the financial services sectors. Control indicators are regularly monitored to determine the residual risk the Group and Company is exposed to. The residual risk assessments and reporting of events form the Operational Risk profile of the Group and Company. The completeness of the Operational Risk profiles ensures appropriate prioritisation and timeliness of risk decisions, including risk acceptances with treatment plans for risks that exceed acceptable thresholds. The Board is informed on adherence to the Operational Risk Appetite through metrics reported for selected risks. These metrics are monitored, and escalation thresholds are devised based on the materiality and significance of the risk. These Operational Risk Appetite metrics are consolidated on a regular basis and reported at relevant Group and Company committees. This provides senior management with the relevant information to inform their risk-taking decisions.

Stress testing

Stress testing and scenario analysis are used to assess capital requirements for operational risks. This approach considers the impact of extreme but plausible scenarios on the Operational Risk profile of the Group and Company. Several scenarios have been identified to test the robustness of the Group and Company's processes and assess the potential impact on the Group and Company. These scenarios include anti-money laundering, sanctions, information and cyber security and external fraud.

(f) Capital review

The Company defines capital risk as the potential of insufficient level or composition of capital to support our normal activities. The capital review provides an analysis of the Company's capital position and requirements.

4. Financial risk and capital management continued

(f) Capital review continued

Capital summary

The Company's capital position is managed within the Board approved risk appetite. This requires that the Company should maintain a strong capital position including the maintenance of management buffers sufficient to support its strategic aims.

Regulatory capital

The Central Bank of Kenya sets and monitors capital requirements for all banks.

The objective of the Central Bank of Kenya is to ensure that a bank maintains a level of capital which:

- is adequate to protect its depositors and creditors;
- is commensurate with the risks associated with its activities and profile; and
- promotes public confidence in the bank.

In implementing current capital requirements, the Central Bank of Kenya requires a bank to maintain at all times:

- a core capital of not less than 8.00% of its total deposit liabilities;
- a core capital of not less than 10.50% of total risk weighted assets, plus risk weighted off-balance sheet items; and
- a total capital of not less than 14.50% of its total risk weighted assets, plus risk weighted off-balance sheet items.

In addition, a bank must maintain a minimum core capital of KShs 1,000 million.

Capital is segregated into core capital (Tier 1) and supplementary capital (Tier 2).

Core capital includes ordinary share capital, irredeemable preference share capital, capital contribution reserve, share premium and retained earnings after deductions for goodwill and intangible assets.

Supplementary capital includes 25% of revaluation reserves of property and equipment and the statutory credit risk reserve.

Risk weighted assets are arrived at using a framework of four weights applied to both on-balance sheet and off-balance sheet items to reflect the relative risk of each asset and counterparty.

4. Financial risk and capital management continued

(f) Capital review continued

Core (Tier 1) capital instruments and reserves	Company 2024 KShs '000	Company 2023 KShs '000
Share capital and share premium	**9,961,680**	9,961,680
Retained earnings	**43,415,503**	40,544,690
Capital contribution reserve	**1,823,673**	1,823,673
	55,200,856	52,330,043
Tier 1 regulatory adjustments		
Goodwill on acquired intangible (Note 27)	**(1,112,111)**	(1,112,111)
Core (Tier 1) capital	**54,088,745**	51,217,932
Supplementary (Tier 2) capital		
Revaluation reserves (25%)	**180,416**	182,521
Statutory credit risk reserve	**–**	–
Subordinated debt	**–**	–
	180,416	182,521
Total capital	**54,269,161**	51,400,453
Risk weighted assets		
Credit risk	**183,825,544**	203,400,248
Market risk	**14,535,889**	12,623,049
Operational risk	**79,251,346**	72,144,937
Total risk weighted assets	**277,612,779**	288,168,234
Deposits from customers	**295,690,089**	342,853,241

Capital ratios	CBK minimum %	2024 %	2023 %
Tier 1 capital	**10.50**	**19.48**	17.77
Total capital	**14.50**	**19.55**	17.84
Tier 1 to total deposits	**8.00**	**18.29**	14.94

4. Financial risk and capital management continued

Capital planning

On an annual basis, strategic business and capital plans are drawn up covering a five-year horizon and are approved by the Board. The capital plan ensures that adequate levels of capital and an efficient mix of the different components of capital are maintained to support our strategy and business plans.

Capital planning takes the following into account:
- current regulatory capital requirements;
- demand for capital due to business growth, and potential market shocks or stresses;
- available supply of capital and capital raising options; and
- internal controls and governance for managing the Company's risk, performance and capital.

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by TRM and Credit, and is subject to review by the ALCO.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group and Company to particular operations or activities, it is not the sole basis used for decision-making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's and Company's longer term strategic objectives. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

5. Segmental information

The Group's segmental reporting is in accordance with IFRS 8 Operating Segments and is reported consistently with the internal performance framework and as presented to the Group's Management Team.

The two client segments are:
- Corporate and Investment Banking and Commercial Banking have been combined to form Corporate and Investment Banking serving large corporate institutions. The segment is led by the Head of Corporate and Investment Banking.
- Retail Banking is now Wealth and Retail Banking serving individual and Business Banking Clients. The segment is led by the Head of Wealth and Retail Banking.

Activities not directly related to a client segment are included in Central and other items. These mainly include treasury activities and Corporate Centre costs. Corporate Centre costs represent stewardship and central management services roles and activities that are not directly attributable to business operations.

The Group allocates central costs (excluding Corporate Centre costs) relating to client segments using appropriate business drivers and these are reported within operating expenses. The Group evaluates segmental performance on the basis of profit or loss before tax.

5. Segmental information continued

The analysis below reflects how the client segments are managed internally. This is described as the Management view.

Group KShs '000	2024 Corporate and Investment Banking	2024 Wealth and Retail Banking	2024 Central and Other items	2024 Total
Net interest income	**13,511,712**	**16,596,143**	**3,157,448**	**33,265,303**
Non funded income	**12,106,165**	**6,461,909**	**(1,566,199)**	**17,001,875**
Operating income	**25,617,877**	**23,058,052**	**1,591,249**	**50,267,178**
Operating expenses	**(8,384,115)**	**(10,829,801)**	**(780,172)**	**(19,994,088)**
Operating profit before impairment losses	**17,233,762**	**12,228,251**	**811,077**	**30,273,090**
Impairment losses on financial instruments	**(635,481)**	**(1,110,646)**	**(17,483)**	**(1,763,610)**
impairment losses on intangible assets	**(112,230)**	**(136,198)**	**(52,816)**	**(301,244)**
Profit before tax	**16,486,051**	**10,981,407**	**740,778**	**28,208,236**

Group KShs '000	2023 Corporate and Investment Banking	2023 Wealth and Retail Banking	2023 Central and Other items	2023 Total
Net interest income	10,971,727	13,534,147	4,338,534	28,844,408
Non funded income	8,051,102	6,368,304	(2,403,808)	12,015,598
Operating income	19,022,829	19,902,451	1,934,726	40,860,006
Operating expenses	(7,406,459)	(9,293,950)	(1,197,000)	(17,897,409)
Operating profit before impairment losses	11,616,370	10,608,501	737,726	22,962,597
Impairment losses on financial instruments	(2,045,961)	(918,143)	(253,891)	(3,217,995)
impairment losses on intangible assets	(5,748)	(39,471)	(30,901)	(76,120)
Profit before tax	9,564,661	9,650,887	452,934	19,668,482

5. **Segmental information** continued

Company KShs '000	2024 Corporate and Investment Banking	Wealth and Retail Banking	Central and Other items	Total
Net interest income	**13,511,712**	**16,596,143**	**3,134,952**	**33,242,807**
Non funded income	**12,106,165**	**6,461,909**	**(2,498,620)**	**16,069,454**
Operating income	**25,617,877**	**23,058,052**	**636,332**	**49,312,261**
Operating expenses	**(8,384,115)**	**(10,829,801)**	**(184,347)**	**(19,398,263)**
Operating profit before impairment losses	**17,233,762**	**12,228,251**	**451,985**	**29,913,998**
Impairment losses on financial instruments	**(635,481)**	**(1,110,646)**	**(17,483)**	**(1,763,610)**
impairment losses on intangible assets	**(112,230)**	**(136,198)**	**(52,816)**	**(301,244)**
Profit before tax	**16,486,051**	**10,981,407**	**381,686**	**27,849,144**

Company KShs '000	2023 Corporate and Investment Banking	Wealth and Retail Banking	Central and Other items	Total
Net interest income	10,971,727	13,534,147	4,336,873	28,842,747
Non funded income	8,051,102	6,368,304	(3,193,325)	11,226,081
Operating income	19,022,829	19,902,451	1,143,548	40,068,828
Operating expenses	(7,406,459)	(9,293,950)	(707,416)	(17,407,825)
Operating profit before impairment losses	11,616,370	10,608,501	436,132	22,661,003
Impairment losses on financial instruments	(2,045,961)	(918,143)	(253,891)	(3,217,995)
impairment losses on intangible assets	(5,748)	(39,471)	(30,901)	(76,120)
Profit before tax	9,564,661	9,650,887	151,340	19,366,888

5. Segmental information continued

Group KShs '000	2024 Corporate and Investment Banking	Wealth and Retail Banking	Central and Other items	Total
Total assets employed	**94,090,653**	**65,249,221**	**225,234,215**	**384,574,089**
Of which: loans and advances to customers	**86,424,305**	**65,223,074**	**–**	**151,647,379**
Total liabilities employed	**152,400,491**	**146,359,694**	**14,037,784**	**312,797,969**
Of which: customer deposits	**149,697,089**	**145,993,000**	**–**	**295,690,089**
Other segment items:				
Depreciation and amortization	**(355,518)**	**(815,411)**	**(249,697)**	**(1,420,626)**
Capital expenditure	**912,150**	**1,144,009**	**300,634**	**2,356,793**

Group KShs '000	2023 Corporate and Investment Banking	Wealth and Retail Banking	Central and Other items	Total
Total assets employed	105,127,538	72,470,162	251,364,475	428,962,175
Of which: loans and advances to customers	90,712,862	72,448,915	–	163,161,777
Total liabilities employed	187,638,834	167,817,285	11,973,789	367,429,908
Of which: customer deposits	175,362,000	167,491,241	–	342,853,241
Other segment items:				
Depreciation and amortization	469,631	625,305	266,992	1,361,928
Capital expenditure	898,040	811,314	392,391	2,101,745

5. Segmental information continued

Company KShs '000	2024 Corporate and Investment Banking	2024 Wealth and Retail Banking	2024 Central and Other items	2024 Total
Total assets employed	94,090,653	65,249,221	225,865,994	385,205,868
Of which: loans and advances to customers	86,424,305	65,223,074	–	151,647,379
	152,400,491	146,359,694	14,942,578	313,702,763
Total liabilities employed	149,697,089	145,993,000	–	295,690,089
Of which: customer deposits	94,090,653	65,249,221	225,865,994	385,205,868
Other segment items:				
Depreciation and amortization	355,518	815,411	249,697	1,420,626
Capital expenditure	912,150	1,144,009	242,742	2,298,901

Company KShs '000	2023 Corporate and Investment Banking	2023 Wealth and Retail Banking	2023 Central and Other items	2023 Total
Total assets employed	105,127,538	72,470,162	251,680,878	429,278,578
Of which: loans and advances to customers	90,712,862	72,448,915	–	163,161,777
Total liabilities employed	187,638,834	167,817,285	12,564,151	368,020,270
Of which: customer deposits	175,362,241	167,491,000	–	342,853,241
Other segment items:				
Depreciation and amortization	469,631	625,305	266,992	1,361,928
Capital expenditure	898,040	811,314	392,391	2,101,745

6. Net interest income

Accounting policy

Interest income for financial assets held at either FVOCI or amortised cost, and interest expense on all financial liabilities held at amortised cost is recognised in the income statement using the effective interest rate method.

Interest income and expense on financial instruments held at FVTPL is recognised within net interest income.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the expected life of the instrument. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of a financial liability. When calculating the effective interest rate for financial instruments other than credit impaired assets, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

6. **Net interest income** continued

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs that are directly attributable to the acquisition, issue or disposal of the financial asset or financial liability, expected credit losses (for stage 3 instruments) and all other premiums or discounts.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Where the Group is a lessee and the contract gives it the right to use a specified underlying physical asset for a lease term greater than 12 months, it recognises a liability equal to the present value of lease payments over the lease term, discounted using the incremental borrowing rate applicable. Interest expense on the lease liability is recognised in net interest income

	Group		Company	
	2024 KShs '000	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Loans and advances to banks	**6,231,011**	5,972,412	**6,231,011**	5,972,412
Loans and advances to customers	**22,703,558**	18,011,898	**22,703,558**	18,011,898
Government securities at FVOCI	**9,755,403**	8,267,420	**9,755,403**	8,267,420
Accrued on impaired assets	**125,712**	100,439	**125,712**	100,439
Interest income	**38,815,684**	32,352,169	**38,815,684**	32,352,169
Deposits from banks	**984,972**	270,149	**984,972**	270,149
Deposits from customers	**4,531,170**	3,057,272	**4,553,666**	3,058,933
Subordinated debt	**–**	146,165	**–**	146,165
Interest expense on lease liabilities	**34,239**	34,175	**34,239**	34,175
Interest expense	**5,550,381**	3,507,761	**5,572,877**	3,509,422
Net interest income	**33,265,303**	28,844,408	**33,242,807**	28,842,747

7. **Net fee and commission income**

Accounting policy

Fees and commissions charged for services provided by the Group are recognised as or when the service is completed, or significant act performed. Fee and commission income and expenses that are integral to the effective interest rate of a financial asset or financial liability are included in the measurement of the effective interest rate.

Loan syndication fees are recognised as revenue when the syndication has been completed and the Group retained no part of the loan package for itself or retained a part at the same effective interest rate as for the other participants. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts as the related services are performed. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

The Group can act as trustee or in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and income arising thereon are excluded from these financial statements, as they are not assets and income of the Group.

7. Net fee and commission income continued

The Group applies the following practical expedients:

- information on amounts of transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations at the end of the reporting period is not disclosed as almost all fee-earning contracts have an expected duration of less than one year;
- promised consideration is not adjusted for the effects of a significant financing component as the period between the Group providing a service and the customer paying for it is expected to be less than one year; and
- incremental costs of obtaining a fee-earning contract are recognised upfront in 'Fee' and commission expense' rather than amortised, if the expected term of the contract is less than one year.

The determination of the services performed for the customer, the transaction price, and when the services are completed depends on the nature of the product with the customer. The main considerations on income recognition by product are as follows:

Transaction Services

The Group recognises fee income associated with transactional trade and cash management at the point in time the service is provided. The Group recognises income associated with trade contingent risk exposures (such as letters of credit and guarantees) over the period in which the service is provided. Payment of fees is usually received at the same time the service is provided. In some cases, letters of credit and guarantees issued by the Group have annual upfront premiums, which are amortised on a straight-line basis to fee income over the year.

Global Markets and Global Banking

The Group recognises fee income at the point in time the service is provided. Fee income is recognised for a significant non-lending service when the transaction has been completed and the terms of the contract with the customer entitle the Group to the fee. Fees are usually received shortly after the service is provided.\ Syndication fees are recognised when the syndication is complete. Fees are generally received before completion of the syndication, or within 12 months of the transaction date.

Securities services include custody services, fund accounting and administration, and broker clearing. Fees are recognised over the period the custody or fund management services are provided, or as and when broker services are requested.

Wealth Management

Upfront consideration on bancassurance agreements is amortised straight-line over the contractual term. Commissions for bancassurance activities are recorded as they are earned through sales of third-party insurance products to customers. These commissions are received within a short time frame of the commission being earned. Target-linked fees are accrued based on percentage of the target achieved, provided it is assessed as highly probable that the target will be met. Cash payment is received at a contractually specified date after achievement of a target has been confirmed. Upfront and trailing commissions for managed investment placements are recorded as they are confirmed. Income from these activities is relatively even throughout the period, and cash is usually received within a short time frame after the commission is earned.

7. **Net fee and commission income** continued

Retail Products

The Group recognises most income at the point in time the Group is entitled to the fee, since most services are provided at the time of the customer's request. Credit card annual fees are recognised at the time the fee is received since there are contractual circumstances under which fees are waived, so income recognition is constrained until the uncertainties associated with the annual fee are resolved. The Group defers the fair value of reward points on its credit card reward programmememes, and recognises income and costs associated with fulfilling the reward at the time of redemption.

	Group		Company	
	2024 KShs '000	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Fee and commissions income	**9,193,627**	7,586,384	**7,374,939**	5,902,765
Fee and commissions expense	**(2,530,268)**	(1,632,407)	**(2,530,268)**	(1,632,407)
Net fee and commission income	**6,663,359**	5,953,977	**4,844,671**	4,270,358

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7. Net fee and commission income continued

Retail Products

Group KShs '000	2024 Corporate and Investment Banking	2024 Wealth and Retail Banking	2024 Central and Other	2024 Total	2023 Corporate and Investment Banking	2023 Wealth and Retail Banking	2023 Central and Other	2023 Total
Transaction Services	**2,004,252**	**34,934**	**–**	**2,039,186**	1,899,362	34,901	–	1,934,263
Trade and Working Capital	**381,757**	**34,787**	**–**	**416,544**	526,496	34,861	–	561,357
Payments and Liquidity	**1,622,495**	**147**	**–**	**1,622,642**	1,372,866	40	–	1,372,906
Global Markets	**1,221,722**	**–**	**–**	**1,221,722**	798,473	–	–	798,473
Mortgages and Other Secured Lending	**166,498**	**–**	**–**	**166,498**	166,666	–	–	166,666
Wealth Solutions	**–**	**1,818,688**	**–**	**1,818,688**	–	1,681,216	–	1,681,216
Retail products	**–**	**1,338,912**	**–**	**1,338,912**	–	1,358,455	–	1,358,455
Treasury	**57,981**	**–**	**–**	**57,981**	10,606	–	–	10,606
Other Products	**20,372**	**–**	**–**	**20,372**	4,298	–	–	4,298
Net fee and commission income	**3,470,825**	**3,192,534**	**–**	**6,663,359**	2,879,405	3,074,572	–	5,953,977

Company KShs '000	2024 Corporate and Investment Banking	2024 Wealth and Retail Banking	2024 Central and Other	2024 Total	2023 Corporate and Investment Banking	2023 Wealth and Retail Banking	2023 Central and Other	2023 Total
Transaction Services	**2,004,252**	**34,934**	**–**	**2,039,186**	1,899,362	34,901	–	1,934,263
Trade and Working Capital	**381,757**	**34,787**	**–**	**416,544**	526,496	34,861	–	561,357
Payments and Liquidity	**1,622,495**	**147**	**–**	**1,622,642**	1,372,866	40	–	1,372,906
Global Markets	**1,221,722**	**–**	**–**	**1,221,722**	798,473	–	–	798,473
Mortgages and Other Secured Lending	**166,498**	**–**	**–**	**166,498**	166,666	–	–	166,666
Wealth Solutions	**–**		**–**	**–**	–	–	–	–
Retail products	**–**	**1,338,912**	**–**	**1,338,912**	–	1,356,052	–	1,356,052
Treasury	**57,981**	**–**	**–**	**57,981**	10,606	–	–	10,606
Other Products	**20,372**	**–**	**–**	**20,372**	4,298	–	–	4,298
Net fee and commission income	**3,470,825**	**1,373,846**	**–**	**4,844,671**	2,879,405	1,390,953	–	4,270,358

8. Net trading income

Accounting policy

Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are recorded in net trading income in the period in which they arise. This includes contractual interest receivable or payable.

Income is recognised from the sale and purchase of trading positions, margins on market making and customer business and fair value changes.

When the initial fair value of a financial instrument held at fair value through profit or loss relies on unobservable inputs, the difference between the initial valuation and the transaction price is amortised to net trading income as the inputs become observable or over the life of the instrument, whichever is shorter. Any unamortised 'day one' gain is released to net trading income if the transaction is terminated.

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All foreign exchange differences arising on non–trading activities are taken to other operating income/expense in the income statement. These differences are recognised in OCI until the disposal of the net investment, at which time, they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

Foreign exchange gains and losses on monetary items are recognised in net trading income.

	Group and Company	
	2024 KShs '000	2023 KShs '000
Net gains on foreign exchange transactions	**8,266,151**	8,500,334
Other trading profits – FVTPL	**3,246,460**	728,085
Net trading income	**11,512,611**	9,228,419

9. Dividend income

Accounting policy

Dividends from subsidiaries are recognised when the right to receive payment is established.

	Company	
	2024 KShs '000	2023 KShs '000
Standard Chartered Investment Services Limited	**770,912**	714,102
Standard Chartered Bancassurance Intermediary Limited	**115,355**	180,000
	886,267	894,102

10. Other operating income

Accounting policy

Operating lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate.

On disposal of financial instrument held at fair value through other comprehensive income, the cumulative fair value gains or losses are recycled to the profit or loss in other operating income/expense.

On disposal of property and equipment, the difference between the consideration and the carrying amount of the asset is recognised as a gain or loss on the sale of the asset.

	Group and Company	
	2024 KShs '000	2023 KShs '000
Other operating income includes:		
Rental income from operating lease assets	**111,611**	51,436
Net loss on disposal of FVOCI debt instruments	**(1,252,258)**	(3,230,494)
Other	**(33,448)**	12,260
Other operating loss	**(1,174,095)**	(3,166,798)

Other includes profit from disposal of property and equipment and other miscellaneous income.

11. Operating expenses

Accounting policy

Short-term employee benefits: Salaries are recognised over the period in which the employees provide the service. A liability is recognised for the amount expected to be paid 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. Variable compensation is included within share-based payments costs and wages and salaries.

Pension costs: Contributions to the defined contribution pension scheme are recognised in the income statement when payable. For the defined benefit plan, net interest expense, service costs and expenses are recognised in the income statement. Further details are provided in note 34.

Share-based compensation: The Group's employees participate in equity-settled and cash-settled share-based payment compensation plans operated by Standard Chartered PLC, the ultimate holding company of Standard Chartered Bank Kenya Limited and its subsidiaries. Participating employees are awarded ordinary shares in Standard Chartered PLC in accordance with the terms and conditions of the relevant scheme. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. For deferred share awards granted as part of an annual performance award, the expense is recognised over the period from the start of the performance period to the vesting date. For example, the expense for awards granted in 2024 in respect of 2023 performance, which vest in 2025-2027, is recognised as an expense over the period from 1 January 2023 to the vesting dates in 2025-2027. For all other awards, the expense is recognised over the period from the date of grant to the vesting date.

In addition, employees have the choice of opening a three-year or five-year savings contract under the All Employee Share Save plan. Within a period of six months after the third or fifth anniversary, as appropriate, employees may purchase ordinary shares of Standard Chartered PLC.

11. **Operating expenses** continued

The price at which they may purchase shares is at a discount of up to twenty per cent on the share price at the date of invitation. There are no performance conditions attached to options granted under the All Employee Share Save plan.

For equity-settled awards, the total amount to be expensed over the vesting period is determined by reference to the fair value of the options at the date of the grant, which excludes the impact of any non-market vesting conditions (for example, profitability and growth targets). The fair value of equity instruments granted is based on market prices, if available, at the date of grant. In the absence of market prices, the fair value of the instruments is estimated using an appropriate valuation technique, such as binomial option pricing model. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each reporting date, the estimate of the number of options that are expected to vest is revised. The impact of the revision of original estimates, if any, is recognised in the income statement, and a corresponding adjustment to equity over the remaining vesting period. Forfeitures prior to vesting attributable to factors other than the failure to satisfy a non-market vesting condition are treated as a cancellation and the remaining unamortised charge is debited to the income statement at the time of cancellation.

Deferred cash awards: Cash-settled awards are revalued at each reporting date and a liability recognised on the statement of financial position for all unpaid amounts, with any changes in fair value charged or credited to staff costs in the income statement until the awards are exercised. Where forfeitures occur prior to vesting that are attributable to factors other than a failure to satisfy a market-based performance condition, the cumulative charge incurred up to the date of forfeiture is credited to the income statement.

Termination benefits: Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Provisions: A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to that liability.

Depreciation: The accounting policy on depreciation is as disclosed in note 26.

Other expenses: Other expenses are recognised in the income statement where no future economic bits are expected.

Significant accounting estimates and judgments

The fair value of equity-settled share options is estimated through the use of option valuation models; which require inputs such as risk-free interest rate, expected dividends, expected volatility and the expected option life and is expensed over the vesting period. Some of the inputs used, such as the expected option life, are not market observable and are based on estimates derived from available data, such as employee exercise behaviour. The models utilised, such as the binomial option pricing model, are intended to value options traded in active markets. The share options issued by Standard Chartered PLC however have a number of features that make them incomparable to such trade options. Using different input estimates or models could produce different option values, which would result in the recognition of higher or lower expense.

11. Operating expenses continued

Accounting policy continued

Staff costs	Group 2024 KShs '000	Group 2023 KShs '000	Company 2024 KShs '000	Company 2023 KShs '000
Salaries and wages	**6,218,277**	5,878,109	**6,124,340**	5,795,679
Contributions to defined contribution plan	**667,647**	614,688	**658,271**	606,706
Increase in retirement benefit obligations (Note 34)	**34,571**	42,552	**34,571**	42,552
Redundancy costs	**580,103**	205,631	**580,103**	205,631
Employee share-based payments expenses	**87,016**	62,799	**87,016**	62,799
Deferred cash awards	**66,691**	47,089	**66,691**	47,089
Other staff costs	**1,779,312**	1,294,161	**1,761,753**	1,280,621
	9,433,617	8,145,029	**9,312,745**	8,041,077

	Group and Company 2024	Group and Company 2023
The average number of employees at the year-end was:	**No.**	No.
Management	**861**	859
Unionisable	**91**	109
Other	**49**	70
	1,001	1,038

Premises and equipment expenses	Group 2024 KShs '000	Group 2023 KShs '000	Company 2024 KShs '000	Company 2023 KShs '000
Rental of premises	**142,068**	95,315	**142,068**	95,315
Rental of computers and equipment	**186,017**	197,577	**186,017**	197,577
Electricity	**77,894**	76,939	**77,894**	76,939
Other premises and equipment expenses	**460,148**	397,177	**457,409**	395,354
	866,127	767,008	**863,388**	765,185

Premises and equipment expenses relate to costs incurred on premises and equipment that do not qualify for capitalisation under the Group policy and are expensed as they are incurred.

General administrative expenses mainly include recharges as disclosed in Note 39 on related party transactions, and other miscellaneous general and administrative expenses

	Group and Company 2024 KShs '000	Group and Company 2023 KShs '000
Depreciation on property and equipment and right-of-use-asset (Note 26)	**384,485**	378,642
Amortisation of intangible assets (Note 27)	**1,036,141**	983,286
	1,420,626	1,361,928

12. Profit before tax

	Group		Company	
	2024 KShs '000	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Profit before tax is arrived at after charging:				
Depreciation on property and equipment (Note 26)	**384,485**	378,642	**384,485**	378,642
Amortisation of intangible assets (Note 27)	**1,036,141**	983,286	**1,036,141**	983,286
Impairment charge on property and equipment (Note 26)	**–**	76,120	**–**	76,120
Impairment charge on software	**301,244**	–	**301,244**	–
Loss on lease modification (Note 33)	**490**	20	**490**	20
Directors' emoluments: - Fees	**25,034**	24,775	**25,034**	23,895
- Other	**377,986**	297,270	**377,986**	297,270
Auditors' remuneration				
- Statutory audit	**26,024**	25,262	**24,088**	23,399
- Information Systems and Technology audit	**19,016**	19,016	**19,016**	19,016
And after crediting:				
Gain on sale of property and equipment	**12,332**	3,363	**12,332**	3,363

13. Tax

Accounting policy

Income tax expense comprises current and change in deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. The Group has determined that interest and penalties related to income taxes do not meet the definition of income taxes and therefore has accounted for them under IFRIC 23 Uncertainty of Income Tax Treatments and has recognised the related expenses in operating expenses.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received having considered the uncertainty. related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that

13. **Tax** continued

Accounting policy continued

(ii) Deferred tax continued

taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Significant accounting estimates and judgments

- determining the Group's tax charge for the year involves estimation and judgment on the potential outcome, which includes an interpretation of tax laws. These judgments take account of external advice where appropriate;
- the Group provides for current tax liabilities at the best estimate of the amount that is expected to be paid to the tax authority where an outflow is probable; and
- the recoverability of the Group's deferred tax asset is based on management's judgment of the availability of future taxable profits against which the deferred tax assets will be utilised.

13. **Tax** continued

(iii) Income tax

	Group		Company	
	2024 KShs '000	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Current year's tax at 30%	**7,722,532**	5,471,415	**7,243,590**	5,130,826
Adjustment in respect of current income tax of prior years	**5,589**	(93,825)	**59,176**	(87,016)
	7,728,121	5,377,590	**7,302,766**	5,043,810
Deferred tax charge at 30% (Note 28)	**419,528**	455,425	**484,847**	405,848
Income tax expense	**8,147,649**	5,833,015	**7,787,613**	5,449,658

The tax on the accounting profit before tax differs from the theoretical amount using the basic tax rate as follows:

	Group		Company	
	2024 KShs '000	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Accounting profit before tax	**28,208,236**	19,668,482	**27,849,144**	19,366,888
Computed tax using the applicable corporation tax rate at 30%	**8,462,471**	5,900,545	**8,354,743**	5,810,066
Tax exempt income	**(662,095)**	(389,774)	**(927,975)**	(658,005)
Non-deductible expenses	**325,209**	352,020	**285,194**	320,564
Adjustment in respect of :				
current income tax of prior years	**5,589**	(93,825)	**59,176**	(87,016)
deferred tax of prior years	**16,475**	64,049	**16,475**	64,049
Income tax expense	**8,147,649**	5,833,015	**7,787,613**	5,449,658

The following are the movements in current tax during the year:

	Group		Company	
	2024 KShs '000	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Current tax assets at 1 January	**1,185,327**	1,022,677	**1,052,843**	913,568
Current tax liabilities at 1 January	**–**	(2,655,065)	**–**	(2,654,111)
Net current tax at 1 January	**1,185,327**	(1,632,388)	**1,052,843**	(1,740,543)
Current tax at 30%	**(7,722,532)**	(5,471,415)	**(7,243,590)**	(5,130,826)
Adjustment in respect of prior years current income tax	**(5,589)**	93,825	**(59,176)**	87,015
Taxes paid	**5,880,569**	8,195,305	**5,623,888**	7,837,197
Net current tax balance at 31 December	**(662,225)**	1,185,327	**(626,035)**	1,052,843
Current tax assets at 31 December	**1,080,212**	1,185,327	**961,104**	1,052,843
Current tax liabilities at 31 December	**(1,742,437)**	–	**(1,587,139)**	–
Total	**(662,225)**	1,185,327	**(626,035)**	1,052,843

14. Earnings per ordinary share

Accounting policy

Basic earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, excluding own shares held. Diluted earnings per ordinary share is calculated by dividing the basic earnings, which require no adjustment for the effects of dilutive potential ordinary shares, by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares, excluding own shares held. The Group measures earnings per share on the profit or loss attributable to ordinary equity holders. Where the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively.

The calculation of Group basic earnings per share at 31 December 2024 and 2023 is based on the profit attributable to ordinary shareholders of KShs 19,892,587,000 (2023: KShs 13,667,467,000) and a weighted average number of ordinary shares outstanding during the year of 377,850,589 (2023: 377,850,589).

The calculation of Company basic earnings per share at 31 December 2024 and 2023 is based on the profit attributable to ordinary shareholders of KShs 19,893,531,000 (2023: KShs 13,749,230,000) and a weighted average number of ordinary shares outstanding during the year of 377,850,589 (2023: 377,850,589).

	Group		Company	
	2024 KShs '000	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Profit for the year attributable to equity holders	**20,060,587**	13,835,467	**20,061,531**	13,917,230
Dividend on non-redeemable, non-cumulative, non-voting, non-participating and non-convertible preference shares	**(168,000)**	(168,000)	**(168,000)**	(168,000)
Profit for the year attributable to ordinary shareholders	**19,892,587**	13,667,467	**19,893,531**	13,749,230
Basic and diluted - Weighted average number of shares (thousands)	**377,851**	377,851	**377,851**	377,851
Basic and diluted earnings per ordinary share (KShs)	**52.65**	36.17	**52.65**	36.39

15. Dividends

Accounting policy

Dividends on ordinary shares and preference shares classified as equity are recognised in equity in the year in which they are declared, and, in respect of the final dividend, have been approved by the shareholders.

In determining if dividends are distributable, and the level of dividends declared, the Board considers a number of factors which include but are not limited to the:

- amount of distributable reserves;
- capital requirements of the Group (see note 4 (f)); and
- level of cash investment projections to achieve the Group's strategy.

	Group and Company	
	2024 KShs '000	2023 KShs '000
Dividends – Ordinary shares	**13,980,472**	8,690,564
Dividends – Preference shares	**84,230**	84,690
	14,064,702	8,775,254
The movement in dividend is as follows:		
At 1 January	**8,775,254**	6,130,300
Dividend proposed		
Ordinary shares - interim 2024/2023	**3,022,805**	2,267,104
Preference shares - interim 2024/2023	**83,770**	83,310
Ordinary shares - final 2024/2023	**13,980,472**	8,690,564
Preference shares - final 2024/2023	**84,230**	84,690
Dividend paid		
Ordinary shares - final 2023/2022	**(8,690,564)**	(6,045,610)
Preference shares - final 2023/2022	**(84,690)**	(84,690)
Ordinary shares - interim 2024/2023	**(3,022,805)**	(2,267,104)
Preference shares - interim 2024/2023	**(83,770)**	(83,310)
At 31 December	**14,064,702**	8,775,254

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an Annual General Meeting.

At the Annual General Meeting to be held on 28 May 2025 a final dividend in respect of the year ended 31 December 2024 of KShs 37.00 (2023 – KShs 23.00) per ordinary share of KShs 5.00 is to be proposed. One interim dividend of KShs 8.00 (2023 – KShs 6.00) for every ordinary share of KShs 5.00 was declared on 22 August 2024 and paid on 18 October 2024. This will bring the total dividend for the year to KShs 45.00 (2023 – KShs 29.00) per ordinary share of KShs 5.00.

At the Annual General Meeting to be held on 28 May 2025, a final dividend in respect of the year ended 31 December 2024 of KShs 84,230,137 (2023 – KShs 84,690,411) for the preference shares is to be proposed. An interim dividend of KShs 83,769,863 (2023 – KShs 83,309,589) was declared on 22 August 2024 and paid on 18 October 2024. This will bring the total dividend for the year to KShs 168,000,000 (2023: KShs 168,000,000).

Dividends on the preference shares are paid at the rate of 6% per annum on the issue price of KShs 50.00 per share.

Payment of dividends is subject to withholding tax at the rate of 5% for residents and 15% for non-resident shareholders.

16. Cash and balances with Central Bank of Kenya

Accounting policy

Cash and cash equivalents comprise cash on demand and unrestricted balances with the Central Bank of Kenya and bal ances with less than three months' maturity from the date of acquisition, including treasury bills and other eligible bills and loans and advances to banks.

Cash and cash equivalents are measured at amortised cost in the statement of financial position.

	Group and Company	
	2024 KShs '000	2023 KShs '000
Cash on hand	**4,166,406**	3,996,876
Balances with Central Bank of Kenya		
- Restricted balances (Cash Reserve Ratio)	**12,347,634**	13,319,885
- Unrestricted balances	**15,825,509**	25,584,994
	32,339,549	42,901,755

The Cash Reserve Ratio is non-interest earning and is based on the value of deposits as adjusted for the Central Bank of Kenya requirements. At 31 December 2024, the Cash Reserve Ratio requirement was 4.25% (2023: 4.25%) of all deposits. These funds are available for use by the Company in its day-to-day operations in a limited way provided that on any given day this balance does not fall below the 3.00% requirement and provided that the overall average in the month is at least 4.25% (2023: 4.25%).

17. Government and other securities held at FVTPL

Accounting policy

Securities are treasury bills and bonds, debt securities and equity securities acquired principally for the purpose of selling in the short-term or mandatorily classified. Refer to note 3 Financial assets and liabilities for the accounting policy. The change in the carrying amount of government and other securities is as shown below:

	Group and Company		
2024 KShs '000	**Treasury bonds**	**Equity shares**	**Total**
At 1 January	**5,740,496**	**27,972**	**5,768,468**
Additions	**30,021,657**	**–**	**30,021,657**
Disposals and maturities	**(34,966,566)**	**–**	**(34,966,566)**
Exchange difference	**–**	**(6,301)**	**(6,301)**
Changes in fair value	**(21,078)**	**22,635**	**1,557**
At 31 December	**774,509**	**44,306**	**818,815**

	Group and Company		
2023 KShs '000	Treasury bonds	Equity shares	Total
At 1 January	965,720	21,211	986,931
Additions	18,180,925	–	18,180,925
Disposals and maturities	(13,489,971)	–	(13,489,971)
Exchange difference	–	6,761	6,761
Changes in fair value	83,822	–	83,822
At 31 December	5,740,496	27,972	5,768,468

The weighted average effective interest rate on government securities mandatorily held at FVTPL at 31 December 2024 was 14.59% (2023 – 17.30%)

18. Derivative financial instruments

Accounting policy

Changes in fair value of any derivative instruments not qualifying for hedge accounting are recognised immediately in the income statement. Derivative financial instruments are initially recognised at fair value. Subsequent to initial recognition, derivative financial instruments are measured at fair value. For derivative financial instruments traded in active markets, quoted market prices for identical financial assets or financial liabilities that the entity has access to are used. For all other financial instruments which do not have an observable price in an active market, fair value is measured using valuation techniques. Valuation techniques maximise the use of observable inputs and minimise the use of unobservable inputs. The gain or loss on re-measurement to fair value is recognised immediately in the income statement.

The Group uses the following derivative instruments:

Forward foreign exchange contracts

Forward foreign exchange contracts represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or to buy or sell foreign currency or a financial instrument at a future date at a specified price, established in an organised financial market.

The credit risk is negligible, as futures contracts are collateralised by cash or marketable securities, and changes in the futures contract value are settled daily with the exchange. Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

Currency swaps and interest rate swaps

Currency swaps and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate or floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). No exchange of principal takes place, except for certain currency swaps. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. The risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

Foreign currency options and interest rate options

Foreign currency options and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set period, a specific amount of a foreign currency or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of foreign exchange or interest rate risk. Options may be either exchange-traded or negotiated between the Group and a customer i.e. over the counter (OTC). The Group is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks.

18. Derivative financial instruments continued

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

The types of derivatives used by the Group are set out below.

These tables analyse the notional principal amounts and the positive (assets) and negative (liabilities) fair values of the Group's derivative financial instruments. Notional principal amounts are the amount of principal underlying the contract at the reporting date.

	Group and Company					
	2024			2023		
Derivatives	**Notional principal amounts KShs '000**	**Assets KShs '000**	**Liabilities KShs '000**	Notional principal amounts KShs '000	Assets KShs '000	Liabilities KShs '000
Foreign exchange derivative contracts:						
Forward foreign exchange contracts	**30,190,816**	**2,026,862**	**1,021,056**	21,413,205	462,672	662,839
Currency swaps and options	**17,125,496**	**1,200,491**	**136,867**	4,125,244	414,127	402,473
	47,316,312	**3,227,353**	**1,157,923**	25,538,449	876,799	1,065,312
Interest rate derivative contracts: Interest rate swaps, forward agreements and options	**576,056**	**4,082**	**6,997**	832,717	48,252	44,529
Total derivatives	**47,892,368**	**3,231,435**	**1,164,920**	26,371,166	925,051	1,109,841

19. Loans and advances to banks and customers

Accounting policy

Refer to note 3 on financial assets and liabilities for the accounting policy.

	Group and Company	
	2024 KShs '000	2023 KShs '000
Gross loans and advances to banks	**1,164,478**	3,963,423
Expected credit loss	**(6,835)**	(5,645)
	1,157,643	3,957,778
Gross loans and advances to customers	**158,641,350**	172,936,616
Expected credit loss	**(6,993,971)**	(9,774,839)
	151,647,379	163,161,777
Total loans and advances to banks and customers	**152,805,022**	167,119,555

The weighted average effective interest rate on loans and advances to banks at 31 December 2024 was 0.01% (2023– 16.20%).

The weighted average effective interest rate on loans and advances to customers at 31 December 2024 was 15.28% (2023– 13.00%).

19. Loans and advances to banks and customers continued

(a) Net impairment losses on financial instruments:

The table below summarises the net impairment losses to the income statement against the financial instruments subject to impairment:

	Group and Company	
	2024 KShs '000	2023 KShs '000
Loans and advances to banks	**2,749**	2,065
Loans and advances to customers	**1,952,167**	2,968,443
Amounts due from group companies	**15,903**	21,585
FVOCI investment securities	**(247,109)**	219,602
Financial guarantees and loan commitments	**39,900**	6,300
	1,763,610	3,217,995

(b) Maturity term classification

	Group and Company	
	2024 KShs '000	2023 KShs '000
Repayable on demand	**41,410,509**	54,632,872
Less than 3 months	**29,991,870**	20,709,157
3 months to 1 year	**13,372,249**	14,776,036
1 to 5 years	**27,073,619**	30,496,080
5 to 10 years	**35,239,435**	36,795,453
Over 10 years	**11,553,668**	15,527,018
Gross loans and advances	**158,641,350**	172,936,616

20. Government securities held at FVOCI

Accounting policy

Refer to note 3 on Financial assets and liabilities for the accounting policy.

	Group and Company	
	2024 KShs '000	2023 KShs '000
Treasury bonds – FVOCI	**–**	26,935,267
Treasury bills – FVOCI	**92,911,506**	36,898,933
Foreign Treasury bonds – FVOCI	**5,091,207**	–
	98,002,713	63,834,200

20. Government securities held at FVOCI continued

The change in the carrying amount of Government securities at FVOCI is as shown below:

	Group and Company	
	2024 KShs '000	2023 KShs '000
At 1 January	**63,834,200**	104,731,162
Additions	**110,460,753**	70,648,768
Disposals and maturities	**(87,964,000)**	(113,544,150)
Changes in fair value	**1,911,651**	(3,281,903)
Net loss on disposal of FVOCI debt instruments	**1,252,258**	3,230,494
Movement in accrued interest	**(643,123)**	(1,163,912)
Amortisation of discounts and premiums	**9,150,974**	3,213,741
At 31 December	**98,002,713**	63,834,200

The weighted average effective interest rate on US treasury bonds at 31 December 2024 was 3.50% (2023 – 11.48%) and on treasury bills was 16.02% (2023 – 13.70%).

There were no treasury bills under repurchase agreements outstanding at 31 December 2024 and 2023. There were no money market bonds as at 31 December 2024 (2023 – nil).

At 31 December 2024, unamortised premiums on investment securities amounted to KShs 6.9 million (2023 – KShs 7.0 million) and unamortised discounts amounted to KShs 87.9 million (2023 – KShs 118.0 million).

21. Other assets

Accounting policy

Refer to Note 3 financial assets and liabilities for the accounting policy.

	Group		Company	
	2024 KShs '000	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Un-cleared effects	**236,233**	374,604	**236,233**	374,604
Prepayments	**266,660**	281,716	**266,660**	281,717
Other receivables	**5,858,517**	5,468,442	**5,706,734**	5,390,865
At 31 December	**6,361,410**	6,124,762	**6,209,627**	6,047,186

Un-cleared effects consist of items in transit to/from other banks through the Central Bank of Kenya's clearing system. These items generally clear by end of the next business day.

Other receivables mainly consist of suspense accounts. All other receivables are current, non-interest bearing and are short dated in maturity.

22. Group company balances

Accounting policy

Refer to Note 3 financial assets and liabilities for the accounting policy.

	Group		Company	
Due from group companies and other related parties	**2024 KShs '000**	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Amounts due from group companies	**78,608,857**	129,281,610	**79,472,178**	129,703,405
Less loss allowance (Note 4(a)(v))	**(43,903)**	(28,000)	**(43,903)**	(28,000)
	78,564,954	129,253,610	**79,428,275**	129,675,405
Due from group companies and other related parties				
Amounts due to group companies	**8,087,854**	9,757,711	**8,087,854**	9,757,711
Amounts due to subsidiaries	**–**	–	**1,086,534**	611,165
	8,087,854	9,757,711	**9,174,388**	10,368,876

The weighted average effective interest rate at 31 December 2024 on amounts due from group companies was 4.60% (2023 – 5.30%) and on amounts due to group companies was 0.28% (2023 – 0.02%).

Amounts due to subsidiaries relate to cash held in current and term deposit accounts on behalf of the Company's subsidiaries. The weighted average effective interest rate on the term deposits was 7.96% (2023 – 7.96%).

23. Investment in subsidiary undertakings

Accounting policy

Subsidiaries are entities which the Company controls. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The assessment of power is based on the Company's practical ability to direct the relevant activities of the entity unilaterally for the Company's own benefit and is subject to re-assessment if and when one or more of the elements of control change. Subsidiaries are fully consolidated from the date on which the Company effectively obtains control. They are de-consolidated from the date that control ceases, and where any interest in the subsidiary remains, this is re-measured to its fair value and the change in carrying amount is recognised in the income statement.

In the Company's financial statements, investments in subsidiaries are held at cost less impairment. Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in the Group accounts.

The following subsidiaries are wholly owned by the Company:

Company	**Status**	**2024 KShs '000**	2023 KShs '000
Standard Chartered Investment Services Limited	Active	**20,000**	20,000
Standard Chartered Financial Services Limited	Non-trading	**120,241**	120,241
Standard Chartered Bancassurance Intermediary Limited	Active	**5,000**	5,000
Standard Chartered Kenya Nominees Limited	Non-trading	**2**	2
		145,243	145,243

The investment in the above undertakings is measured at cost less accumulated impairment losses. All the subsidiaries are incorporated in Kenya. The group has assessed the investment in subsidiaries for impairment and has determined that the investment is not impaired (2023 - nil)

24. Business combination

Accounting policy

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Transaction costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

The accounting policy on recognition of goodwill is as disclosed in Note 27.

On 31 October 2010, Standard Chartered Bank Kenya Limited (SCBKL) acquired the custody business of Barclays Bank of Kenya Limited (BBKL). The business was acquired for KShs 1,883 million representing the value of revenue streams of the local customer relationships acquired. No other assets and liabilities other than customer relationships were acquired.

In addition to the purchase price paid by SCBKL, Standard Chartered PLC paid GBP £14,133,404 (KShs 1,824 million) in respect of the value that BBKL's custody clients provide across the Pan-African network covered by the Barclays Bank PLC's Africa custody business as a whole. This represents the value deemed to arise as a result of revenue streams from regional and global customer relationships acquired. In effect, the purchase price paid for by Standard Chartered PLC is deemed to be a capital contribution.

The revenue streams from all the customer relationships, both local and global, will therefore accrue to SCBKL and as such the value of the intangible is significantly higher than the purchase price paid locally.

The fair value of the customer relationships acquired were determined by discounting the future cash flows expected to be generated over the useful life determined to be 11 years.

The calculation of the acquired intangible asset was based on the following key assumptions:

- cash flows were projected based on past experience, actual operating results, and budgets and forecasts approved by management up to 2014. Management forecasts projected revenue growth rates greater than long-term GDP growth rates but which are in line with past performance as adjusted to reflect current economic climate and any known business cycles. Cash flow projections were extrapolated forward up to 2024 using steady long-term estimated GDP growth rates; and
- the cash flows were discounted using a pre-tax discount rate of 17.50% which reflected the prevailing market rates appropriate for this business at the date of the transaction.

The key assumptions described above may change as economic and market conditions change. Management believes that reasonable possible change in any of the key assumptions on which the fair value of the intangible has been based will not cause the carrying amounts to exceed their recoverable amount.

24. Business combination continued

The intangible asset arising from the acquisition is as follows:

	Group and Company KShs '000
Purchase consideration:	
Cash paid by SCBKL	**1,883,365**
Cash paid by Standard Chartered PLC (capital contribution)	**1,823,673**
Total purchase consideration	**3,707,038**
Less: fair value of identifiable assets acquired	**–**
Intangible assets acquired: customer relationships	**3,707,038**
Deferred tax liability recognised on business combination	**(1,112,111)**
Total identifiable net assets	**2,594,927**
Goodwill on acquisition (Note 27)	**1,112,111**

Contribution from the acquisition:	2024 KShs '000	2023 KShs '000
Operating income	**2,452,094**	2,723,674
Profit before tax	**2,311,426**	2,470,306

The goodwill is attributable mainly to the customer relationships acquired, value of the acquired work force and leveraged synergies within the Pan-African businesses and geographies. None of the goodwill recognised is expected to be deductible for income tax purposes.

The goodwill is wholly attributable to the Securities Services department of the Group and Company.

25. Non-current asset held for sale

Accounting policy

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. For classification as non-current asset held for sale, the following criteria must be met;

- the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable;
- appropriate level of management must be committed to a plan to sell the asset;
- an active programmememe to locate a buyer and complete the plan must have been initiated;
- the asset actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification,

Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

25. Non-current asset held for sale continued

For non-financial assets, fair value takes into account the highest and best use either on a standalone basis or in combination with other assets or other assets and liabilities. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Group's accounting policies.

Non -current assets held for sale are not depreciated or amortised. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.

	Freehold land and buildings	
Group and Company	**2024 KShs '000**	2023 KShs '000
At 1 January	**198,600**	222,000
Transfer from property and equipment (note 26)	**16,680**	-
Revaluation deficit	**-**	(23,400)
At 31 December	**215,280**	198,600

The outstanding balance of the non-current asset held for sale relates to Treasury Square Limited located at Mombasa Island. This is freehold property classified as commercial property and gazetted as a Heritage site. In 2024, the property housing Nyeri Branch was placed on the market for sale. The sale of the properties is expected within the 2025 financial year.

The assets of KShs 215 million (2023 – KShs 198 million) are classified under the Central and other items portion of the operating segment report in Note 5. The Treasury Square property was designated as held for sale in June 2020. Due to the impact of COVID-19, management has not been able to sell the asset within one year from the date of the initial sale decision. As the circumstances were beyond the Group's control, in line with the Groups accounting policy, the asset has been retained as held for sale at 31 December 2024. Management remains committed to sell the property.

26. Property and equipment

Accounting policy

Freehold land and buildings and buildings on leasehold land subsequently measured using the revaluation model are initially recognised at cost and then are subsequently measured at the fair value on the date of revaluation less subsequent accumulated depreciation and impairment losses.

All other property and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Subsequent costs are included in the assets carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

26. **Property and equipment** continued

At each reporting date, the assets' residual values and useful lives are reviewed and adjusted, if appropriate, including assessing for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down to the recoverable amount. Gains and losses on disposals are included in the income statement. In addition, the depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method shall be changed to reflect the changed pattern.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land and buildings comprise mainly branches and offices. Freehold land is not depreciated although it is subject to impairment testing.

Leasehold land is recognised as an asset and amortised over the lease period.
Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- buildings on freehold land – up to 50 years;
- buildings on leasehold land – life of lease up to 50 years;
- Leasehold land – life of lease;
- fixtures, fittings and equipment – 3-10 years;
- automated teller machines (ATMs) – 7 years;
- computers – 3 - 5 years; and
- motor vehicles – 3 years.

When 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.

Freehold land and buildings are revalued every three years. The carrying amounts are adjusted to the revaluations and the resulting increase, net of deferred tax is recognised in other comprehensive income and presented in the revaluation reserve within equity.

Revaluation decreases that offset previous increases of the same asset are charged or recognised in other comprehensive income with all other decreases being charged to the income statement.

Revaluation surpluses are not distributable.

Excess depreciation is the difference between the depreciation charge for the year based on the revalued amount and the original cost of the related property. On an annual basis, the amount relating to the excess depreciation net of deferred tax is transferred from revaluation reserves to retained earnings to recognise the use of the property and equipment. Excess depreciation of KShs 12,025,000(2023: KShs 14,076,000) and related deferred tax of KShs 3,608,000 (2023: KShs 4,223,000) was transferred to retained earnings.

Non-depreciable items

These are items that have not yet been brought to the location and/or condition necessary for it to be capable of operating in the manner intended by management. In the event of partially completed construction work that has necessitated advance or progress payments, or work-in-progress, depreciation will only commence when the work is complete. Fixed assets are classified as work-in-progress if it is probable that future economic benefits will flow to the Group and the cost can be measured reliably.

Amounts held within work-in-progress that are substantially complete, in common with other fixed assets, are assessed for impairment.

26. Property and equipment continued

Derecognition

The carrying amount of an item of property and equipment shall be derecognised:

- on disposal; or
- when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment shall be included in the income statement when the item is derecognised.

Leases classified as right-of-use assets under IFRS 16

Where the Group is a lessee of a right-of-use asset, the leased assets are capitalised and included in property and equipment with a corresponding liability to the lessor recognised in other liabilities, in accordance with the Group's leased assets accounting policy in Note 33.

Significant accounting estimates and judgments

- critical estimates are made by management in determining the useful life for property and equipment; and
- certain items of property and equipment are measured at revalued amounts. The fair value is determined based on the market and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

			Right-of-use asset		
Group and Company 2024	**Premises KShs '000**	**Equipment & Motor vehicle KShs '000**	**Leased land KShs '000**	**Leased premises KShs '000**	**Total KShs '000**
Cost or valuation					
At 1 January	**4,833,150**	**2,896,392**	**277,578**	**700,692**	**8,707,812**
Additions	**347,620**	**330,765**	**–**	**78,254**	**756,639**
Disposals, transfers and fully depreciated assets written off	**(151,956)**	**(305,598)**	**–**	**(20,028)**	**(477,582)**
Reclassification	**35,609**	**(35,609)**	**–**	**–**	**–**
Classified as held for sale	**(17,000)**	**-**	**(118)**	**–**	**(17,118)**
Transfer to intangible assets	**-**	**(57,892)**	**–**	**–**	**(57,892)**
At 31 December	**5,047,423**	**2,828,058**	**277,460**	**758,918**	**8,911,859**
Depreciation					
Accumulated at 1 January	**2,837,379**	**2,382,284**	**54,583**	**464,048**	**5,738,294**
Charge for the year	**137,316**	**119,025**	**18,051**	**110,093**	**384,485**
Attributable to assets sold, transferred or written off	**(148,028)**	**(305,599)**	**–**	**(13,127)**	**(466,754)**
Classified as held for sale	**(335)**	**–**	**(103)**	**–**	**(438)**
Accumulated at 31 December	**2,826,332**	**2,195,710**	**72,531**	**561,014**	**5,655,587**
Carrying amount at 31 December	**2,221,091**	**632,348**	**204,929**	**197,904**	**3,256,272**

26. **Property and equipment** continued

2023 Group and Company	Premises KShs '000	Equipment & Motor vehicle KShs '000	Right-of-use asset Leased land KShs '000	Right-of-use asset Leased premises KShs '000	Total KShs '000
Cost or valuation					
At 1 January	4,868,435	2,699,846	277,578	596,536	8,442,395
Additions	223,468	283,388	–	130,743	637,599
Lease modification	-	-	-	20	20
Impairment	–	(76,120)	–	–	(76,120)
Disposals and fully depreciated assets written off	(20,989)	(10,722)	–	(26,607)	(58,318)
Revaluation deficit	(237,764)	–	–	–	(237,764)
As at 31 December	4,833,150	2,896,392	277,578	700,692	8,707,812
Depreciation					
Accumulated at 1 January	2,792,551	2,277,906	51,656	359,550	5,481,663
Charge for the year	134,804	115,100	2,927	125,811	378,642
Depreciation written back on revaluation	(68,987)	–	–	–	(68,987)
Attributable to assets sold, transferred or written off	(20,989)	(10,722)	–	(21,313)	(53,024)
Accumulated at 31 December	2,837,379	2,382,284	54,583	464,048	5,738,294
Net book amount at 31 December	1,995,771	514,108	222,995	236,644	2,969,518

Included in property and equipment at 31 December 2024 are assets with a gross value of KShs 6,721,214,000 (2023– KShs 6,563,097,000) which are fully depreciated but still in use.

There were no idle assets as at 31 December 2024 and 2023.

Freehold land and buildings were revalued on an open market basis by professional valuers, Kenval Realtors, Pinaccle Valuers Limited, Gimco Limited and Joe Musyoki Consultants as at 30 September 2023. The book values of the properties were adjusted to the revaluations, and the resulting deficit, net of deferred tax, was debited to the revaluation reserve.

Freehold land and buildings are revalued every 3 years.

In the opinion of the directors, the fair value of the freehold land and buildings has not changed significantly since the revaluation at 30 September 2024.

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year ended 31 December 2024 (2023 – Nil).

26. Property and equipment continued

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	Freehold land and buildings	
	2024 KShs '000	2023 KShs '000
Cost	**616,061**	616,061
Accumulated depreciation	**(219,683)**	(203,663)
	396,378	412,398

The major land and building properties owned by the Group comprise:

- StandardChartered@Chiromo located at Westlands, Nairobi. This is a leasehold property classified as a commercial property which hosts the Group's Head Office within a seven-storey modern building. The property sits on 1.880 acres.
- Kenyatta Avenue Branch located at Kenyatta Avenue, Nairobi. This is a leasehold property classified as a commercial property and gazetted as a Heritage site. It consists of a two-storey building at the junction of Kenyatta Avenue and Wabera Street in Nairobi. The property sits on 0.34435 acres.
- Nyeri Branch located in Nyeri Town. This is a leasehold property classified as a commercial property and gazetted as a Heritage site. It is located in the historic area of Nyeri town. The property consists of a single-storey Branch with a two-storey residential house sitting on 0.4101 acres.
- Nanyuki Branch in Nanyuki Town. This is a leasehold property classified as a commercial property and consists of a single-storey building on the main Nanyuki – Meru Highway. The property sits on 0.17218 acres.

The table below summarises the assumptions made in the revaluation of the property.

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Kenyatta Avenue Branch	Market Comparable Approach	estimated market rental value	KShs 38 million per year	5% increase or decrease would result in an increase/(decreased) in fair value of KShs 24 million.
Standard Chartered@ Chiromo	• Cost approach • Sale comparable approach • Investment approach	estimated market rental value	KShs 196 million per year	5% increase or decrease would result in an increase/(decreased) in fair value of KShs 138 million.
Nanyuki Branch	• Depreciated replacement cost approach • Market comparison approach • Income approach	Market comparable prices	KShs 18 to KShs 50 million	5% increase or decrease would result in an increase/(decreased) in fair value of KShs 1 million.

27. Goodwill and intangible assets

Accounting policy

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets and contingent liabilities of the acquired business at the date of acquisition.

Goodwill included in intangible assets is assessed at each reporting date for impairment and carried at cost less any accumulated impairment losses. Detailed calculations are performed based on discounting expected pre-tax cash flows of the relevant cash generating units (CGUs) and discounting these at an appropriate discount rate, the determination of which requires the exercise of judgment. Goodwill is allocated to CGUs for the purpose of impairment testing. CGUs represent the lowest level within the Group at which the goodwill is monitored for internal reporting purposes.
These are smaller than the Group's reportable segments (as set out in Note 5).

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Significant accounting estimates and judgments

The carrying amount of goodwill is based on the extent of judgments including the basis of assumptions and forecasts used for determining cash flows for CGUs, headroom availability, and sensitivities of the forecasts to reasonably possible changes in assumptions. The Group undertakes an annual assessment to evaluate whether the carrying value of goodwill on the statement of financial position is impaired. The estimation of future cash flows and the level to which they are discounted is inherently uncertain and requires significant judgment and is subject to potential change over time

The carrying amount of acquired intangibles is based on the extent of judgments including the basis of assumptions and forecasts used for determining future cash flows, period over which cash flows are expected to be generated and sensitivities of the forecasts to reasonably possible changes in assumptions. The estimation of future cash flows, the level to which they are discounted, and the estimated useful life is inherently uncertain and requires significant judgment.

Acquired intangibles and computer software

At the date of acquisition of a business, intangible assets which are deemed separable and that arise from contractual or other legal rights are capitalised and included within the net identifiable assets acquired (as set out in Note 24). These intangible assets are initially measured at fair value, which reflects market expectations of the probability that the future economic benefits embodied in the asset will flow to the entity and are amortised on the basis of their expected useful lives. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct costs of the development of separately identifiable internally generated software are capitalised where it is probable that future economic benefits attributable to the assets will flow from its use (internally generated software). These costs include salaries and wages, materials, service providers and contractors, and directly attributable overheads. Costs incurred in the ongoing maintenance of software are expensed immediately when incurred. Internally generated software is amortised over each asset's useful life to a maximum of a 10-year time period.

27. Goodwill and intangible assets continued

Acquired intangibles and computer software continued

For capitalised software, judgment is required to determine which costs relate to research (and therefore expensed) and which costs relate to development (capitalised). Further judgment is required to determine the technical feasibility of completing the software such that it will be available for use. Estimates are used to determine how the software will generate probable future economic benefits, these estimates include; cost savings, income increases, balance sheet improvements, improved functionality or improved asset safeguarding.

On an annual basis software assets' residual values and useful lives are reviewed, including assessing for indicators of impairment. Indicators of impairment include loss of business relevance, obsolescence of asset, exit of the business to which the software relates, technological changes, change in use of the asset, reduction in useful life, plans to reduce usage or scope.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

27. Goodwill and intangible assets continued

Acquired intangibles and computer software continued

	Group and Company							
	2024				2023			
	Goodwill KShs '000	Acquired intangible asset KShs '000	Computer software KShs '000	Total KShs '000	Goodwill KShs '000	Acquired intangible asset KShs '000	Computer software KShs '000	Total KShs '000
Cost								
At 1 January	**1,112,111**	**3,707,038**	**8,072,852**	**12,892,001**	1,112,111	3,707,038	6,176,204	10,995,353
Additions	**–**	**–**	**1,779,219**	**1,779,219**	–	–	1,896,648	1,896,648
Disposals	**–**	**–**	**(10,176)**	**(10,176)**	–	–	–	–
Other transfers from property plant and equipment	**–**	**–**	**57,892**	**57,892**	–	–	–	–
At 31 December	**1,112,111**	**3,707,038**	**9,899,787**	**14,718,936**	1,112,111	3,707,038	8,072,852	12,892,001
Amortization and impairment								
At 1 January	**–**	**3,707,038**	**4,168,377**	**7,875,415**	–	3,707,038	3,185,091	6,892,129
Amortisation	**–**		**1,036,141**	**1,036,141**	–		983,286	983,286
Disposals	**–**	**–**	**(10,176)**	**(10,176)**	–	–	–	–
Impairment	**–**	**–**	**301,244**	**301,244**	–	–	–	–
At 31 December	**-**	**3,707,038**	**5,495,586**	**9,202,624**	–	3,707,038	4,168,377	7,875,415
Net book value	**1,112,111**	**–**	**4,404,201**	**5,516,312**	1,112,111	–	3,904,475	5,016,586

As at 31 December 2024, assets with a gross value of KShs 1,944,104,000 (2023 – KShs 1,190,983,000) are fully amortised but still in use.

There were no idle assets as at 31 December 2024 and 2023.

27. Goodwill and intangible assets continued

Acquired intangibles and computer software continued

The goodwill is wholly attributable to the Securities Services department of the Company. The directors having assessed the goodwill. As a result of the analysis, there is headroom of KShs 1,603,420,000. It is on this basis that the directors determined that the goodwill was not impaired at the reporting date (2023 – nil).

The recoverable amounts were calculated based on their value in use. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit. Unless indicated otherwise, value in use in 2024 was determined similarly as in 2023. The calculation of the value in use was based on the following key assumptions:

- cash flows were projected based on past experience, actual operating results and budgets and forecasts approved by management up to 2027. Management forecasts projected revenue growth rates greater than long-term Gross Domestic Product (GDP) growth rates but which are in line with past performance as adjusted to reflect current economic climate and any known business cycles. Cash flow projections were extrapolated forward up to 2024 using steady long-term estimated GDP growth rates.
- the cash flows were discounted using a pre-tax discount rate of 23.85% which reflected the prevailing market rates appropriate for this business on the date of the transaction.

As a result of the analysis the key assumptions described above may change as economic and market conditions change. The directors believe that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the unit to decline below the carrying amount.

28. Deferred tax

Refer to Note 13 Tax for the accounting policy.

The net deferred tax assets at 31 December 2024 and 2023 are attributable to the following:

Group 2024	At 1 January KShs '000	Recognised in the income statement current year KShs '000	Recognised in other comprehensive income KShs '000	At 31 December KShs '000
Property and equipment	23,545	(249,569)	-	(226,024)
ECL on stage 1 and 2 financial instruments	650,616	(27,447)	-	623,169
ECL on stage 3 financial instruments	1,630,186	(197,664)	-	1,432,522
Revaluation surplus on non-current assets held for sale	(50,274)	-	-	(50,274)
Revaluation surplus on property and equipment	(224,031)	3,606	-	(220,425)
Fair value reserve - FVOCI	456,356	(74,133)	(875,039)	(492,816)
Accrued interest	70,362	(37,789)	-	32,573
Leases	174,522	(10,611)	-	163,911
Tax losses	2,620	506	-	3,126
Other provisions	916,173	189,992	-	1,106,165
Retirement benefit obligations	14,668	(16,419)	11,939	10,188
	3,664,743	(419,528)	(863,100)	2,382,115

28. Deferred tax continued

Group 2023	At 1 January KShs '000	Recognised in the income statement current year KShs '000	Recognised in other comprehensive income KShs '000	At 31 December KShs '000
Property and equipment	191,309	(167,764)	–	23,545
ECL on stage 1 and 2 financial instruments	562,293	88,323	–	650,616
ECL on stage 3 financial instruments	937,913	692,273	–	1,630,186
Revaluation surplus on non-current assets held for sale	(52,794)	–	2,520	(50,274)
Revaluation surplus on property and equipment	(278,887)	4,223	50,633	(224,031)
Fair value reserve - FVOCI	440,935	65,878	(50,457)	456,356
Accrued interest	88,269	(17,907)	–	70,362
Leases	194,418	(19,896)	–	174,522
Tax losses	–	2,620	–	2,620
Other provisions	2,005,324	(1,089,151)	–	916,173
Retirement benefit obligations	28,928	(14,024)	(236)	14,668
	4,117,708	(455,425)	2,460	3,664,743

Company 2024	**At 1 January KShs '000**	**Recognised in the income statement current year KShs '000**	**Recognised in other comprehensive income KShs '000**	**At 31 December KShs '000**
Property and equipment	**(8,315)**	**(239,736)**	**-**	**(248,051)**
ECL on stage 1 and 2 financial instruments	**650,616**	**(27,447)**	**-**	**623,169**
ECL on stage 3 financial instruments	**1,630,186**	**(197,664)**	**-**	**1,432,522**
Revaluation surplus on non-current assets held for sale	**(50,274)**	**-**	**-**	**(50,274)**
Revaluation surplus on property and equipment	**(224,031)**	**3,606**	**-**	**(220,425)**
Fair value reserve - FVOCI	**456,356**	**(74,133)**	**(875,039)**	**(492,816)**
Accrued interest	**70,362**	**(37,789)**	**-**	**32,573**
Leases	**174,522**	**(10,611)**	**-**	**163,911**
Other provisions	**910,078**	**115,346**	**-**	**1,025,424**
Retirement benefit obligations	**14,668**	**(16,419)**	**11,939**	**10,188**
	3,624,168	**(484,847)**	**(863,100)**	**2,276,221**

Company 2023				
Property and equipment	148,828	(157,143)	–	(8,315)
ECL on stage 1 and 2 financial instruments	562,293	88,323	–	650,616
ECL on stage 3 financial instruments	937,913	692,273	–	1,630,186
Revaluation surplus on non-current assets held for sale	(52,794)	–	2,520	(50,274)
Revaluation surplus on property and equipment	(278,887)	4,223	50,633	(224,031)
Fair value reserve – FVOCI	440,935	65,878	(50,457)	456,356
Accrued interest	88,269	(17,907)	–	70,362
Leases	194,418	(19,896)	–	174,522
Other provisions	1,957,653	(1,047,575)	–	910,078
Retirement benefit obligations	28,928	(14,024)	(236)	14,668
	4,027,556	(405,848)	2,460	3,624,168

29. Deposits from banks

Accounting policy

Refer to Note 3 Financial assets and liabilities for the accounting policy.

	Group and Company	
	2024 KShs '000	2023 KShs '000
Balances from local banks	**75,540**	4,167,441
Balances from foreign banks	**231,322**	159,604
	306,862	4,327,045

The weighted average effective interest rate on deposits from banks at 31 December 2024 was 2.30% (2023 – 3.40%).

30. Deposits from customers

Accounting policy

Refer to Note 3 Financial assets and liabilities for the accounting policy

	Group and Company	
	2024 KShs '000	2023 KShs '000
(a) Maturity profile		
Payable on demand	**286,945,218**	331,381,668
Payable within 3 months or less	**3,234,052**	4,323,541
Payable after 3 months	**5,510,819**	7,148,032
	295,690,089	342,853,241

	Group and Company	
	2024 KShs '000	2023 KShs '000
(b) Product classification		
Current and demand accounts	**217,477,166**	277,153,356
Savings deposits	**69,082,858**	54,139,259
Time deposits	**7,682,468**	9,550,767
Other	**1,447,597**	2,009,859
	295,690,089	342,853,241

The weighted average effective interest rate on interest bearing deposits from customers at 31 December 2024 was 4.70% (2023 – 3.20%).

31. Other liabilities

Accounting policy

Refer to Note 3 on financial assets and liabilities for the accounting policy for financial liabilities and Note 33 on Leased assets for the accounting policy for leases.

		Group		Company	
		2024 KShs '000	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Financial liabilities at amortised cost					
Bills payable		**429,326**	3,177,188	**429,326**	3,177,188
Lease liability	Note 33	**229,380**	270,705	**229,380**	270,705
Dividends payable		**152,560**	182,320	**152,560**	182,320
ECL on undrawn commitments		**111,345**	111,587	**111,345**	111,587
Total financial liabilities at amortised cost		**922,611**	3,741,800	**922,611**	3,741,800
Non – financial liabilities					
Other payables		**4,849,236**	5,591,378	**4,822,794**	5,570,575
Total non-financial liabilities		**4,849,236**	5,591,378	**4,822,794**	5,570,575
		5,771,847	9,333,178	**5,745,405**	9,312,375

Other payables mainly include employee costs related accruals, uncleared payments and trade payables.

32. Contingent liabilities and commitments

Accounting policy

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events, that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote.

Where the Group undertakes to make payment on behalf of its customers for guarantees issued, such as performance bonds or as irrevocable letters of credit as part of the Group's Transaction Banking business for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statements as contingent liabilities.

32. Contingent liabilities and commitments continued

(a) Trade contingents

The table below shows the contract or underlying principal amounts of unmatured off-balance sheet transactions at the balance sheet date. The contract or underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk.

	Group and Company	
	2024 KShs '000	2023 KShs '000
Financial guarantees and trade credits		
Financial guarantees, trade and irrevocable letters of credit	**64,174,487**	69,820,491
Commitments		
Undrawn formal standby facilities, credit lines and other commitments to lend		
One year and over	**44,575,954**	36,998,433
Less than one year	**1,358,010**	2,121,210
Unconditionally cancellable	**57,559**	98,905
	45,991,523	39,218,548

Nature of contingent liabilities

Guarantees are generally written by a bank to support performance by a customer to third parties. The Group will only be required to meet these obligations in the event of the customer's default.

Letters of credit commit the Company to make payment to third parties, on production of documents, which are subsequently reimbursed by customers.

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Company expects most acceptances to be presented and reimbursement by the customer is almost immediate.

Legal and regulatory matters

Accounting policy

Where appropriate, the Group recognises a provision for liabilities when it is probable that an outflow of economic resources embodying economic benefits will be required and for which a reliable estimate can be made of the obligation. The uncertainties inherent in legal and regulatory matters affect the amount and timing of any potential outflows with respect to which provisions have been established.

Four of the significant claims are described below:

(i) A claim by a former client who was awarded damages amounting to KShs 251 million by the Court of Appeal of the Republic of Kenya. The directors, having considered the award and obtained appropriate legal advice, challenged the ruling of the Court of Appeal of the Republic of Kenya at the Common Market for East and Southern Africa (COMESA) Court of Justice. At an initial hearing, the COMESA court ruled, among others, that no execution should be levied in respect of the award granted by the Court of Appeal of the Republic of Kenya, pending the final determination of the case. In June 2006, the directors withdrew the case from the COMESA Court of Justice and filed for a review at the Court of Appeal of the Republic of Kenya, with an expectation that the Court of Appeal of the Republic of Kenya would review its earlier decision. A ruling was delivered in 2016 in favour of the Company on its application to set aside the KShs 251 million judgment.

32. Contingent liabilities and commitments continued

Legal and regulatory matters continued

The Court of Appeal found that there was a failure of justice in the 2002 Court of Appeal ruling and ordered for the appeal against the Company's favourable judgment to be heard afresh in the Court of Appeal. The former client instead filed an appeal to the Supreme Court. The Supreme Court, in a unanimous decision, upheld the Company's submissions that in the circumstances of this case, there was no justifiable fault in the Court of Appeal setting aside its judgment and re-opening the Appeal for a fresh hearing. Consequently, the appeal before the Supreme Court was dismissed with each party bearing its own costs. The effect of this decision is that the Court of Appeal would proceed to hear and determine the appeal afresh.

Instead, in December 2023, the Court of Appeal rendered its judgment allowing the Appeal of the former client and ordered that the matter be taken back to the High Court, for the High Court to reassess the award of KShs 251 million that it had given. The directors, having considered the Court of Appeal judgment and having obtained appropriate legal advice, have challenged the said judgment before the Supreme Court and the matter is pending hearing and determination.

Although there can be no assurances, the directors believe, based on the information currently available and legal advice, that the claim can be successfully defended and therefore no provision has been made in the financial statements.

(ii) A pension matter where 629 former employees made a claim ("claimants") in 2009 against the trustees of the Company's pension scheme and the Company. The substance of the claim was on whether correct actuarial factors were used to calculate pension benefits and the withdrawal of the surplus from the fund by the Company. In 2018 this matter was transferred from the High Court to the Employment and Labour Relations Court (ELRC), because of a constitutional change. The Company was successful with its objection to the transfer of the case to the ELRC on lack of jurisdiction. The matter was subsequently referred to the Retirement Benefits Authority (RBA) which has jurisdiction over such matters under the Retirement Benefits Act.

In April 2021, RBA issued the ruling dismissing the claim in favor of the Company. The claimants appealed the RBA ruling in the Retirement Benefits Appeals Tribunal (RBAT). The RBAT delivered its ruling of the appeal in May 2022 against the Company. The directors, having considered the RBAT ruling and obtained appropriate legal advice, challenged the RBAT ruling by way of judicial review before the High Court in Kenya. The High Court on 7 July 2022 issued a stay of execution of the RBAT ruling pending hearing and determination of the judicial review matter. The Bank was ordered to recompute the Benefits and matter coming up before the tribunal on 18th January 2023.

The court scheduled the matter for a mention on 23 February 2023 to confirm the filing for further directions. The Judgement was later Scheduled for 5 October 2023. Bank filed an application for stay and memorandum of Appeal at the Court of Appeal.

On 7 March 2025, the Court of Appeal dismissed the Company's appeal. The matter thus came up at the RBAT on 13 March 2025 where the Company was ordered to finalise and file a re-calculation report in compliance with the Tribunal's Judgement. The directors, having considered the Court of Appeal ruling and obtained appropriate legal advice filed an appeal to the Supreme Court and for stay orders preventing execution on account of the RBAT directions.

32. Contingent liabilities and commitments continued

Legal and regulatory matters continued

(iii) A claim by a former client which is made up of two cases. The client defaulted on his borrowings and the Company attempted to realise the securities held for the borrowings. In that regard, the client sued the Company alleging that the Company did not account for some KShs 55 million deposited in the client's account. The effect of this case was to stop the Company from realising the securities. The client further reported the matter to the Anti-Banking Fraud Unit and applied to the High Court in a Constitutional Petition, to compel the Director of Public Prosecutions (DPP) to prosecute the Company. The application was declined but the client subsequently filed Notice of Appeal and the Supreme Court in October 2022 struck out the Petition of Appeal in favour of the Company and hence the matter stands closed.

(iv) A claim by a former client against the Company and Standard Chartered Estates Management (SCEM) Limited, a former wholly owned subsidiary of the Company filed in 2003. The former client is seeking compensation for losses incurred after they engaged SCEM Limited to manage their flower farm in 1996. The matter is still pending hearing and determination.

In addition, the Company has some on-going matters with the Kenya Revenue Authority. As at 31 December 2024, the directors have not made provisions for tax demand letters as they are of the view, based on advice received, that these amounts are not payable.

33. Leases

Accounting policy

The Group assesses whether a contract is a lease in scope of this policy by determining whether the contract gives it the right to use a specified underlying physical asset for a lease term greater than 12 months, unless the underlying asset is of low value.

Where the Group is a lessee and the lease is deemed in scope, it recognises a liability equal to the present value of lease payments over the lease term, discounted using the incremental borrowing rate applicable. The liability is recognised in 'other liabilities'. A corresponding right-of-use asset equal to the liability, adjusted for any lease payments made at or before the commencement date, is recognised in 'property and equipment'- Note 26. The lease term includes any extension options contained in the contract that the Group is reasonably certain it will exercise.

The Group subsequently depreciates the right-of-use asset using the straight-line method over the lease term and measures the lease liability using the effective interest method. Depreciation on the asset is recognised in operating expenses – Note 11 under depreciation and amortisation and interest on the lease liability is recognised in net interest income – Note 6.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

33. Leases continued

Significant estimates and judgments continued

The significant estimates and judgments in determining lease balances are the determination of whether the Group is reasonably certain that it will exercise extension options or termination present in lease contracts. A remeasurement is performed when extension of a lease is confirmed.

A remeasurement of the lease liability and right-of-use asset is also done when there is;

- a change in future lease payment amounts due to market review;
- a change in future lease payment due to change in occupied floor space; and
- a change in expected lease term.

The significant estimates were the determination of incremental borrowing. the Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs has adopted Government bond rates as the benchmark rate for incremental borrowing.

Short term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

33. Leases continued

Maturity analysis

The maturity profile for lease liabilities associated with leased premises and equipment assets is as follows:

	2024				
Group and Company	**One year or less KShs '000**	**Between one year and two years KShs '000**	**Between two years and five years KShs '000**	**More than five years KShs '000**	**Total KShs '000**
Other liabilities – lease liabilities	35,730	32,433	146,613	14,604	229,380

	2023				
Group and Company	One year or less KShs '000	Between one year and two years KShs '000	Between two years and five years KShs '000	More than five years KShs '000	Total KShs '000
Other liabilities – lease liabilities	117,218	12,682	132,021	8,784	270,705

	Group and Company					
	2024			2023		
	Leasehold land KShs '000	**Non-land leases KShs '000**	**Total KShs '000**	Leasehold land KShs '000	Non-land leases KShs '000	Total KShs '000
At 1 January	**222,995**	**236,644**	**459,639**	225,922	236,986	462,908
Additions	**–**	**78,254**	**78,254**	_	130,743	130,743
Lease modification	**–**	**–**	**–**	_	20	20
Disposals	**(118)**	**(20,027)**	**(20,145)**	–	(26,607)	(26,607)
Depreciation charge for the year (Note 26)	**(18,051)**	**(110,093)**	**(128,144)**	(2,927)	(125,811)	(128,738)
Depreciation on disposal	**–**	**13,126**	**13,126**	–	21,313	21,313
Classified as held for sale	**103**	**–**	**103**	–	–	–
At 31 December	**204,929**	**197,904**	**402,833**	222,995	236,644	459,639

33. Leases continued

Maturity analysis continued

Set out below are the carrying amounts of lease liabilities (included under 'Other liabilities' in Note 31) and the movements during the period:

	Group and Company	
	2024 KShs '000	2023 KShs '000
At 1 January	**270,705**	279,806
Additions	**78,254**	154,347
Cancellations	**(7,864)**	(5,511)
Modifications	**(490)**	20
Interest on lease liabilities (Note 6)	**34,239**	34,175
Payment of lease liability interest	**(34,239)**	(34,175)
Payment of lease liability principal	**(111,225)**	(157,957)
Balance at 31 December	**229,380**	270,705

The table below summarises expenses that were recognised in the income statement.

	Group and Company			
	2024		2023	
	Leasehold land KShs '000	Leased Premises KShs '000	Leasehold land KShs '000	Leased Premises KShs '000
Interest on lease payments (Note 6)	**–**	**34,239**	–	34,175
Expenses relating to short-term property leases	**–**	**–**	–	95,315
Expenses relating to low value non-property leases	**–**	**–**	–	197,577
Depreciation	**18,051**	**110,093**	2,927	125,811
Amounts recognised in statement of cashflows				
Lease liability payments	**–**	**(111,225)**	–	(157,957)

Group as Lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. The assets are classified as property and equipment in the Bank's books and managed within the Bank's risk management process of its property and equipment. Rental income arising is accounted for on straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term of the same basis as rental income. The Group is not exposed to finance leases as a lessor.

The Group acts a lessor of premises. The Group leases out space within its premises. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. Rental income recognised by the Bank during the year is KShs 111,611,000 (2023: KShs 51,436,000).

33. Leases continued

Group as Lessor continued

The tale below shows the Group's minimum lease payments in relation to rental income.

	Group and Company	
	2024 KShs '000	2023 KShs '000
Within 1 year	**99,689**	91,249
After 1 year but less than 5 years	**284,654**	310,543
Total rent receivable	**384,343**	401,792

34. Retirement benefit obligations

Standard Chartered Bank Kenya Limited operates a defined contribution scheme for all full time permanent employees and a defined benefit scheme for pensioners and deferred pensioners who existed as at 31 December 1998.

The benefits provided by the defined benefit scheme are based on a formula taking into account years of service and remuneration levels, whilst the benefits provided by the defined contribution scheme are determined by accumulated contributions and returns on investments.

Both schemes are governed by the Retirement Benefits Act, 1997. This requires that an actuarial valuation be carried out at least every 3 years for the defined benefit scheme. The most recent actuarial valuation of the defined benefit scheme was carried out as at 31 December 2018 by an independent qualified actuary. However, the Company's actuary did a review for the year ended 31 December 2023. The review was consistent with previous valuations performed using the projected unit credit method.

Accounting policy

For the defined benefit plan, the liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an interest rate equal to the yield on government securities that have a term to maturity approximating to the term of the related pension liability.

Actuarial gains and losses that arise are recognised in shareholders' equity and presented in the statement of other comprehensive income in the period they arise. The Group determines the net interest expense on the net defined liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognised in the income statement.

When the defined benefit calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

34. Retirement benefit obligations continued

In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

For the defined contribution plan, the Group pays contributions into a separate privately administered pension plan on a contractual basis, and such amounts are charged to operating expenses. The Group has no further payment obligations once the contributions have been paid.

The employees and the Group also contribute to the National Social Security Fund, a national retirement scheme. Contributions are determined by local statutes and the Group's contributions are charged to operating expenses in the year to which they relate.

Significant accounting estimates and judgments

There are many factors that affect the measurement of retirement benefit obligations as it requires the use of assumptions which are inherently uncertain. The assumptions include, inflation rates, discount rate and expected return on assets. The sensitivity of the liabilities to changes in these assumptions is shown in the Note below.

34. Retirement benefit obligations continued

Significant accounting estimates and judgments continued

The amount included in the statement of financial position arising from the Group's obligation in respect of the defined benefit scheme is as follows:

	Group and Company	
	2024 KShs '000	2023 KShs '000
Fair value of plan assets	**669,994**	643,726
Present value of funded obligations	**(703,954)**	(692,618)
Retirement benefit obligations as at 31 December	**(33,960)**	(48,892)
Plan assets consist of the following:		
Government bonds and bills	**600,015**	601,462
Corporate bonds	**3,042**	3,040
Other assets	**66,937**	39,224
	669,994	643,726
Movement in plan assets		
Fair value of plan assets at 1 January	**643,726**	687,385
Expected return on plan assets	**106,153**	96,940
Benefits paid by the plan	**(148,338)**	(144,005)
Employer contributions	**89,300**	89,300
Recognised actuarial losses	**(13,622)**	(77,920)
Administrative expenses paid	**(7,225)**	(7,974)
Fair value of plan assets at 31 December	**669,994**	643,726
Movement in retirement benefit obligations		
Retirement benefit obligations at 1 January	**692,618**	783,813
Interest cost	**103,499**	101,518
Past service cost	**30,000**	30,000
Benefits paid by the plan	**(148,338)**	(144,005)
Recognised actuarial losses	**26,175**	(78,708)
Present value of funded obligations	**703,954**	692,618
The net charge recognised in the income statement is as follows:		
Interest cost	**(103,499)**	(101,518)
Expected return on plan assets	**106,153**	96,940
Past service cost	**(30,000)**	(30,000)
Administrative expenses paid	**(7,225)**	(7,974)
Total charge included in staff costs (Note 11)	**(34,571)**	(42,552)

34. Retirement benefit obligations continued

The movement in the retirement benefit obligations in the statement of financial position is as follows:

	Group and Company	
	2024 KShs '000	2023 KShs '000
At 1 January	**(48,892)**	(96,428)
Employer contributions	**89,300**	89,300
Charge to the income statement	**(34,571)**	(42,552)
Recognised in other comprehensive income	**(39,797)**	788
At 31 December	**(33,960)**	(48,892)

Historical information	2024 KShs '000	2023 KShs '000	2022 KShs '000	2021 KShs '000	2020 KShs '000
Fair value of plan assets	**669,994**	643,726	687,385	776,410	670,288
Present value of funded obligations	**(703,954)**	(692,618)	(783,813)	(808,687)	(834,005)
Retirement benefit obligations	**(33,960)**	(48,892)	(96,428)	(32,277)	(163,717)

Key assumptions

The principal actuarial assumptions used at the reporting date were:

	2024 % pa	2023 % pa
Discount rate	**17.10**	16.70
Expected return on plan assets	**17.10**	16.70
Future pension increases	**–**	–

The overall expected long-term rate of return on the assets is 17.10% (2023– 16.70%) based on the portfolio as a whole and not on the sum of returns on the individual assets.

These assumptions are likely to change in the future and this will affect the value placed on the liabilities. For example, changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined obligation by the amounts shown below:

	2024		2023	
	Increase KShs '000	**Decrease KShs '000**	Increase KShs '000	Decrease KShs '000
Discount rate (-0.25% movement)	**5,910**	**–**	6,043	–
Discount rate (+0.25% movement)	**–**	**5,805**	–	5,932
Future mortality (longevity of member aged 60 increasing by 1 year)	**–**	**16,221**	–	15,373

Although this analysis does not look at simultaneous changes in the assumptions, it does provide an approximation of the sensitivity to the main assumptions. While changes in other assumptions would also have an impact, the effect would not be as significant.

35. Share capital and reserves

Accounting policy

Share capital issued is classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue a variable number of own equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Dividends are recognised in equity in the period in which they are declared.

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised in equity in the period in which they are declared.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if the dividend payments are not discretionary. Dividends thereon are recognised in the income statement as interest expense.

Group and Company

(a) Share capital

Authorised

The authorised share capital of the Company at 31 December 2024 was KShs 2,169 million (2023 – KShs 2,169 million) made up of 377,850,589 (2023 – 377,850,589) ordinary shares of KShs 5.00 each and 56 million (2023 – 56 million) non-redeemable, non-cumulative, non-voting, non-participating and non-convertible preference shares of KShs 5.00 each.

All shares rank equally with regard to the Company's residual assets, except that preference shareholders have priority over ordinary shareholders but participate only to the extent of the face value of the shares plus any accrued dividends.

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 meetings of the Company, subject to any rights or restrictions for the time being attached to any class or classes of shares. Holders of preference shares receive non-cumulative discretionary dividends on the preference shares at the rate of 6% per annum on the issue price of KShs 50.00 per share. Preference shares do not carry the right to vote.

	Number of ordinary shares	Number of preference shares	Authorised share capital KShs '000
At 1 January and 31 December 2024	**377,851**	**56,000**	**2,169,253**
At 1 January and 31 December 2023	377,851	56,000	2,169,253

	Ordinary shares KShs '000	Preference shares KShs '000	Total KShs '000
Share capital	**1,889,253**	**280,000**	**2,169,253**
Share premium	**5,272,427**	**2,520,000**	**7,792,427**
At 1 January and 31 December 2024	**7,161,680**	**2,800,000**	**9,961,680**
At 1 January and 31 December 2023	7,161,680	2,800,000	9,961,680

35. Share capital and reserves continued

The shareholders at 31 December 2024 and 31 December 2023 that had large holdings were as follows:

	At 31 December 2024	
	Number of shares ('000)	%
Name		
1. Standard Chartered Holdings (Africa) B.V.	**279,195**	**73.89**
2. Shawmut Limited	**3,884**	**1.03**
3. Standard Chartered Nominees Resd A/C Ke11443	**3,228**	**0.85**
4. Stanbic Nominees Limited R6631578	**2,783**	**0.74**
5. Standard Chartered Kenya Nominees Ltd A/C Ke004667	**2,507**	**0.66**
6. Standard Chartered Nominees Resd A/C Ke11450	**1,883**	**0.50**
7. Kenya Commercial Bank Nominees Limited – A/C 915B	**1,631**	**0.43**
8. Standard Chartered Africa Limited	**1,597**	**0.42**
9. ICEA Lion Life Assurance Company Limited-Pooled	**1,269**	**0.34**
10. Achola, Japhet Ochieng	**1,000**	**0.26**
11. Others	**78,874**	**20.88**
	377,851	**100.00**

	At 31 December 2023	
	Number of shares ('000)	%
Name		
1. Standard Chartered Holdings (Africa) B.V.	279,195	73.89
2. Shawmut Limited	3,884	1.03
3. Standard Chartered Nominees Resd A/C Ke11443	3,228	0.85
4. Stanbic Nominees Limited R6631578	2,783	0.74
5. Standard Chartered Kenya Nominees Ltd A/C Ke004667	2,507	0.66
6. Standard Chartered Nominees Resd A/C Ke11450	1,883	0.50
7. Kenya Commercial Bank Nominees Limited – A/C 915B	1,631	0.43
8. Standard Chartered Africa Limited	1,597	0.42
9. ICEA Lion Life Assurance Company Limited-Pooled	1,224	0.32
10. Achola, Japhet Ochieng	850	0.22
11. Others	79,069	20.94
	377,851	100.00

35. Share capital and reserves continued

The distribution of shareholders as at 31 December 2024 and 2023 was as follows:

	2024			2023		
Share range	Number of Shareholders	Shares held ('000)	%	Number of Shareholders	Shares held ('000)	%
Less than 500	**10,855**	**2,006**	**0.53**	10,640	1,979	0.52
501 to 5,000	**19,474**	**28,640**	**7.58**	19,689	29,037	7.69
5,001 to 10,000	**507**	**3,575**	**0.95**	508	3,600	0.95
10,001 to 100,000	**636**	**19,307**	**5.11**	640	19,890	5.27
100,001 to 1,000,000	**111**	**26,344**	**6.97**	112	25,412	6.73
Above 1,000,000	**9**	**297,979**	**78.86**	9	297,934	78.85
Total	**31,592**	**377,851**	**100.00**	31,598	377,851	100.00

(b) Share premium

These reserves arose when the shares of the Company were issued at a price higher than the nominal (par) value. These will be applied towards capital in future.

	Group and Company	
	2024 KShs '000	2023 KShs '000
At 1 January and 31 December		
Ordinary shares (note 35(a))	**5,272,427**	5,272,427
Preference shares (note 35(a))	**2,520,000**	2,520,000
	7,792,427	7,792,427

(c) Capital contribution reserve

Capital contribution reserve comprises capital contributions provided to the Group by shareholders that are not intended by either party to be repaid and includes capital contribution on the acquisition of the custody business and increases in equity arising from share-based payment awards granted to the Group's employees. See accounting policy in note 11. Below summarises the movement in share based payments;

	Group and Company	
	2024 KShs '000	2023 KShs '000
At 1 January	**2,000,055**	1,938,534
Equity settled awards accrued	**316,810**	239,181
Recognised in income statement	**(89,236)**	(62,799)
Payments in the year	**(176,382)**	(114,861)
At 31 December	**2,051,247**	2,000,055

35. Share capital and reserves continued

(d) Revaluation reserve

Revaluation reserve is from the periodic revaluation of freehold land and buildings. The carrying amounts of these assets are adjusted to the revaluations. Revaluation surpluses are not distributable.

(e) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of Government securities at FVOCI excluding impairment losses, until the investment is derecognised.

(f) Statutory credit risk reserve

Where impairment losses required by legislation or regulations exceed those calculated under International Financial Reporting Standards (IFRSs), the excess is recognised as a statutory credit risk reserve and accounted for as an appropriation of retained profits. These reserves are not distributable.

36. Statement of cashflows

a) Adjustments for non-cash items and other adjustments included within income statement

		Group		Company	
	Notes	**2024 KShs '000**	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Depreciation of property and equipment	**26**	**384,485**	378,642	**384,485**	378,642
Amortisation of intangible assets	**27**	**1,036,141**	983,286	**1,036,141**	983,286
Loss on sale of property and equipment	**12**	**(12,332)**	(3,363)	**(12,332)**	(3,363)
Loss on right of use assets' modification		**-**	5,274	**-**	5,274
Lease modification gain	**33**	**(490)**	20	**(490)**	20
Impairment of intangible assets	**27**	**301,244**	76,120	**301,244**	76,120
Impairment of equipment	**26**	**-**	-	**-**	-
Retirement benefit obligations	**34**	**34,571**	42,552	**34,571**	42,552
Expected credit income/loss on FVOCI financial instruments	**19**	**(247,109)**	219,602	**(247,109)**	219,602
Share based payments allocated	**35(c)**	**227,574**	176,382	**227,574**	176,382
Total		**1,724,083**	1,878,515	**1,724,083**	1,878,515

b) Change in operating assets

Balances with Central Bank of Kenya				
- Cash Reserve Ratio	**972,251**	(634,097)	**972,251**	(634,097)
Government and other securities held at FVTPL	**4,965,987**	(4,781,537)	**4,965,987**	(4,781,537)
Derivative financial instruments	**(2,322,718)**	(524,557)	**(2,322,718)**	(524,557)
Loans and advances to customers	**11,514,398**	(23,749,217)	**11,514,398**	(23,749,217)
Investment securities	**(31,004,603)**	40,845,553	**(31,004,603)**	40,845,553
Amounts due from group companies	**21,311,328**	(49,098,773)	**21,311,328**	(49,098,773)
Other assets	**(236,650)**	(2,628,817)	**(162,443)**	(2,607,529)
Total	**5,199,993**	(40,571,445)	**5,274,200**	(40,550,157)

36. Statement of cashflows continued

c) Change in operating liabilities

	Group		Company	
	2024 KShs '000	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Deposits from customers	**(47,163,152)**	63,973,932	**(47,163,152)**	63,973,932
Derivative financial instruments	**55,079**	790,266	**55,079**	790,266
Amounts due to group subsidiaries	**-**	–	**475,369**	(131,115)
Amounts due to group companies	**-**	(4,961,737)	**-**	(4,961,737)
Defined benefit obligations	**(89,300)**	(89,300)	**(89,300)**	(89,300)
Other liabilities	**(3,449,615)**	(7,483,924)	**(3,455,252)**	(7,489,754)
Total	**(50,646,988)**	52,229,237	**(50,177,256)**	52,092,292

d) Analysis of the balance of cash and cash equivalents

Cash on hand	**4,166,406**	3,996,876	**4,166,406**	3,996,876
Unrestricted cash balances with Central Bank of Kenya	**15,825,509**	25,584,994	**15,825,509**	25,584,994
Loans and advances to banks	**1,157,643**	3,957,778	**1,157,643**	3,957,778
Deposits from banks	**(306,864)**	(4,327,045)	**(306,864)**	(4,327,045)
Amounts due from group companies	**39,468,625**	68,845,952	**40,331,946**	69,267,746
Amounts due to group companies	**(8,087,854)**	(9,757,711)	**(8,087,854)**	(9,757,711)
Total	**52,223,465**	88,300,844	**53,086,786**	88,722,638

37. Assets pledged as security

As at 31 December 2024, there were no assets pledged by the Group to secure liabilities and there were no secured Group liabilities.

38. Fiduciary activities

Accounting policy

Assets held for clients in an agency or fiduciary capacity by the Group are not assets of the Group and are not included in the statement of financial position.

The Group holds asset security documents on behalf of customers. These securities are held by the Security Services department of the Company. The assets held comprise of deposits, government securities, debentures, title deeds, quoted and unquoted shares.

	Group		Company	
	2024 KShs '000	2023 KShs '000	**2024 KShs '000**	2023 KShs '000
Value of asset security documents held on behalf of customers	**1,299,492,107**	930,392,551	**973,727,039**	678,708,596

39. Related party transactions

In the ordinary course of business, transactions are entered into with Standard Chartered PLC, the ultimate holding company and other companies related to Standard Chartered Bank Kenya Limited through common shareholding.

	Group					Company				
2024	**Interest income KShs '000**	**Interest expense KShs '000**	**Net fee and commission income KShs '000**	**Recharges KShs '000**	**Trade Contingents KShs '000**	**Interest income KShs '000**	**Interest expense KShs '000**	**Net fee and commission income KShs '000**	**Recharges KShs '000**	**Trade Contingents KShs '000**
Standard Chartered PLC	**2,938,862**	**23,480**	**909,974**	**1,745,143**	**5,830,104**	**2,938,862**	**23,480**	**909,974**	**1,745,143**	**5,830,104**
Other group companies	**2,816,187**	**30,495**	**201,580**	**1,475,740**	**20,566,257**	**2,816,187**	**47,508**	**201,580**	**1,204,355**	**20,566,257**
	5,755,049	**53,975**	**1,111,554**	**3,220,883**	**26,396,361**	**5,755,049**	**70,988**	**1,111,554**	**2,949,498**	**26,396,361**
2023										
Standard Chartered PLC	4,064,770	169,342	628,567	1,361,963	5,838,890	4,064,770	169,342	628,567	1,361,963	5,838,890
Other group companies	1,307,831	2,100	86,966	3,621,539	25,836,534	1,307,831	19,112	86,966	3,312,637	25,836,534
	5,372,601	171,442	715,533	4,983,501	31,675,424	5,372,601	188,454	715,533	4,674,600	31,675,424

Group companies provide support services for which they recharge the costs incurred at the country of origin. The value of the services provided has been included in the total expenditure of the Group or Company.

The transactions are at transfer pricing agreements.

The related party balances at 31 December 2024 and 2023 are shown in Note 22. Trade contingent liabilities with group companies at 31 December 2024 was KShs 26,035 million (2023: KShs 31,675 million).

39. Related party transactions continued

Directors and officers

Details of directors' remuneration is disclosed in the Directors' remuneration report.

IAS 24 *'Related party disclosures'* requires the following additional information for key management compensation. Key management comprises executive directors and persons discharging managerial responsibilities of the Company.

	Group and Company	
	2024 KShs '000	2023 KShs '000
Salaries and other employee benefits	**507,270**	513,152

Transactions with directors and others

During the year, the number of key management staff was 13 (2023: 12).

At 31 December 2024, balances relating to deposits from directors, employees and associates amounted to KShs 808,388,000 (2023 – KShs 903,419,000).

The interest expense paid during the year on deposits from directors, employees and associates amounted to KShs 3,283,000 (2023 – KShs 3,102,000).

Included in loans and advances to customers are the following amounts:

	Group and Company	
Loans and advances to directors, employees and their associates	**2024 KShs '000**	2023 KShs '000
At start of the year	**6,337,785**	6,454,488
Amounts advanced during the year	**2,497,160**	4,193,284
Amounts repaid during the year	**(2,425,131)**	(4,309,987)
At end of the year	**6,409,814**	6,337,785
Loans and advances to directors or companies controlled by directors or their families	**48,259**	26,678
Loans and advances to employees	**6,361,555**	6,311,107
	6,409,814	6,337,785
Collateral	**5,975,620**	6,008,554

The interest income earned during the year on loans and advances to directors, employees and associates amounted to KShs 743,866,000 (2023 – KShs 563,114,000).

The above loans and advances were given on commercial terms and conditions.

None of the loans and advances above are impaired at 31 December 2024 (2023: Nil).

The Company has also entered into transactions at arm's length with Standard Chartered Kenya Pension Fund (SCKPF) and Standard Chartered Staff Retirement Benefits Scheme 2006 (SCKSRBS 2006). At 31 December 2024, deposits from SCKPF and SCKSRBS 2006 amounted to KShs 45,779,357 (2023 – KShs 244,892,328).

40. Holding company

The ultimate holding company of Standard Chartered Bank Kenya Limited is Standard Chartered PLC, which is a limited liability company incorporated and domiciled in Great Britain.

41. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled. Trading assets and liabilities including derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Bank uses the same basis of expected repayment behaviour that was used for estimating the EIR. Issued debt reflects the contractual coupon amortisation.

	Group			Company		
2024	Within 12 months KShs '000	After 12 months KShs '000	Total KShs '000	Within 12 months KShs '000	After 12 months KShs '000	Total KShs '000
Assets						
Cash and balances with Central Bank of Kenya	32,339,549	-	32,339,549	32,339,549	-	32,339,549
Government and other securities held at FVPTL	90,540	728,275	818,815	90,539	728,276	818,815
Derivative financial instruments	2,032,677	1,198,758	3,231,435	2,032,677	1,198,758	3,231,435
Loans and advances to banks	1,157,643	-	1,157,643	1,157,643	-	1,157,643
Loans and advances to customers	81,151,003	70,496,376	151,647,379	81,151,003	70,496,376	151,647,379
Government securities held at FVOCI	95,426,304	2,576,409	98,002,713	95,426,304	2,576,409	98,002,713
Current tax assets	1,080,212	-	1,080,212	961,104	-	961,104
Other assets	6,361,410	-	6,361,410	6,209,627	-	6,209,627
Due from subsidiaries and other related parties	69,184,017	9,380,937	78,564,954	70,051,697	9,376,578	79,428,275
Investment in subsidiary undertakings	-	-	-	-	145,243	145,243
Assets classified as held for sale	215,280	-	215,280	215,280	-	215,280
Property, plant and equipment	-	3,256,272	3,256,272	-	3,256,272	3,256,272
Goodwill and intangible assets	-	5,516,312	5,516,312	-	5,516,312	5,516,312
Deferred tax assets	-	2,382,115	2,382,115	-	2,276,221	2,276,221
Total Assets	289,038,635	95,535,454	384,574,089	289,635,423	95,570,445	385,205,868
Liabilities and Shareholders' equity						
Liabilities						
Deposits from banks	306,862	-	306,862	306,862	-	306,862
Deposits from customers	295,440,680	249,409	295,690,089	295,440,680	249,409	295,690,089
Derivative financial instruments	1,029,126	135,794	1,164,920	1,029,126	135,794	1,164,920
Other liabilities	5,578,197	193,650	5,771,847	5,551,755	193,650	5,745,405
Due to parent companies & other related parties	8,087,854	-	8,087,854	9,174,388	-	9,174,388
Current tax liabilities	1,742,437	-	1,742,437	1,587,139	-	1,587,139
Retirement benefit obligations	33,960	-	33,960	33,960	-	33,960
Total liabilities	312,412,766	385,203	312,797,969	313,317,560	385,203	313,702,763

41. Maturity analysis of assets and liabilities continued

2023	Group Within 12 months KShs '000	Group After 12 months KShs '000	Group Total KShs '000	Company Within 12 months KShs '000	Company After 12 months KShs '000	Company Total KShs '000
Assets						
Cash and balances with Central Bank of Kenya	42,901,755	–	42,901,755	42,901,755	–	42,901,755
Government and other securities held at FVPTL	108,712	5,659,756	5,768,468	108,712	5,659,756	5,768,468
Derivative financial instruments	648,151	276,900	925,051	648,151	276,900	925,051
Loans and advances to banks	3,957,778	–	3,957,778	3,957,778	–	3,957,778
Loans and advances to customers	84,882,652	78,279,125	163,161,777	84,882,652	78,279,125	163,161,777
Government securities held at FVOCI	46,955,446	16,878,754	63,834,200	46,955,446	16,878,754	63,834,200
Current tax assets	1,185,327	–	1,185,327	1,052,844	–	1,052,844
Other assets	6,124,762	–	6,124,762	6,047,186	–	6,047,186
Due from subsidiaries and other related parties	127,963,199	1,290,411	129,253,610	128,389,353	1,286,052	129,675,405
Investment in subsidiary undertakings	–	–	–	-	145,243	145,243
Assets classified as held for sale	198,600	–	198,600	198,600	–	198,600
Property, plant and equipment	–	2,969,518	2,969,518	–	2,969,518	2,969,518
Goodwill and intangible assets	–	5,016,586	5,016,586	–	5,016,586	5,016,586
Deferred tax assets	–	3,664,743	3,664,743	–	3,624,168	3,624,168
Total Assets	314,926,382	114,035,793	428,962,175	315,142,477	114,136,102	429,278,579
Liabilities and Shareholders' equity						
Liabilities						
Deposits from banks	4,327,045	–	4,327,045	4,327,045	–	4,327,045
Deposits from customers	342,727,868	125,373	342,853,241	342,727,868	125,373	342,853,241
Derivative financial instruments	844,595	265,246	1,109,841	844,595	265,246	1,109,841
Other liabilities	9,179,691	153,487	9,333,178	9,158,888	153,487	9,312,375
Due to parent companies & other related parties	9,757,711	–	9,757,711	10,368,876	–	10,368,876
Retirement benefit obligations	48,892	–	48,892	48,892	–	48,892
Total liabilities	367,039,289	390,619	367,429,908	367,629,651	390,619	368,020,270

42. Events after period end

The directors are not aware of any other event after the reporting date that requires disclosure in or adjustments to the financial statements as at the date of this report.

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