2024

INTEGRATED REPORT AND FINANCIAL STATEMENTS

For People. For Better.

Regulated by the Central Bank of Kenya

Celebrating our Heritage

2024 INTEGRATED REPORT AND FINANCIAL STATEMENTS

www.kcbgroup.com

About Us

KCB Group Plc ("KCB" or the "Group") is a non-operating holding company, whose subsidiaries provide banking and financial services focused on the fast-growing East African region, through eight commercial banks in seven countries, and strategic Bancassurance, Investment and Asset Management arms.

The Group was incorporated, and is head-quartered in Nairobi, Kenya. KCB Group has been in continuous operation in the region for over 129 years.

Our wide regional footprint, strong balance sheet, robust technology, and exceptional talent, enable us to facilitate seamless service, intra-regional trade, and investment flows, while delivering strong, sustainable shareholder returns, opening doors of opportunity for millions of people in the region, and creating positive impact in the communities we serve.

For People. For Better.

About our Cover

Celebrating our Heritage

Our cover shines a spotlight on and celebrates the rich heritage that KCB has built over the years, and continues to build every day through its impactful solutions and products. Beads hold different meanings in different cultures, but one thing they have in common is that they signify beauty. With this depiction, we capture and celebrate the beauty of all the people and communities we serve, through the simple showcasing of beadwork from a variety of cultures.

Inside this Report

About this Report

Scope and Purpose

The KCB Group Plc Integrated Report and Financial Statements, is our principal reporting disclosure for the Group's activities and performance in 2024. The goal of this report is to provide our stakeholders with an integrated view of how our company operates. It provides a balanced assessment of how we leverage the six capitals at our disposal to execute our strategy to create and preserve value while minimising value erosion over the short, medium, and long term which we define as less than one year, between one year & three years and beyond three years respectively.

It covers the period from 1 January 2024 to 31 December 2024. Notable material events after this period and up to the publication of this report on 30 April 2025 have also been included.

Process and Assurance

Our integrated report and financial statements resulted from a Group-wide process, with input from various teams across all business lines. This process is under the oversight of the Group Board and the Executive Committee. The Group Board ensures the integrity of this report through our integrated reporting process. A series of internal reviews support the accuracy of the disclosures contained herein. Our Strategy & IT Committee provides internal assurance to the Board on the execution of our strategic priorities. The Group's financial, operating, compliance, and risk management controls are assessed by its internal audit function, which is overseen by the Board Audit & Risk Committee.

The accompanying financial statements of KCB Group Plc (the Company) and its subsidiaries (together, the Group) were audited by PricewaterhouseCoopers LLP and received an unqualified opinion. The report of the independent auditor to the shareholders of KCB Group Plc is available on page 139 to 144 of this report.

Our Reporting Frameworks

This report was developed in accordance with international best practices, reporting guidelines and prudent accounting standards. It complies with the Companies Act, 2015, the Capital Markets Authority's (CMA) rules, the Nairobi Securities Exchange's (NSE) Listings Manual, and the Central Bank of Kenya's (CBK) Prudential Guidelines. This report follows the guidelines of the International Integrated Reporting Council (IIRC) on the presentation of non-financial information.

The financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS Accounting Standards and the Companies Act, 2015. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and have been prepared on a historical cost basis except where otherwise indicated.

The Group continuously strives to incorporate additional frameworks and metrics into our reporting to improve our transparency and meet the diverse information needs of our stakeholders. Please provide any feedback or direct your questions to investorrelations@kcbgroup.com for any additional information on matters contained within this report.

Our Audience

This report is primarily addressed to our providers of capital, namely equity and debt investors. We have also included information relevant to our other stakeholders including employees, customers, regulators, and the wider community.

Investors
Employees
Customers
Government and regulators
Society

Our approach to Integrated Thinking

Our integrated thinking approach to decision-making, management, and reporting facilitates the alignment of our purpose and values with our strategy and guides our value creation process. We applied the principle of double materiality in assessing the material matters included in this report. Material matters are those matters with the ability to significantly influence value creation over the short, medium, and long term.

In identifying our material matters, we relied on a Group-wide process that incorporated input from all our subsidiaries. This process enabled us to identify issues that have the potential to impact our ability to create and preserve value and guard against value erosion for our stakeholders. We thereafter prioritised those with the greatest relevance in our operations, validated these material matters against our strategy, and continuously assessed them to ensure that our strategy remains relevant.

Disclosures regarding our current key risk priorities and the management of our principal risks are available on page 120 to 124 of this report.

The Group publishes a separate Sustainability Report which contains disclosures on our sustainability-related material matters. The Report is available on www.kcbgroup.com/sustainability-page

Forward-looking Statements

This report contains certain forward-looking statements about the Group's financial position, results, strategy, operations, and businesses. These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that may occur in the future.

There are various factors beyond the Group's control, that could cause actual results or developments to differ materially, from those expressed or implied by these forward-looking statements. Consequently, forward-looking statements are not guarantees of future financial or operating results.

Our Reporting Universe

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

Group Sustainability Report

This report details our progress in integrating environmental, social, and governance (ESG) practices in our strategy. It is prepared in accordance with the Global Reporting Initiative (GRI) standards and the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). The report is available at www.kcbgroup.com/sustainability-page

Financial Disclosures

- Quarterly financial statements and other disclosures.
- Quarterly investor presentations.

These disclosures provide an update on the Group's financial results and operations on a quarterly basis. The 2025 disclosures will be available at www.kcbgroup.com/investor-relations on the tentative dates listed on the investor calendar on page 23.

Shareholder Information

Notice of KCB Group's Annual General Meeting (AGM) and proxy form: The notice and proxy form provide valuable information for shareholders who want to participate in the Group's 54th AGM to be held on 22 May 2025.

Outcomes from the AGM: The polling results and responses to questions raised are published on our website after the conclusion of the AGM.

Shareholding structure: These quarterly disclosures provide a breakdown of the Group's shareholding structure. They are available at www.kcbgroup.com/investor-relations

Approval by the Board

The Board acknowledges its responsibility to ensure the integrity of this report, and its responsibility to entrench good corporate governance across the Group. The Board believes that this report addresses issues material to the Group's ability to create and preserve value while guarding against value erosion over the short, medium, and long term. The Board also believes that this report offers a concise view of the Group's business model, external environment, strategy, governance, approach to risk, financial outputs, and outcomes in 2024.

The set of annual financial statements on which this report is based was approved by the Board of Directors of KCB Group Plc on 12 March 2025 and signed on its behalf by;

FCS Dr. Joseph Kinyua, EGH
Chairman

Paul Russo, EBS
Chief Executive Officer

Agnes Lutukai
Director

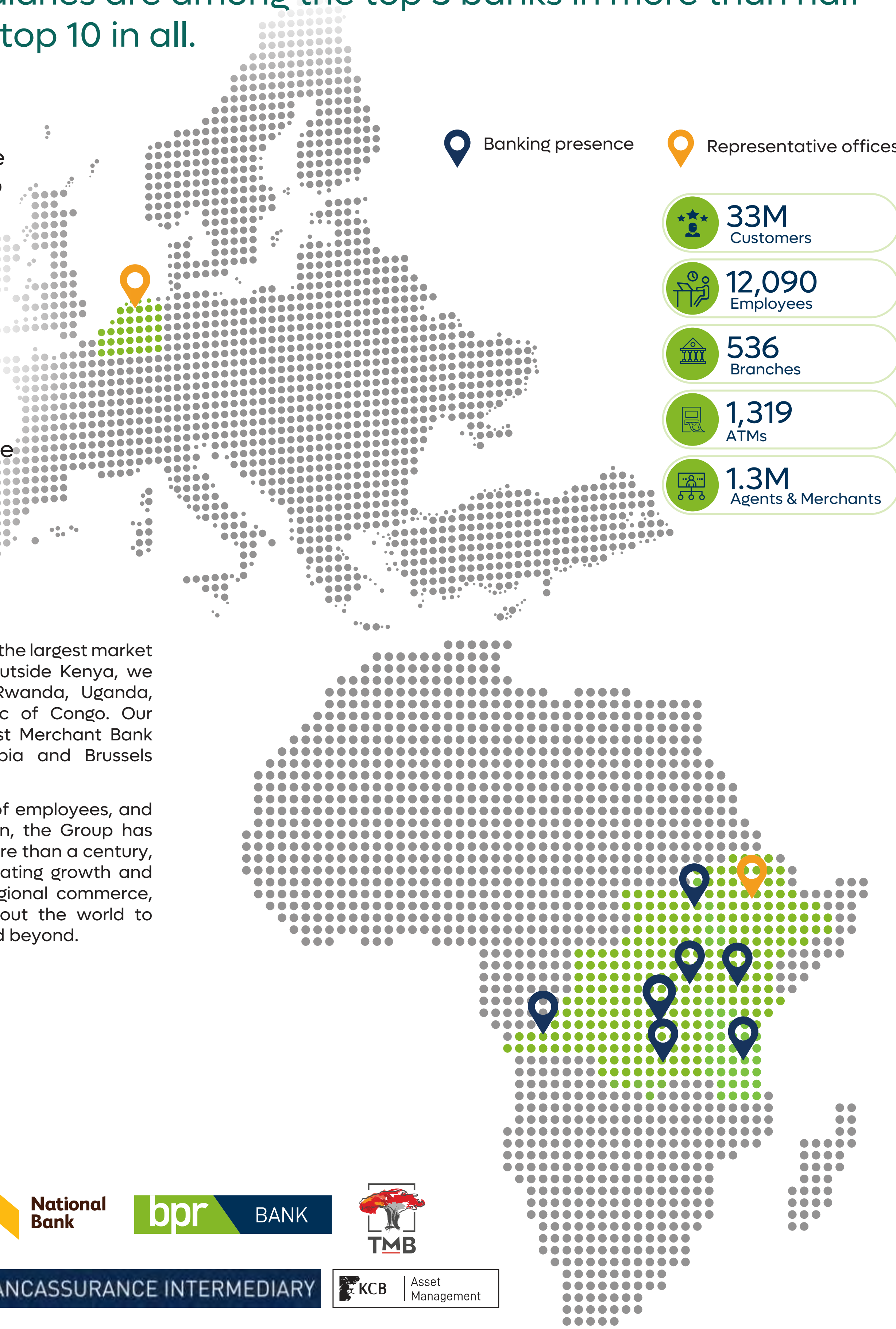
Bonnie Okumu
Company Secretary

Where we Operate

Largest footprint in the region; opening doors of opportunity for millions of people. Our subsidiaries are among the top 3 banks in more than half of our markets, and top 10 in all.

We are a regional powerhouse and the largest banking Group in East Africa with a well-diversified footprint cutting across the width of Africa from the Indian Ocean to the Atlantic Ocean coasts.

Between these two coasts, we deliver leading solutions that avail unmatched convenience, bring our purpose to life, drive sustainability and match our aspiration to play a meaningful role in the lives of our customers and the communities we serve.



In Kenya, we are an industry leader with the largest market share and two banking subsidiaries. Outside Kenya, we operate in Tanzania, South Sudan, Rwanda, Uganda, Burundi, and the Democratic Republic of Congo. Our subsidiaries, KCB Bank Kenya and Trust Merchant Bank have representative offices in Ethiopia and Brussels respectively.

With millions of customers, thousands of employees, and the largest balance sheet in the region, the Group has been a catalyst for development for more than a century, opening doors of opportunity by facilitating growth and economic advancement, promoting regional commerce, and linking millions of people throughout the world to possibilities on the African continent and beyond.

Our Brands

KCB BANK | National Bank | bpr BANK | TMB

KCB Investment Bank | KCB BANCASSURANCE INTERMEDIARY | KCB Asset Management

Our Purpose & Values

Our Purpose

For People. For Better.

Our Values

Closer

To be **closer** is to get to know the people you work with and the customers you serve beyond being just a colleague or a customer. It's about valuing the human being.

Courageous

To be **courageous** is to challenge the way things are done today in a constructive way. It's about finding ways to do things differently and sharing ideas to make things better.

Connected

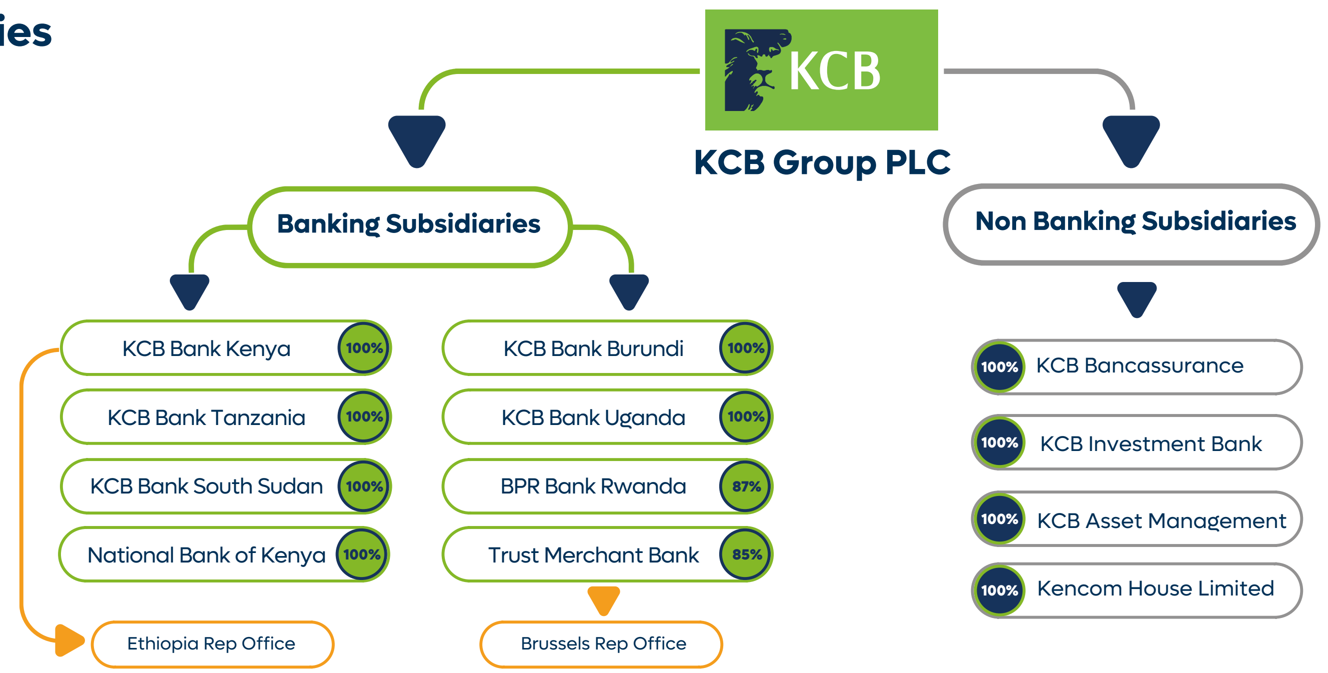
To be **connected** is to realize we are all part of one team, with one purpose. It is about breaking down silos and gaining inspiration about best-practice from other sectors.

Our Business Structure

The Group has a well-diversified business model across geographical and business segments.

Our key subsidiaries

In 2024, the Group owned eight banking subsidiaries and a host of non-banking businesses in investment banking, bancassurance and asset management to maximize on the opportunities available in the financial services ecosystem.



Our Business Segments

We provide our customers with a full suite of tailor-made, market-leading financial solutions through four key segments of corporate banking, retail banking, treasury and mortgages. These are complemented by a range of digital financial services, bancassurance, investment banking, asset management, and shariah-compliant products, to meet the diverse needs of our clients.

Banking businesses

Corporate banking

- **Offers:** A variety of payments, savings and loans solutions that are tailor made to match the unique business needs of our corporate customers with an annual turnover of over Ksh 1 billion.
- **Key differentiators:** Strong balance sheet, strong capital position, wide regional presence, market expertise, competitive products and unmatched deal & complex solutions structuring.
- **Contribution to revenue:** 16%
- **Share of loans:** 47%
- **Share of customer deposits:** 45%

Retail banking

- **Offers:** A wide bouquet of pay, save and borrow solutions for individuals, micro, small and medium sized enterprises with an annual turnover of less than Ksh 1 billion.
- **Key differentiators:** Wide footprint, strong brand, competitive products, robust digital solutions, unmatched convenience and transformative partnerships.
- **Contribution to revenue:** 39%
- **Share of loans:** 40%
- **Share of customer deposits:** 48%

Treasury

- **Operates:** The Group's balance sheet management activities and investments in securities.
- **Key differentiators:** Strong deposit-based funding profile, solid capital position, wide network of correspondent relationships and market expertise.
- **Contribution to revenue:** 33%
- **Well balanced:** 42%/58% split between securities available for sale and held to maturity.

Mortgages

- **Offers:** A suite of lending solutions for purchasing or construction of residential and commercial buildings.
- **Key differentiators:** Market leadership, strong partnerships, wide distribution and competitive products.
- **Contribution to revenue:** 5%
- **Share of loans:** 8%
- **Well balanced:** 54% Residential and 46% Commercial mortgages.
- **Share of customer deposits:** 3%

Non-banking businesses

KCB Bancassurance

- **Offers:** A range of insurance products, from life to general insurance, including medical, motor, crop, and marine covers, among others.
- **Key differentiators:** Wide distribution network, robust back-office function, customer focus and strong growth prospects.
- **Contribution to revenue:** 0.7%

KCB Investment Bank

- **Offers:** Wealth management, advisory, brokerage, and distribution of collective investment schemes with a focus on money market funds.
- **Key differentiators:** Wide distribution network, market expertise and captive business from KCB Group.
- **Contribution to revenue:** 0.2%

KCB Asset Management

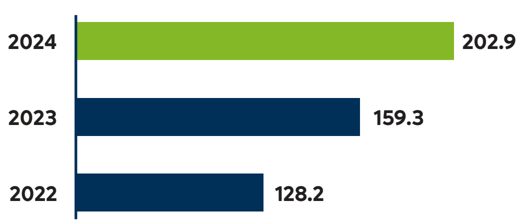
- **Offers:** Fund management through collective investment schemes and pension management.
- **Key differentiators:** Market expertise, strong brand and strategic position.
- **Contribution to revenue:** 0.1%

Key Highlights

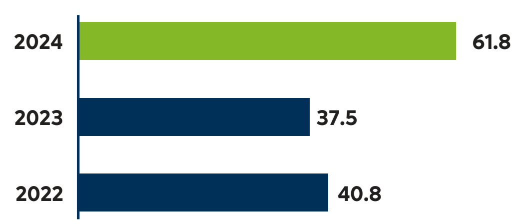
We delivered strong growth in revenue driven by new business lines, deepening of digital channels and innovative customer value propositions, capping years of solid growth.

A year of record profitability with net profit growing to Ksh 62 billion in 2024

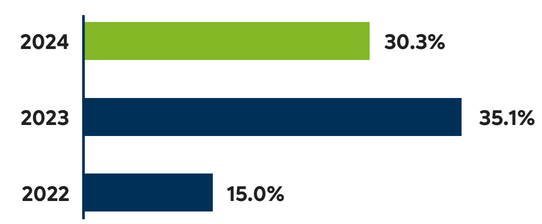
Total Revenue (Ksh billion)



Net profit (Ksh billion)

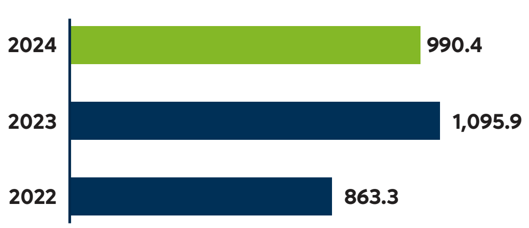


PAT share from non KCBK subsidiaries

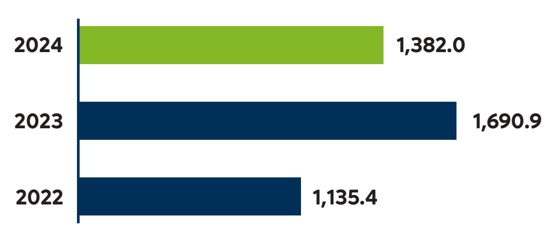


Strong balance sheet

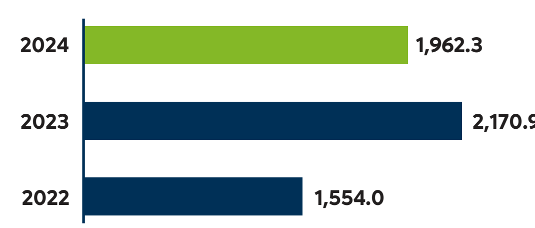
Net Loans (Ksh billion)



Customer deposits (Ksh billion)

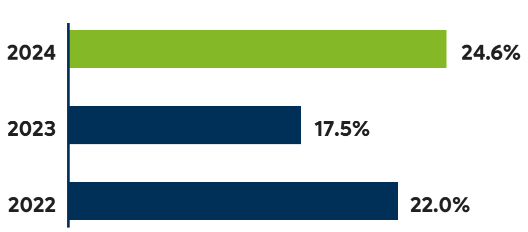


Total assets (Ksh billion)

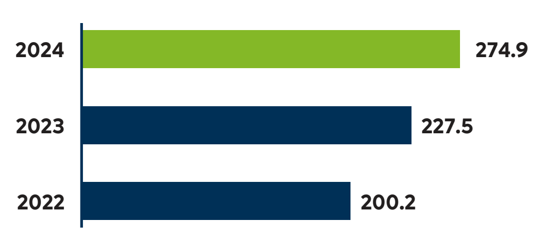


Track record of superior shareholder returns

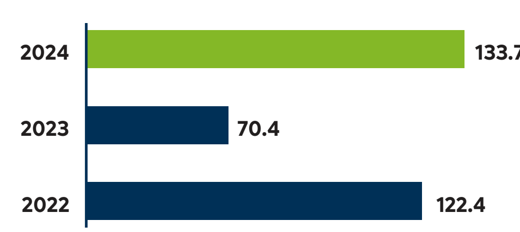
Return on Equity



Sharehoder's equity (Ksh billion)

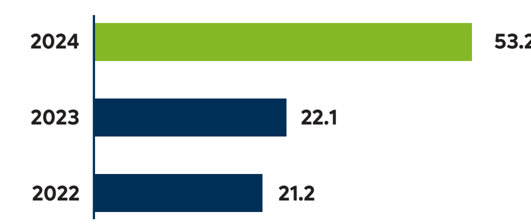


Market capitalization (Ksh billion)

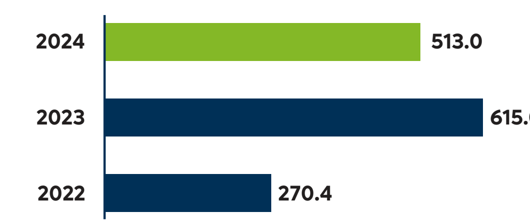


Leadership in sustainability

Value of green loans disbursed (Ksh billion)



Loans screened under ESDD (Ksh billion)



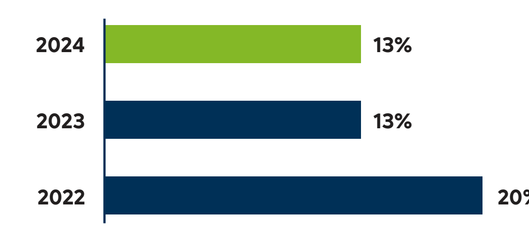
RACE TO ZERO

Committed to be Net Zero by 2050

Strong brand and customer experience

Net promoter score

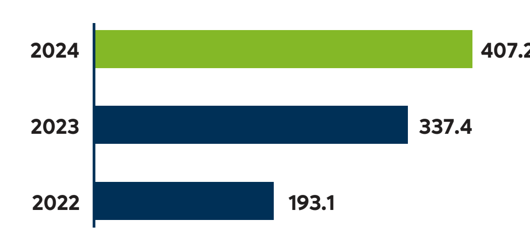
Customer effort score



Renewed focus on customer obsession powered by our new brand purpose,
For People. For Better.

Leader in digital financial solutions

Mobile loans disbursed (Ksh billion)



Our innovative digital financial solutions and robust platforms facilitate the provision of exceptional service to customers with unmatched convenience while driving financial inclusion.

99% of transactions by number conducted through non-branch channels (2023: 99%)

Our Rich Heritage

We are proud of and celebrate our rich heritage that we have built over the years and continue to nurture every day through our impactful solutions and innovative products.

For the past 129 years, KCB has continued to play a key role both as an enabler and a beneficiary of economic growth in the region. We have been at the forefront driving financial inclusion, sustainability and the creation of shared value while enabling technological advancement, business growth, and economic development. This has delivered real impact and transformed the lives of the people and communities we serve. Our journey has indeed been the journey of the entire region.

Voyage to East Africa

1896
A branch of National Bank of India is opened in Mombasa owing to the thriving trade and The Imperial British East Africa Company opening new trading posts in the interior.

1904
The bank opens a branch in Nairobi in a small tin shack with an increase in trade activity such as the opening of the Indian bazaar.

The rise of National and Grindlays

1958
Merged with Grindlays Bank on January 1, 1958, to form National Overseas and Grindlays Bank Ltd.

Kenya Commercial Bank is born

1970
Kenyan Government signed a deal in July for the acquisition of the bank and renamed it to Kenya Commercial Bank, with the motto 'Being closer to the people'

1972
KCB acquired Savings and Loan Kenya Limited (S&L) from Pearl Assurance Company.

1988
The Bank gets listed on the Nairobi Securities Exchange offering 20% of shares through an Initial Public Offering.

1990
Government of Kenya sold a further 10% stake reducing its shareholding to 70%.

1995
The Bank successfully launched the internationally accepted KCB VISA Card.

1996
Government of Kenya sold a further 10% stake reducing its shareholding to 60%.

1997
The Bank made an entry into Tanzania.

1998
Government of Kenya sold a further 25% stake reducing its shareholding to 35%.

1999
The Bank incorporated automated teller machines (ATMs) to reduce congestion in banking halls and set up a team to work on internet banking and e-commerce.

2006
Entry into South Sudan becoming the 1st regional entrant.

2007
Entry to Uganda, launch of KCB Foundation and publication of 1st Sustainability Report.

2008
Entry into Rwanda and implemented the T24 core banking system across all 5 countries.

2010
Launched KCB Insurance Agency Ltd and merged S&L into KCB following shareholder approval.

2011
Launched Agency & Internet Banking.

2012
Entry into Burundi and introduction of Diaspora Banking.

2013
Launched KCB Capital & KCB Sustainability Framework.

2015
Received first credit rating from Moody's and S&P and opened a Representative office in Ethiopia.

Establishment of Holding Company

2016
Formed KCB Group as a non-operating Holdco & launched 2Jiajiri programme for youth employment.

2017
Adopted 8 of the 17 sustainable development goals.

2019
Acquired National Bank of Kenya and partnered to launch Fuliza.

2020
Rolled out Vooma and became the 1st bank in the region to be accredited by Green Climate Fund.

2021
Joined Net Zero Banking Alliance and expanded our business in Rwanda with the acquisition of Banque Populaire du Rwanda Plc (BPR).

2022
Entry to Democratic Republic of Congo and rolled out a new brand purpose, **For People. For Better.**

2023
Our Tanzania subsidiary entered tier I status and we participated in Kenya's 1st sustainability linked loan.

2024
Commenced implementation of our new 2024-2026 strategy dubbed *Transforming Today Together.*

2024 Recap

Sustained strides through innovation and transformative partnerships to offer superior customer value propositions and drive customer obsession across all our touchpoints.

These initiatives, and more in the year, led to a 21% growth in customer transactions across our touchpoints to cross 1.3 billion, more than 3.6 million a day, with 99% of these being conducted through our digital platforms. As we look forward to a phenomenal 2025, here is a recap of some of the key milestones we were able to achieve together in 2024.

January

Launched a new strategy for 2024-2026 period dubbed Transforming Today Together.

Unveiled a new sponsorship for the 2024 KCB East Africa Golf Tour.

KCB GROUP STRATEGY 2024 26 Transforming Today Together

February

KCB and MasterCard signed a 5-year strategic collaboration framework, that saw cardholders across the East African region benefit from enhanced value propositions. The payment solutions were rolled out in Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda.

KCB Bank Kenya extended a Ksh 190 million sponsorship to the World Rally Championship, for the third year running.

March

KCB Group PLC and Access Bank PLC signed a binding offer on the acquisition of National Bank of Kenya (NBK).

BPR Bank Rwanda joined Women in Finance Rwanda, a platform dedicated to advance gender equality and inclusivity.

April

NBK feted as the Finnovator of the Year and for outstanding contribution to Fintech initiatives at the 2024 Finnovex Awards.

KCB Audit Division named as the Best Audit Team in banking at the Institute of Internal Auditors of Kenya during the inaugural Internal Audit and Risk Awards.

May

KCB Group reclaimed its position as the most profitable bank in East Africa and cemented its leadership as the largest lender by assets after recording a 69% growth in net profit to Ksh 16.5 billion in Q1 2024.

KCB Bank Kenya and Proparco, a subsidiary of Agence Française de Développement (AFD) Group, signed a strategic partnership to finance climate-related investment projects and empower women entrepreneurs in Kenya.

June

KCB's volleyball team successfully defended the Kenya Volleyball Championship, winning the title for the second year running.

NBK scooped three awards for Most Customer Centric Bank, Best Bank in Agriculture & Livestock Financing, and Most Innovative Financial Services Provider in Kenya in the 2024 Brands and Business Magazine Awards.

July

TMB feted as DRC's Best Digital Bank by Euromoney Awards for the first time, in recognition of its pioneering digital solutions that meet the evolving needs of its clients.

KCB Bancassurance feted as the Best Bancassurance Intermediary in non-life and non-embedded products at the Think Business Awards for Insurance.

August

KCB Group announced the payment of the largest interim dividend of Ksh 4.8 billion for the first half of 2024 on the back of improved business performance.

September

KCB Bank Kenya and Airtel Money Kenya entered into an interoperability partnership, enabling Airtel Money Customers to make payments directly to KCB Merchant's tills through Lipa Na KCB services.

BPR Bank Rwanda and IFC signed a financing package of up to $40 million to increase access to finance for small businesses.

October

KCB Bank Kenya and Invest International, a Netherlands public-private financial institution, signed a deal to set up a dedicated hub in Kenya to support Dutch entrepreneurs seeking financing solutions in emerging markets.

The European Investment Bank and KCB Bank Kenya announced a €230 million (Ksh 32 billion) partnership to support small and medium enterprises (SMEs), youth and women in Kenya.

BPR Bank Rwanda rolled out Goal Savings Account, a solution designed to help both individuals and businesses save towards specific goals, projects, or purposes.

November

KCB Group posts 49% rise in profit after tax to Ksh 45.8 billion driven by KCB Bank Kenya rebound, and continued international businesses momentum delivering the benefits of diversification.

NBK feted for Best Client Case Study at the Sustainable Finance Awards by the Kenya Bankers Association.

December

TMB and BPR Bank Rwanda feted as The Banker's Bank of the Year 2024 in DRC and Rwanda respectively. This was TMB's tenth win underscoring its excellence and leadership in the Congolese banking industry.

2024 Accolades

We take pride in having consistently been ranked among the leading financial institutions on the continent based on various parameters.

In 2024, we received various accolades from different local and international organizations, cementing our leadership position and affirming our resolve to deliver the very best in customer experience and drive a digital future.

KCB Group subsidiaries won The Banker awards for:
Bank of the Year 2024 in Rwanda and DRC.

The Banker Magazine Top 1,000 Banks
KCB Group is ranked at position 19 in Africa

Other key accolades in 2024 included:

Best Bank	• Best Banking Group – Finance Derivative. • Most Preferred in Africa – World Business Outlook. • Financial Institution of the Year – Pan-African	Business and Development Awards. • Best Overall Bank in Kenya – Global Excellence Chronicle Magazine.
Sustainability	• Best Sustainable Bank in Kenya – World Business Outlook, Global Business, World Economic, Global Brands and Global Excellence Chronicle magazines. • Best Bank in Sustainable Corporate Social Responsibility - Global Business, Think Business,	Finance, Global Business, World Economic, Global Brands and Global Excellence Chronicle magazines. • Best in Promoting PwD Accessibility, in Sustainable Finance and in Promoting Gender Inclusivity – Kenya Bankers Association's SFI Catalysts Awards.
Product stewardship	• Best Payment Platform Initiative and Best New SME Product of the Year – The Digital Banker. • Best Bancassurance Intermediary in non-life and non-embedded products – Think Business Awards for Insurance. • Best SME Bank in Kenya – Global Business, World Economic and Global Excellence Chronicle magazines.	• DRC's Best SME Bank (TMB) – Global Finance. • Women's Access to Finance Champion Award – Financial Alliance for Women. • Best Bond Issuer of the Year (KCB Tanzania) – Dar-es-Salaam Stock Exchange Members Awards. • Best Bank in Mortgage Solutions (NBK) – Real Estate Awards.
Digital initiatives	• DRC's Best Digital Bank (TMB) – Euromoney Awards for Excellence.	• Best Digital Bank in Kenya – Global Business Magazine and Think Business.
Leadership and teams	• Paul Russo - African Business Leader of the Year – Africa Business Leadership awards. • Paul Russo – CEO of the Year – Global Business and Finance Magazine.	• Paul Russo – Most Inspiring Banking CEO – World Economic Magazine. • Best Audit Team in Banking – Kenya Internal Audit and Risk Awards.

Our Capitals

Financial Capital

We maintain a well-optimized capital position to support our growth goals, drive investment opportunities, and meet regulatory needs. To power our operations and implement our strategy in 2024, we leveraged a well-balanced mix of shareholders' equity, customer deposits, and borrowings.

Our investors, both equity and debt, play a big part in the makeup of our financial capital and the operationalization of our strategy. Additionally, our retained earnings form part of the financial capital used in the execution and growth of our strategic investments.

Manufactured Capital

Our manufactured capital consists of cutting-edge digital systems, tools, and our operational philosophy, all of which help to speed the flow of knowledge and information. These capitals are in the form of leased or totally owned systems, whose value is earned through the delivery of products and services.

Our wide distribution network, which includes the region's largest branch network as well as robust digital platforms, is a key source of our competitive advantage. We remain a leading financial institution because of our continued investment in digitization, innovative solutions, improving ease of access to banking services, and ensuring system reliability.

Intellectual Capital

Intellectual capital refers to our collection of brand value, intellectual property, technical know-how, and innovation in delivery of products and deployment of technology. We place a high value on intellectual capital to gain a competitive advantage. For us to remain adaptable and sustainable, our products and services must be reflective of ever-evolving industry practices.

Through constant stakeholder engagement, regulatory compliance, and a strategic communications approach, the Group ensures that its reputation credentials stay strong. In this regard, the Group has continued to outperform the market on key intellectual capital metrics. Every year, the Bank's research arm conducts a brand health assessment, identifying top brand drivers and stress spots, as well as specific remedial steps.

Human Capital

Human capital is a significant component of the Group's strategy and a key differentiator. Talent attraction, retention, motivation, and development continue to drive our transformational strategy. The most significant ingredient in generating exceptional results from all other capitals remains our people, who carry out the Group's mission.

Our reputation and track record of strong performance contribute to the Group's capacity to attract exceptional talent across our markets. In addition, our employee compensation and benefit plans are continually benchmarked to ensure that we remain competitive in the market.

Social & Relationship Capital

We believe that a business should exist not just for profit, but also to transform communities around it. As such, the Group has adopted a shared value approach in its operations — integrating social programmes into business — in collaboration with other stakeholders, which is the baseline of our social and relationship capital.

Through our social investment arm, KCB Foundation, the Group nurtures enterprises across East Africa to enable them to scale and enhance their social impact through innovative and sustainable business models.

Natural Capital

We are committed to creating long-term value for shared prosperity through the alignment of our strategy with sustainable practices. As we deepen our presence across the region, we continuously seek to embed best sustainability practices as we endeavour to build a future-proof business.

We are at the forefront, in this region, leading the transition to a net-zero society and a circular economy. This shift is not only good for the environment, but also presents opportunities for the Group to channel financing towards projects aimed at addressing climate change, while contributing to our goal to be Net Zero by 2050.

Our Business Model

We leverage our strengths and capabilities to deliver on our strategic goals, and create value for all our stakeholders. We set ambitious growth goals under our strategy, hinged on putting customers first and delivering sustainable returns for our shareholders.

We leverage our strengths and capabilities...

- Wide footprint.
- Diversified revenue streams.
- Leader in digital financial solutions.
- Track record in delivering sustainable shareholder returns.
- Leader in sustainability and governance.
- Exceptional talent.
- Strong brand and customer experience.

to fulfil on our purpose

For People. For Better.

& bring our values to life

Closer
Connected
Courageous

by harnessing our Capitals...

Financial Capital

- Total shareholders' equity: Ksh 274.9 billion.
- Total capital: Ksh 308.0 billion.
- Borrowings: Ksh 69.3 billion.
- Customer deposits: Ksh 1,382.0 billion.

Manufactured Capital

- 536 branches.
- 1.3 million agents and merchants.
- Robust digital banking channels.
- 99.99% core banking system uptime.

Intellectual Capital

- Strong customer value proposition.
- Innovative digital products.
- Prudent risk management.
- Strong brand.

Human Capital

- Exceptional talent and skillset.
- Strong employee value proposition.
- 12,090 employees.
- 45% are women.
- 71% are under 40 years of age.
- 83% full-time employees.

Social & Relationship Capital

- 33 million customers.
- Diverse pool of suppliers with focus on special interest groups comprising women, youth, and differently abled persons.
- Transformative partnerships.
- Impactful KCB Foundation programmes.

Natural Capital

- Industry leader in Sustainability.
- Signatory to key alliances to champion sustainable practices.
- Alignment towards growing our green loans portfolio.

to deliver on our strategy...

- Customer-centered value propositions.
- Leverage Group capabilities for efficient scale.
- Digital leadership.
- Optimize data and analytics.

Read more on page 62

and avail market leading solutions...

- A well-diversified business model that offers an extensive suite of tailor-made, market leading financial solutions to enable our customers to transact, save, and make payments.
- We extend secured and unsecured credit to our customers, based on their repayment ability and our risk appetite.
- We offer investment banking solutions and asset management services.
- We facilitate provision of protection against insurable risks.

that create sustainable value for all our stakeholders.

Value for customers

Market-leading customer value proposition.

- Ksh 333 billion trade finance book.
- Ksh 139 billion in loans to female led/owned businesses.
- 99% of transactions conducted on digital channels.
- NPS score of 55

Read more on page 73

Value for employees

Strong employee value proposition.

- Ksh 40 billion in total employee benefits.
- 627 Promotions in 2024.
- 80% Group Organizational Health Index Score.

Read more on page 78

Value for investors

Sustainable shareholder returns.

- 24.6% return on equity.
- Strong internal capital generation capacity.
- 21% growth in equity attributable to equity holders of the Group.

Read more on page 56

Value for government and regulators

Partner of choice for impactful government led initiatives.

- Compliance with regulatory requirements.
- Ksh 20 billion income tax expense in 2024.
- Banker of choice for several collection and distribution services, required by the governments in the region we operate in.

Read more on page 24

Value for society

ESG leader

- Disbursed green loans worth Ksh 53.2 billion.
- Ksh 913 million worth of procurement contracts awarded to special interest groups.
- KCB Foundation programmes continue to deliver meaningful impact across the region.

Read more on page 70

Value for Stakeholders

Stakeholder engagement is a key ingredient for long-term resilience and sustainability of our Group and is central to how we execute our strategy. We take into consideration the needs and views of our different stakeholders as well as the consequences of any decision in the long term.

Stakeholder engagement takes place in a variety of ways and through various channels. We review stakeholder feedback and use this feedback when defining strategic objectives and making decisions.

Our stakeholders include those individuals, entities, or groups who have an interest in our Company or can either affect or be affected by our operations. They include our customers, employees, investors, governments, regulators, and society.

Customers

Who they are

Over 33 million customers across seven countries.
They include:

- Personal banking customers.
- Micro, small, and medium size entities.
- Medium and large corporates.
- Public sector including county governments, national government ministries, departments, and state-owned entities.
- Mortgage customers.

How we engaged during the year

We engage and serve customers through multi-channel touchpoints. Our customers have access to 536 branches in the region. Through these branches, we manage customer relationships, sell and cross sell products, onboard customers to digital touchpoints, and process customer transactions. Our non-branch channels encompass mobile banking, internet banking, agency banking outlets, and merchant points of sale. In addition, we have a 24/7 multichannel contact centre.

During the year, besides regular engagements undertaken by regional and branch managers, we also conducted a series of customer engagement events across the region. These sessions were led by our Group Chief Executive Officer and managing directors across all subsidiaries. They were primarily focused on understanding and addressing the specific needs of our clients.

What they tell us matters to them

- Exceptional customer service.
- Accessible and reliable touchpoints.
- Affordable financial solutions.
- System stability and security on digital channels.
- Timely service and faster turnaround times.
- Credible brand.
- Responsible banking with transparent pricing.

Key metrics that we track

- Net Promoter Score (NPS).
- Customer Effort Score (CES).
- System uptime.
- Proportion of transactions conducted through non-branch channels.
- Credit processing turnaround times.
- Brand health score.
- Product value propositions for priority customer segments.

Value created, preserved or eroded in the year

- ▲ Customer Effort Score held steady at 13% (2023: 13%) on sustained efforts to reduce customer pain points.
- ▲ Loans disbursed grew to Ksh 577 billion (2023: Ksh 521 billion) providing vital financing for businesses and households.
- ▲ Loans disbursed to women owned and led businesses grew to Ksh 139 billion (2023: Ksh 115 billion)
- ▲ Interest income earned by our depositors grew to Ksh 55 billion (2023: Ksh 41 billion)
- ● Safeguarded customer deposits worth Ksh 1.4 billion at competitive rates (2023: Ksh 1.7 trillion)
- ● Facilitated import of key commodities through our trade finance solutions. Trade finance book stood at Ksh 333 billion at the end of the year (2023: Ksh 532 billion)
- ▼ Group Net promoter score retreated to 55 (2023: 61) due to intermittent core banking system challenges in Q1 at NBK following upgrade of core banking system. This has since been resolved.
- ▼ Non-performing loans increased to Ksh 226 billion (2023: Ksh 208 billion), we are taking measures to resolve this portfolio as discussed on page 57 of this report.

▲ Value created ● Value preserved ▼ Value eroded

Read more on how we place our customers first through delivering leading value propositions on page 62 and how we created value for customers on page 73

Employees

Who they are

The Group has a diverse and exceptionally talented staff complement.
The key highlights of our staff complement are:

- 12,090 employees (2023: 12,038)
- 45% are female & 55% male
- 71% below the age of 40 years and 92% below the age of 50 years
- 83% full-time and 17% part-time employees

How we engaged during the year

We foster a culture of open communication across the Group. During the year we held quarterly town hall meetings with all staff. These engagements, led by our Group Chief Executive Officer, facilitated communication on business performance and provided a feedback platform for employees.

We also held strategy cascade sessions and several webinars for staff throughout the year, serving as vital platforms to keep employees informed about pertinent issues. These webinars were designed to provide an in-depth exploration of topics important to the organization, aiming not just to share information but to foster a deeper understanding among participants. Some of the key focus areas included mental wellness, nurturing a family and financial literacy. By delving into these topical issues, these webinars empowered staff with a nuanced understanding of the challenges and developments within the organization, promoting a culture of continuous learning and adaptability.

We also launched the Adopt a Branch program where Directors, Heads of Departments and Senior Managers adopted branches with the purpose of creating leadership visibility and improving timeliness in resolving both customers and employees' concerns.

The Human Resource Division is responsible for the overall employee experience and feedback gathering.

What they tell us matters to them

- Competitive employee value proposition.
- Safe and ethical workplace.
- Career progression and training opportunities.
- Job security and strong leadership.

Key metrics that we track

- Organisational Health Index (OHI)
- Talent retention rate.
- Learning and development.
- Career progression and skill development programmes.

Value created, preserved or eroded in the year

- ▲ Employee benefits improved to Ksh 40 billion (2023: Ksh 38 billion) on enhanced performance-based remuneration.
- ▲ Staff attrition rate improved to 6.2% (2023: 7.9%) on competitive employee value proposition.
- ▲ Achieved a 90% closure of action points identified following the Organization Health Index survey conducted in 2023.
- ▲ Promoted 627 employees across the Group upon demonstrating their ability to handle greater responsibilities (2023: 759)
- ▲ Promoted six successors in our Talent Cover programme to Director and Head of Department roles as part of bringing to life our succession agenda.
- ○ Sustained a diverse workforce, 45% of employees are female (2023: 44%*)

▲ Value created ○ Value preserved ▼ Value eroded

Read more on how we drive diversity and inclusion, build talent, enhance our employee value proposition, and empower employees to thrive within and outside the workplace on page 78.

*Restated

Investor Community

Who they are

Our investor community comprises both equity and debt investors who provide the financial capital to run the Group's activities. This capital, alongside our retained earnings, powers the deployment of our strategy.

This community is composed of:

- Over 193,000 local and foreign shareholders, including individual and institutional shareholders.
- Debt investors.
- Fund managers and investment analysts.
- Credit rating agencies.
- Prospective investors.

How we engaged during the year

The Group has a robust shareholder engagement programme that encourages an open and transparent dialogue with existing and potential shareholders. We treat all our shareholders equally. The Board interacts with our shareholders during annual general meetings and extraordinary general meetings. The Board will engage with shareholders through the upcoming AGM, to be held on 22 May 2025, and will also continue to communicate with shareholders on important developments throughout the year.

Our primary contact with institutional shareholders and debt holders is through our senior management team which provides a standing invitation to shareholders and debt holders to meet and discuss any matters of concern.

Our annual results, half-year results, and quarterly results announcements are supported by a combination of investor presentations and results conference calls. The presentations and the statutory financial performance publications are uploaded to our website. The website also provides our shareholders with access to the Group's press releases.

Over the course of 2024, our senior management team engaged with various institutional investors and participated in investor conferences and road shows, most of which were virtual.

The key topics from these interactions included:

- The region's macroeconomic outlook, regulatory developments, and growth prospects.
- Business growth and earnings projections.
- Asset quality trends and outlook.
- Capital levels and outlook.
- Dividend stance and outlook.
- Cost of funding and liquidity.
- Update on the Group's mergers and acquisitions and the anticipated benefits and underlying synergies.

What they tell us matters to them

- Timely reporting and effective communication.
- Consistent capital gains and predictable dividend yield.
- Strong revenue growth and sustainable profitability.
- Prudent risk management.
- Strong capital and liquidity ratios.
- Sound ESG practices.
- Operational efficiency.
- Access to management.
- Consistent narrative and the delivery of the strategic plan.

Key metrics that we track

- Relative share price performance to the NSE20 index.
- Dividend per share, dividend yield and earnings per share.
- Return on equity.
- AGM voting outcomes and investor feedback.
- Adherence to financial covenants.

Value created, preserved or eroded in the year

▲ Grew shareholders' wealth. Total equity attributable to equity holders of the Group increased to Ksh 275 billion (2023: Ksh 228 billion)

▲ Resumed interim and final dividend payment, total payout amounting to Ksh 9.8 billion in 2024 (2023: Nil)

▲ KCB share was the second-best performing major stock at the Nairobi Securities Exchange (NSE), gaining 90% in 2024 (2023: lost 43%)

▲ KCB's share was the most attractive stock to foreign investors at the NSE, netting inflows of USD 16.0 million in the year (2023: USD 1.0 million)

▲ Resolved capital adequacy concerns in KCB Bank Kenya purely from organic sources.

● Maintained stock liquidity, KCB counter ranked #4 by turnover at the Nairobi Securities Exchange (2023: #3)

▲ Value created ● Value preserved ▼ Value eroded

Read more on our business performance and guidance for 2025 on page 56

Investor Information

The Group has a diverse base of investors and has been listed on the Nairobi Securities Exchange since 1988. It has since been cross listed on the Dar-es-Salaam Stock Exchange, Uganda Securities Exchange, and Rwanda Stock Exchange. As at the end of 2024, the Group had 193,344 individual and institutional shareholders.

We are proud of our solid fundamentals and our earnings-generation capacity. Our dividend policy provides for the distribution of up to 50% of net earnings, underscoring the need to strike a balance between adequate capital buffers to support key strategic business growth initiatives and shareholder returns.

KCB Share Information

Description	2024	2023
Number of issued shares	3,213,462,815	3,213,462,815
Total number of authorized shares	4,500,000,000	4,500,000,000
Number of shareholders	193,344	194,847
Free float	80%	80%
End of period share price (Ksh.)	41.60	21.90
Market capitalization (Ksh. billion)	133.7	70.4
Return on equity	24.6%	17.5%
KCB Group shareholder's equity (Ksh. billion)	274.9	227.5
Total borrowing (Ksh billion)	69.3	88.7
Debt to equity ratio	25.2%	38.8%

Shareholding per category

Category	2024	2023
Local Institutional Investors	63.0%	64.1%
Local Individual Investors	25.9%	27.0%
Foreign Investors	11.1%	8.9%

Major shareholders (above 5%)

Shareholder	2024	2023
C.S. National Treasury of Kenya	19.8%	19.8%
National Social Security Fund	10.0%	10.0%

2025 Investor Calendar

Tentative Date	Activity
21 May 2025	Announcement of Q1 2025 Unaudited Financial Results
22 May 2025	54th Annual General Meeting
13 August 2025	Announcement of H1 2025 Unaudited Financial Results
13 August 2025	Investor briefing on release of H1 2025 Unaudited Financial Results
19 November 2025	Announcement of Q3 2025 Unaudited Financial Results

Government and regulators

Who they are

Government and regulatory entities in our markets include:

- National and local governments in Kenya, Tanzania, South Sudan, Uganda, Rwanda, Burundi, and DRC.
- Central Banks and tax authorities in the above countries.
- Capital market regulators in Kenya, Uganda, Tanzania, and Rwanda.

How we engaged during the year

We continuously build and maintain solid relationships with governments and regulators in the markets we operate in. Our engagement with these two key stakeholders is led by our Group Chief Executive Officer supported by managing directors of subsidiaries and members of senior management teams.

We are cognizant of the important role we play in catalysing economic activities in the region. In 2024, we delivered on this role via tailor-made products to channel financing to key segments and provided robust and affordable payment solutions for businesses.

In addition, the Group continues to uphold regulatory requirements and ensure total adherence to guidelines and regulations. We also ensure that we pay the appropriate taxes and fees in the markets where we operate in.

What they tell us matters to them

- Contribution to national development goals through financing, market creation, and direct and indirect employment creation.
- Responsible taxpayer in our markets.
- Compliance with regulatory requirements.

Key metrics that we track

- Compliance with regulatory ratios.
- Timely reporting and filing of statutory and regulatory requirements.
- Direct and indirect taxes paid.
- Strong corporate governance.

Value created, preserved or eroded in the year

▲ Income tax expense doubled to Ksh 20 billion (2023: Ksh 11 billion) on improved profitability.

▲ Partnered with governments in the region to deliver key programmes.

● All our subsidiaries, except National Bank of Kenya, were compliant with regulatory core and total capital requirements.

● Maintained strong liquidity positions across all our subsidiaries.

▲ Value created ● Value preserved ▼ Value eroded

Society

Who they are

- Communities
- Suppliers
- Media
- Natural environment

How we engaged during the year

Media remains a critical stakeholder for the Group. In 2024, we leveraged various media platforms (print, broadcast and social media) both locally and internationally to bolster our brand image, customer engagement, and overall business objectives.

Social media was also instrumental in driving KCB's strategic goals, strengthening the brand, and fostering a deeper connection with the community. Social media served as a platform for engagement and as a pivotal tool for managing reputation, promoting thought leadership, and amplifying KCB's positive impact across the region.

Our Foundation also maintained regular engagements with partners, county governments and beneficiaries. These enabled the building of strong relationships and nurtured a culture of collaboration.

The Group worked closely with its partners in driving sustainability. These were undertaken through bilateral sessions, collaborations through working groups and participation in international fora such as the 29th United Nations Climate Change Conference (COP 29).

The Group held a forum with suppliers during the year aimed at strengthening partnerships for sustainable growth. This provided a key platform to exchange ideas and receive feedback from our suppliers on how to strengthen our relationship.

What they tell us matters to them

- Contribution towards addressing socioeconomic challenges.
- Responsible procurement.
- Enhanced brand value and solid reputation.
- Contribution towards attaining the Sustainable Development Goals (SDGs)

Key metrics that we track

- Level of support to social initiatives through sponsorship and thought leadership.
- Procurement spend for special interest groups and local suppliers.
- Our impact on the environment.
- Contribution to SDGs.

Value created, preserved or eroded in the year

▲ Disbursed green loans worth Ksh 53.2 billion.

▲ KCB Bank Kenya received a Project Preparation Facility approval of Ksh 69 million from Global Climate Fund which will unlock funding worth USD 118.25 million impacting over 2 million MSMEs.

▲ Screened loans worth Ksh 513 billion through our environmental and social due diligence tool (2023: Ksh 615 billion)

▲ Planted 1.3 million trees (2023: 314,000)

▲ Our Foundation created 60,686 direct jobs in partnership with Mastercard Foundation (2023: 13,352)

▲ Sustained 5,752 students through our Scholarship programme (2023: 4,280)

▲ Increased proportion of procurement spend on local suppliers to 78% (2023: 70%)

▲ Increased value of procurement contracts awarded to enterprises owned by youth, women, and persons living with disabilities to Ksh 913 million (2023: 874 million)

▲ 83% of our suppliers signed our Supplier Code of Conduct aimed at embedding sustainable practices in our supply chain (2023: 53%)

▼ Faced reputation risks borne out of exposure to large ticket government programmes and legal disputes for recoveries of nonperforming loans. The Group voluntarily disclosed information on its exposure to government programmes and status of legal disputes even when not legally required, to preempt negative media coverage and demonstrate transparency.

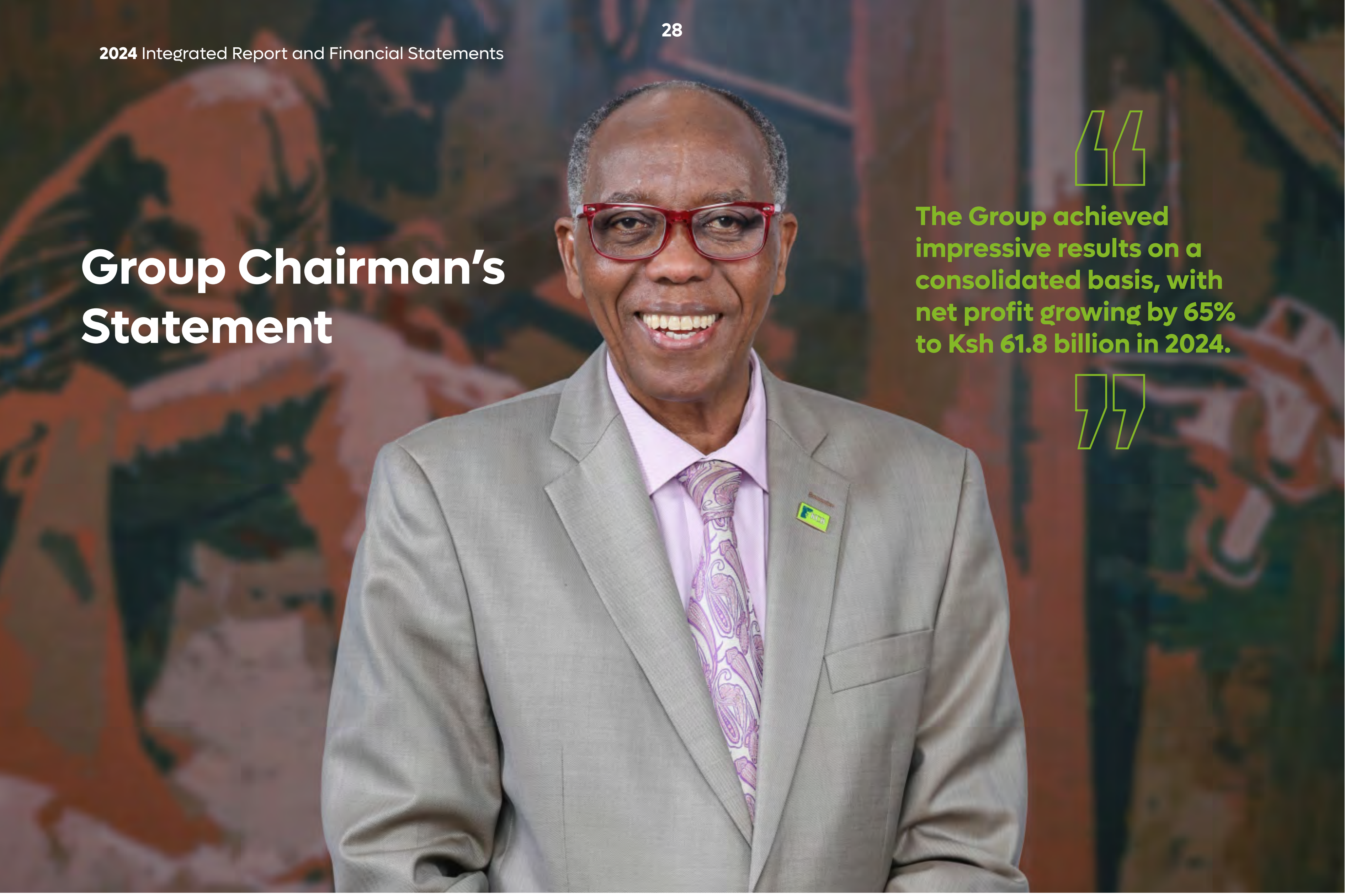
▲ Value created ● Value preserved ▼ Value eroded

Read more on how we created value for our communities on page 80 and highlights of our sustainability programmes on page 70

Transforming Today Together.

Our 2024 – 2026 strategy is hinged on putting customers first and delivering sustainable returns for our shareholders.

Delivering our Strategy



Group Chairman's Statement

> **The Group achieved impressive results on a consolidated basis, with net profit growing by 65% to Ksh 61.8 billion in 2024.**

Dear Shareholders,

It is my pleasure to share my reflections of what has been a defining year for the Group. Throughout 2024, we demonstrated our resilience, strategic growth capacity, and unwavering commitment to empowering the communities we serve. I thank you for standing with KCB as your investment of choice, effectively supporting the Group in achieving its growth ambitions.

Operating environment

In 2024, the global economy exhibited mixed performance, with the International Monetary Fund estimating a moderate expansion of 2.9%. This growth was influenced by monetary policy tightening in major economies, to curb inflation and geopolitical uncertainties that disrupted trade and investment flows. Some of these challenges persist even as I pen down these thoughts.

Encouragingly, the East African region demonstrated resilience, with economic growth averaging 5.2%. This strength was driven by infrastructure investments, increased trade integration, and recovery in key sectors such as agriculture, manufacturing, and services. However, inflationary pressures and currency fluctuations posed challenges, though these eased towards the end of the year.

The current operating environment is, however, facing new headwinds arising from increased trade tensions amid higher tariffs imposed by the US administration and counter retaliatory tariffs imposed by markets around the world. Closer home, we continue to monitor the impact of the ongoing conflict within the DRC and the effect of the hyper inflationary environment in South Sudan.

Amid these dynamics, KCB Group remains committed to supporting businesses, individuals, and communities to weather the challenges and where possible, provide opportunities for growth through our regional footprint and diverse products, services and solutions.

> Amid these dynamics, KCB Group remains committed to supporting businesses, individuals, and communities to weather the challenges and, where possible, provide opportunities for growth through our regional footprint and diverse products, services and solutions.

Shareholder value

In the face of a challenging operating environment, KCB has demonstrated remarkable resilience and robust performance, underscoring the strength of our fundamentals, strategic direction, and leadership depth.

The Group achieved impressive results on a consolidated basis, with net profit growing by 65% to Ksh 61.8 billion in 2024. Our return on equity increased by 710 basis points to 24.6%. This places us among the top-performing companies on the Nairobi Securities Exchange.

Based on our performance for the year and our commitment to providing our shareholders with long-term sustainable value from their investment, the Group proposed the payment of interim and final dividends, while ensuring adequate capital retention for growth and regional expansion. We paid out Ksh 4.8 billion in interim dividends on the back of our half-year results. The Board has recommended an additional Ksh 4.8 billion as a final dividend for 2024, subject to approval at the upcoming Annual General Meeting (AGM). This will bring the total dividend for the year to Ksh 9.6 billion, equivalent to Ksh 3.00 per share.

As we look ahead, KCB remains committed to consolidating its position as East Africa's financial powerhouse, driven by strong capital resources and a well-established regional franchise.

Safeguarding value

At KCB Group, our corporate governance is built on a robust framework of policies, processes, and structures that guide operations, empower decision-making, and ensure accountability at all organizational levels. The Board is committed to sound governance practices to guide strategic decisions that balance short-term goals with long-term sustainability, fostering shared value for the Group, its stakeholders, and the community within which we serve.

> The Group proposed the payment of interim and final dividends, while ensuring adequate capital retention for growth and regional expansion.

Our governance structures align with regulatory requirements and are benchmarked against global best practices. We have instituted clear delineation of roles and responsibilities. This fosters a culture of integrity, innovation, and operational excellence. I personally encourage the continuous learning of all Board members to enhance overall effectiveness and relevance. Our Directors regularly assess their professional development needs, staying informed on industry trends, market developments, and regulatory changes to ensure strategic alignment with the Group's objectives.

In support of this structure, we prioritize maintaining a Board with a diverse mix of skills, knowledge, and experience. In 2024, the Board nominated Mr. William Asiko to fill a casual vacancy, a nomination that will be deliberated at the upcoming AGM. William's expertise in international development advisory, public and private sector management, investment, and law, will deepen and enrich deliberations within our Board.

As we move forward, KCB Group remains dedicated to upholding the highest standards of corporate governance, ensuring long-term sustainability and shared value for all stakeholders

Outlook

As we navigate 2025, our focus remains on leveraging the Group's scale, capabilities and partners, to deepen financial inclusion. We will continue to harness technology to enhance banking services and drive relevant products and services that contribute to economic growth, sustainability, and shareholder value.

Acknowledgments

I extend my sincere appreciation to our stakeholders — shareholders, customers, staff, regulators, and partner — for their unwavering support and trust in KCB. Your commitment has been instrumental in shaping KCB into the regional powerhouse it is today.

I also acknowledge the Directors of the Group and our subsidiaries for their dedication, oversight, and leadership. In 2024, several directors completed their terms and exited subsidiary boards. I thank them for their service and contributions to our Group.

Lastly, I commend the Group Leadership Committee, led by our Group Chief Executive Officer, Mr. Paul Russo, for their diligence in steering the company towards continued growth and value creation.

As we look ahead, we remain committed to driving sustainable growth, fostering innovation, and delivering long-term value for all stakeholders.

FCS Dr. Joseph Kinyua, EGH
Chairman

Taarifa kutoka kwa Mwenyekiti wa Kampuni

> Tunajivunia matokeo ya kuvutia kwa jumla. Faida baada ya ushuru iliongezeka kwa 65% hadi Ksh bilioni 61.8 mwaka wa 2024.

Wanahisa wapendwa,

Ni furaha yangu kuwasilisha tafakari yangu kuhusu mwaka huu ambao umekuwa muhimu kwa kundi letu. Katika mwaka wa 2024, tulionyesha uthabiti wetu, na uwezo wa kukuza mikakati yetu. Kwa kweli tumejitolea katika kuwezesha jamii tunazohudumia kuimarika. Natoa shukrani za dhati kwenu, kwa kusimama na KCB kama chaguo lako la uwekezaji, na kusaidia KCB katika kufikia malengo yake ya kunawiri mwaka uliopita.

Mazingira ya uendeshaji biashara

Mnamo mwaka wa 2024, tulishuhudia kote duniani mwenendo wa matokeo mseto katika sekta ya uchumi ya dunia, huku Shirika la Fedha Duniani (IMF) ukikadiria upanuzi wa wastani wa 2.9%. Ukuaji huo ulichangiwa na hatua ya kuimarisha sera za fedha katika mataifa zilizostawi ili kupunguza mfumuko wa bei na hali ya wasiwasi inayotokana na siasa za kikanda ambao hutatiza mtiririko wa biashara na uwekezaji. Baadhi ya changamoto hizi bado zinaendelea hata ninapoandika taarifa hii.

La kutia moyo, ukanda wa Afrika Mashariki ulionyesha ustahimilivu, huku ukuaji wa uchumi ukiwa wa wastani wa asilimia 5.2%. Nguvu kazi hii, ilitokana na uwekezaji wa miundombinu, kuongezeka kwa ushirikiano wa kibiashara, na kufufuliwa kwa sekta muhimu kama vile kilimo, viwanda na huduma. Hata hivyo, shinikizo la mfumuko wa bei na kushuka kwa thamani ya sarafu kulisababisha changamoto, licha ya hayo, changamoto hizo zilipungua tulipowadia mwisho wa mwaka.

Mazingira ya sasa ya utendakazi, hata hivyo, yanakabiliwa na changamoto mpya zinazotokana na kuongezeka kwa mvutano wa kibiashara huku kukiwa na ushuru wa juu zaidi uliowekwa na utawala wa Marekani ambao unasababisha ushuru wa kulipiza kisasi unaowekwa na masoko pinzani kote duniani. Pia, tunaendelea kufuatilia kwa karibu sana, athari za mzozo unaoendelea nchini DRC na athari za mazingira ya mfumuko wa bei nchini Sudan Kusini.

Katikati ya mazingira haya; kundi la KCB litaendelea kujitolea kufanikisha biashara, watu binafsi, na jamii kukabiliana na changamoto na inapowezekana, kutoa nafasi za maendeleo kupitia nyayo zetu za kikanda na bidhaa mbalimbali, huduma na programu za uvumbuzi.

> Katikati ya mazingira haya; kundi la KCB litaendelea kujitolea kufanikisha biashara, watu binafsi, na jamii kukabiliana na changamoto na inapowezekana, kutoa nafasi za maendeleo kupitia nyayo zetu za kikanda na bidhaa mbalimbali, huduma na programu za uvumbuzi.

Thamani ya mwekezaji hisa

Licha ya mazingira yenye changamoto za kibiashara, KCB imeonyesha ukakamavu wa ajabu na utendakazi kwenye mwelekeo wa mikakati, na uongozi.

Tunajivunia matokeo ya kuvutia kwa jumla. Faida baada ya ushuru iliongezeka kwa 65% hadi Ksh bilioni 61.8 mwaka wa 2024. Faida kwa mtaji wa wenyehisa iliongezeka kwa pointi 710 hadi 24.6%. Hii inatuweka miongoni mwa kampuni zinazoendelea vyema kwenye Soko la Hisa la Nairobi.

Kutokana na matokeo bora kwa mwaka uliopita na dhamira yetu ya kuwapa wanahisa wetu thamani endelevu ya muda mrefu kutokana na uwekezaji wao, Kundi lilipendekeza malipo ya mgao wa muda na ya mwisho, huku likihakikisha uhifadhi wa mtaji wa kutosha kwa ukuaji na upanuzi wa kikanda. Tulilipa Ksh bilioni 4.8 kama mgao wa muda kwa matokeo ya nusu mwaka. Bodi imependekeza nyongeza ya Ksh bilioni 4.8 kama mgao wa mwisho kwa mwaka wa 2024, ikiwa Mkutano Mkuu wa Mwaka ujao (AGM) utaidhinisha hatua hii. Hii italeta jumla ya mgao wa mwaka hadi Ksh bilioni 9.6, sawa na shilingi 3.00 kwa kila hisa.

Mtazamo wetu unalenga kuhakikisha KCB imeimarisha nafasi yake kama kiongozi mwenye nguvu ya kifedha katika ukanda wa Afrika Mashariki, inayoendeshwa na rasilimali dhabiti za mtaji na umiliki wa kikanda ulioimarika.

Ulinzi wa thamani

Usimamizi wa kundi la KCB umejengwa kwenye msingi wa mfumo thabiti wa sera, michakato, na miundo mbinu ambayo inaelekeza utendakazi, kuwezesha kufanya maamuzi, na kuhakikisha uwajibikaji katika ngazi zote za shirika. Bodi imejitolea kufuata kanuni za utawala bora ili kuongoza maamuzi ya kimkakati yanayosawazisha malengo ya muda mfupi na malengo endelevu kwa muda mrefu. Pia kukuza thamani ya pamoja kwa Kikundi, washikadau wake, na jumuiya tunayohudumia.

Sera zetu za utawala zinaambatana na mahitaji ya udhibiti na kulingana na viwango vya ubora wa opereshemi za kimataifa. Tumeweka maelezo ya wazi ya majukumu na wajibu wetu. Hatua hii inakuza utamaduni wa uadilifu, uvumbuzi, na ubora wa utendaji. Binafsi ninahimiza wanachama wote wa Bodi kuendelea kujifunza ili kufanisi na kuimarisha umuhimu wa majukumu yao kwa jumla. Wakurugenzi wetu hutathmini mahitaji yao ya maendeleo ya kitaaluma mara kwa mara, wakiendelea kufahamishwa kuhusu mienendo ya sekta, maendeleo ya soko, na mabadiliko ya udhibiti ili kuhakikisha malengo ya kimkakati na malengo ya Kikundi yanaambatana.

Ili kuunga mkono muundo huu, tumehakikisha bodi yetu ina mchanganyiko mbalimbali wa ujuzi, maarifa na uzoefu. Mnamo 2024, Bodi ilimteua Bwana William Asiko kujaza nafasi iliyoachwa wazi, uteuzi ambao utajadiliwa katika mkutano wa kila mwaka ujao. Utaalam wa William katika ushauri wa maendeleo ya kimataifa, usimamizi wa sekta ya umma na ya kibinafsi, uwekezaji na sheria, utaongeza na kuimarisha mijadala ndani ya Bodi yetu.

Tunaposonga mbele, KCB Group inasalia kujitolea kudumisha viwango vya juu zaidi vya usimamizi wa shirika, kuhakikisha uendelevu wa muda mrefu na thamani ya pamoja kwa washikadau wote.

> Kundi lilipendekeza malipo ya mgao wa muda na ya mwisho, huku likihakikisha uhifadhi wa mtaji wa kutosha kwa ukuaji na upanuzi wa kikanda.

Mtazamo

Tunapoendeleza mikakati zetu mwaka huu wa 2025, lengo letu kuu ni kuimarisha nguvu kazi ya KCB na mchango wa washirika wetu, ili kuimarisha ujumuishaji wa kifedha. Tutaendelea kutumia teknolojia ili kuimarisha huduma za benki na kuendesha bidhaa na huduma husika zinazochangia ukuaji wa Uchumi na thamani ya wanahisa.

Shukrani

Natoa shukrani zangu za dhati kwa washikadau wetu — wanahisa, wateja, wafanyakazi, wasimamizi, na washirika wetu — kwa kutuunga mkono na kuwa na imani na KCB. Kujitolea kwenu kumekuwa muhimu katika kuimarisha uongozi wa KCB katika ukanda wetu.

Pia ninawashukuru Wakurugenzi wa KCB na wale walioko katika matawi yetu kwa kujitolea kwao na uongozi wao. Mnamo mwaka wa 2024, wakurugenzi kadhaa walikamilisha muda wao wa kuhudumu na wakaondoka kwenye bodi tanzu. Ninawashukuru kwa huduma na michango yao kwa shirika letu.

Mwisho, naipongeza Kamati ya Uongozi ya KCB, ikiongozwa na Afisa Mkuu Mtendaji wa Kundi, Bwana Paul Russo. Bidii yao na uongozi wao umeongezea kampuni hii thamani.

Tunapotazama siku zijazo, tutaendelea kujikakamua na kujitolea ili kukuza uvumbuzi, kukuza thamani ya hadi siku za usoni, kwa faida ya washikadau wote.

FCS Dr. Joseph Kinyua, EGH
Mwenyekiti

Group Board of Directors

Seated

Alice Kirenge
Independent Non-Executive Director

Geoffrey Malombe
Alternate to Cabinet Secretary, National Treasury

FCS Dr. Joseph Kinyua, EGH
Independent Non-Executive Chairman

Paul Russo
Group Chief Executive Officer

Anuja Pandit
Independent Non-Executive Director

Standing

Ahmed Mohamoud
Independent Non-Executive Director

Agnes Lutukai
Independent Non-Executive Director

Lawrence Njiru
Independent Non-Executive Director

Lawrence Kimathi
Group Finance Director

Bonnie Okumu
Group Company Secretary

William Asiko
Independent Non-Executive Director

Board of Directors' Profiles

FCS Dr. Joseph Kinyua, EGH (73 Years)
Group Chairman

Date of Appointment to Designation: Appointed Group Chairman in May 2023
Date of Appointment to Board: March 2023

Education and Professional Background:	Current KCB Group Board Appointments:
FCS Dr. Joseph Kinyua, EGH is the immediate former Head of Public Service of the Republic of Kenya. He has had an illustrious career spanning over 44 years in public service and has a wealth of experience in public administration. He is credited with effectively holding a pivotal role in implementing key government initiatives and reforms including the liberalization of the financial services sector, the foreign exchange market, and the trade and capital accounts of the balance of payments among other initiatives. Prior to his appointment as the Head of Public Services in 2013, he had served in various senior positions in the government, including as Permanent Secretary to the National Treasury. He has also served in various roles at the Central Bank of Kenya, including as the Chief Economist as well as an economist with the International Monetary Fund.	Dr. Kinyua is the chairman of the Nominations committee of the board.

Geoffrey Malombe (53 Years)
Alternate Director to C. S. – National Treasury

Date of Appointment to Board as Alternate: December 2023

Education and Professional Background:	Current KCB Group Board Appointments:
FCPA Geoffrey Malombe, HSC, ndc (K) is currently the Director, National Assets and Liabilities Management Department. Prior to this, he was the Ag. Director, National Assets and Liabilities Management Department. Prior to that, he was the Senior Deputy Accountant General. He holds a Master of Arts in International Studies from the University of Nairobi, a Master of Business Administration (Finance Option) from the University of Nairobi and a Bachelor of Science in Agricultural Economics from Egerton University. Geoffrey is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Registration of Accountants Board (RAB). He has previously served as a member of the boards of Kenya Medical Research Institute, Kenya School of Law, the Leather Council of Kenya, the National Water & Soil Conservation Corporation, the Consolidated Bank of Kenya and ICPAK. He currently serves on the board of the Kenya Defence University.	Geoffrey is the chairman of the Strategy & IT committee and is a member of the Oversight committee. He is a member of the boards of KCB Bank Kenya Limited and National Bank of Kenya Limited.

Lawrence Njiru (52 Years)
Director

Date of Appointment to Board: August 2018

Education and Professional Background:	Current KCB Group Board Appointments:
Lawrence holds a Bachelor of Commerce (Accounting) degree from Kenyatta University and is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He has over 10 years' experience in Board leadership and has served as a non-executive director of Kenya Seed Company where he chaired the Audit Committee and previously as Chairman of Simlaw Seeds Company Limited. In addition, he has over 20 Years senior management experience in business strategy, finance, commercial, audit and accounting. He worked at Standard Media Group Kenya Limited as Group Commercial Director and served as Group Financial Controller in the same Group. Prior to this, he worked as a senior auditor at KPMG East Africa.	Lawrence is the chairman of the Oversight committee and is a member of the HR & Governance and the Nominations committees. He a member of the board of KCB Bank Burundi Limited

Ahmed Mohamoud (49 Years)
Director

Date of Appointment to Board: August 2020

Education and Professional Background:	Current KCB Group Board Appointments:
Ahmed Mohamoud is an advocate of the High Court of Kenya and an experienced commercial lawyer specializing in financing agreements and Islamic finance, corporate law, and transactions agreements. He holds a Master's Degree in Law (LLM) and Bachelor of Law Degree (LLB) from the University of Liverpool in the United Kingdom and a Post Graduate Diploma in Law from the College of Law, London, England.	Ahmed is a member of the Audit & Risk, the Strategy & IT, the HR & Governance and the Nominations committees. He is a member of the board of KCB Bank South Sudan Limited and is the chairman of KCB Foundation.

Alice Kirenge (64 Years)
Director

Date of Appointment to Board: November 2021

Education and Professional Background:	Current KCB Group Board Appointments:
Mrs. Alice Kirenge holds a Bachelor of Commerce degree in Management and MBA in Strategic Marketing. She is a fellow of the Life Management Institute (FLMI), and an Associate in Customer Service. She is an alumnus of Strathmore Business School (SBS) and Babson Business School, Boston Mass, USA. She is a member of the Institute of Directors (IoD). She has several years' experience in the insurance and financial services sector. She is a founder member of the Starehe Girls Centre and currently sits on the Board of Sokoni Women's Development Initiative. She has previously served on the boards of Women's Enterprise International (WEI) and of the Lamu Port South Sudan Ethiopia (LAPSSET) Corridor Development Authority where she served as the chair of the finance and administration committee.	Alice is the chairman of the HR & Governance committee, and a member of the Audit & Risk and Nominations committees. She is the chairman of KCB Bancassurance Intermediary Limited and is a member of the board of KCB Foundation.

Anuja Pandit (54 Years)
Director

Date of Appointment to Board: August 2022

Education and Professional Background:	Current KCB Group Board Appointments:
Ms. Anuja Pandit holds an MBA in Strategic Management (USIU, Nairobi); A BSC in Accounting and Finance (USIU, Nairobi); and a Distinction in the ACI Dealing Certificate from the ACI Financial Markets Association. A senior banker of more than two decades, Anuja has amassed a wealth of experience leading diverse teams in Sub-Saharan Africa, having worked with Citibank in their Global Markets Business, and most recently serving as their Regional Director, driving their Digital Strategy in Automated Trading Systems. A pioneer in Digital Treasury Transformation and an e-Fx Specialist, she has been instrumental in leading, developing and executing strategic business initiatives; adopting new technologies that delivered strong efficiencies through value added automation and business culture transformation; thereby achieving a distinguished market presence in the region. Anuja currently runs a consulting firm, leading a team that provides property management solutions, assisting residential and commercial developments to streamline their operations.	Anuja is a member of the Audit & Risk and Oversight committees. She is a member of the board of KCB Bank Tanzania Limited.

Agnes Lutukai (63 Years)
Director

Date of Appointment to Board: March 2024

Education and Professional Background:

Agnes is a seasoned Chartered Accountant with over 35 years' experience at KPMG, 24 of which were at partner level. Her distinguished career spans various leadership roles at KPMG East Africa, South Africa and Nigeria. She also worked as a part time consulting Partner on audit quality initiatives within the Europe, Middle East & Africa region until February 2024.

Agnes has previously served as the chairman, Central Bank of Nigeria Technical Work Group of Regulators and External Auditors of Deposit Money Banks in Nigeria; a committee member, Financial Reporting Council of Nigeria; and a Committee Member, National Insurance Commission, Nigeria.

Agnes is a fellow member of the Institute of Certified Public Accountants of Kenya (ICPAK), where she serves as member of the Professional Standards Committee. She is also a member of the Institute of Certified Secretaries of Kenya (ICS), a member of the Association of National Accountants in Nigeria, a member of Women on Boards Network and an Alumni of Centre for Corporate Governance.

Current KCB Group Board Appointments:

Agnes is the chairman of the Audit & Risk committee and a member of the Strategy & IT committee.

William Asiko (62 Years)
Director

Date of Appointment to Board: September 2024

Education and Professional Background:

William Asiko is the Rockefeller Foundation's Vice President for Africa, a role he has held since 2019, leading all of the Foundation's work on the continent. He is an experienced tri-sector leader having worked in and attained leadership positions in the public, private and philanthropic sectors. His experience and exposure in leadership, business, government engagement and regulatory management from both a public and private sector standpoint gives him a unique perspective across all sectors.

His career started in the public sector working for the Government of Kenya as a State Counsel. He later joined the law firm of Hamilton Harrison and Mathews where he was a Partner. In the private sector William worked for the Coca-Cola Company. In a career spanning 20 years, his roles included Mergers and Acquisitions Counsel for Africa, Director of Corporate Affairs and finally, President of the Coca-Cola Africa Foundation, where he presided over the expansion of the Foundation's programs to make it the largest Corporate Foundation by footprint in Africa.

William holds an LL.B (Hons) from the University of Nairobi's Law School and an MBA from the Goizueta Business School at Emory University in the United States. William is a non-practicing Advocate of the High Court of Kenya.

Current KCB Group Board Appointments:

William is a member of the Strategy & IT, the HR & Governance and the Nominations committees.

Paul Russo (49 Years)
Group Chief Executive Officer

Date of Appointment to Board: May 2022

Education and Professional Background:

Paul Russo, EBS holds a Master's in business administration from Strathmore University Business School and a Bachelor of Business Management from Moi University. He also holds a senior executive program for Africa certificate from Harvard Business School. He is a member of the Kenya Bankers Association Governing Council. Paul sits in the Boards of the National Investment Council and the National Steering Committee on Drought Response. He is also a member of Steering Committee for the World Rally Championship (WRC) Safari Rally Project. He also serves in the United Nations Environment Program Finance (UNEP-FI) Leadership Council.

Prior to his appointment as the Group Chief Executive Officer, he served as the Group Regional Business Director and the MD NBK. A HR practitioner, he has close to 25 years of work experience spanning executive and key roles including Group HR Director, KCB Group. He has served in other corporates such as Barclays, PwC, K-Rep Bank, EABL, and Unga Holdings.

Current KCB Group Board Appointments:

Paul is a member of the HR & Governance, the Strategy & IT, the Oversight and the Nominations committees and serves as a member of the boards of KCB Bank Kenya Limited, National Bank of Kenya Limited, BPR Bank Rwanda Plc., KCB Bancassurance Intermediary Limited, KCB Asset Management and Trust Merchant Bank S.A.

Lawrence Kimathi (55 Years)
Group Finance Director

Date of Appointment to Board: May 2015

Education and Professional Background:

Lawrence Kimathi is a seasoned finance leader with over 25 years of senior leadership experience. Prior to joining KCB, Lawrence was the Group Supply Chain Finance Director at EABL. Before that he held various roles at BAT including Head of Finance for Eastern Europe, Middle East and Africa (EEMEA) based out of London and Finance Director for BAT Sub Sahara Africa (SSA).

He sits on the board of Central Depository and Settlement Corporation Limited (CDSC) and is a member of the UN Global Compact CFO coalition. Lawrence holds a Master's in Business Administration (MBA) with merit from Warwick Business School UK, a Bachelor of Science degree majoring in accounting from United States International University – Africa (USIU) and is a Certified Public Accountant of Kenya, CPA (K). He is a member of the Institute of Certified Public Accountants of Kenya and Institute of Directors.

Current KCB Group Board Appointments:

Lawrence is a member of the KCB Bank Uganda Limited Board.

Bonnie Okumu (45 Years)
Group General Counsel
Company Secretary

Date of Appointment: March 2021

Education and Professional Background:

Bonnie Okumu has been the Group General Counsel since January 2021. Prior to this, she was the Director, Legal Services having been appointed as such in July 2018 following a promotion from the role of Head, Legal Services which she held since January 2014 when she joined KCB.

Before joining KCB, she was the Chief Legal and Regulatory Affairs Officer & Company Secretary at Telkom Kenya Limited. Prior to this she was the General Counsel & Company Secretary at Unilever Kenya Limited where she oversaw the legal and company secretarial functions for nine operating companies in seven countries in East and Southern Africa. Until she joined Unilever, she was the Regional Legal Manager for Nestle where she set up the legal department and led a team of lawyers in providing legal and tax advisory services to 14 operating entities in 20 countries in the Equatorial African Region. Earlier in her career, she was an associate at Dentons, Hamilton Harrison & Mathews and an audit assistant at Deloitte & Touché. She holds an LLB from the University of Nairobi, is an advocate of the High Court of Kenya as well as a Certified Secretary (CS). She also holds a senior executive programme for Africa (SEPA) certificate from the Harvard Business School.

Board of Directors – KCBK


Geoffrey Malombe
Alternate to C. S. National Treasury


Simeon Rono


Njeri Onyango


Caroline Okongo


Joseph Muigai


Eunice Nyala


Kendi Ntwiga


Paul Russo, EBS


Annastacia Kimtai
Managing Director

Operating Environment

Kenya

KCB Bank Kenya posted record earnings as National Bank of Kenya bounced back to profitability

The International Monetary Fund (IMF) estimates that Kenya's Real Gross Domestic Product (GDP) grew by 4.6% in 2024, 100 basis points slower than the pace recorded in 2023. The decelerated growth was largely due to a general decline in growth in most sectors of the economy. The growth was constrained by contractions in construction, mining and quarrying activities. During the first nine months of the year, the construction sector contracted by 2.0%, driven by a 10.0% decline in cement consumption. Mining and quarrying activities contracted 11.0% compared to a growth of 0.8% in a similar period in 2023.

Some of the key sectors that recorded growth were agriculture, forestry & fishing activities by 4.2%, financial & insurance by 4.7%, wholesale & retail by 4.8%, transportation & storage by 5.2%, real estate by 5.5% and accommodation & food service by 13.7%.

The performance of the economy is expected to pick up in 2025, with real GDP growth projected at 5.0%, supported by resilience of key service sectors and agriculture, an expected recovery in growth of credit to the private sector, and improved exports. This outlook is subject to domestic and external risks.

The overall inflation in 2024 averaged 4.5% compared to 7.7% in 2023 as food, energy and transport prices declined during the second half of the year supported by increased food production, declining international fuel prices and tighter monetary policy during the first half of the year. The country registered the lowest inflation rate in 17 years of 2.7% during the month of October.

During the year the Kenyan Shilling strengthened against major international currencies. The shilling appreciated by 17.4% against the US dollar from Ksh 156.50 as at end of 2023 to Ksh 129.30 as at end of 2024. During the year, the shilling also strengthened against the Sterling Pound and the Euro by 16.1% and 19.3% respectively. The Kenyan shilling appreciation was supported by positive investor sentiments and strong capital inflows into the market, FX inflows from disbursements from the multilateral lenders, strong growth in diaspora remittances, increase in agricultural exports supported by adequate rainfall and increase in tourism inflow receipts.

Diaspora remittance inflows reached an all-time high of USD 4,945 million in 2024 compared to USD 4,190 million in 2023, an increase of 18.0%. The United States remains the largest source of remittances, contributing 51% of total inflows in 2024. The usable foreign exchange reserves remained adequate at USD 9,201 million at the end of 2024, equivalent to 4.7 months of import cover.

The current account deficit was estimated at 3.7% of GDP in 2024 compared to 4.0% of GDP in 2023, reflecting improved goods exports, strong diaspora remittance inflows, and lower oil imports. Goods exports increased by 15.4%, due to higher domestic exports, particularly agricultural commodities, and re-exports. Goods imports rose by 9.9%, reflecting increases in intermediate and capital goods imports. The current account deficit is projected at 3.8% of GDP in 2025 and is expected to be more than fully financed by capital and financial inflows, resulting in an overall balance of payments surplus of USD 591 million and build up in gross reserves of USD 1,451 million.

62.3% Contribution to Group revenue

65.1% Share of Total assets

4.6% GDP growth in 2024

Our performance	2024 Ksh. million	2023 Ksh. million
Total Income	126,653	98,101
Operating expenses	(42,901)	(35,748)
Net profit	45,029	25,410
Total assets	1,277,767	1,425,370

Our Footprint	
Branches	210
ATMs	473
Agency outlets	23,336
POS/Merchant outlets	8,253
Staff	6,781

The Group is in the process of concluding the sale of NBK to Nigeria's Access Bank PLC. KCB has received all requisite regulatory approvals in Kenya. Approval from Nigerian regulator in progress

In 2024, the Central Bank of Kenya cumulatively reduced its benchmark rate by 175 bps from 13.0% in March 2024 to close the year at 11.25%. During the first nine months, the yields on the government bills were on an upward trajectory, with the yields on the 91-day, 182-day, and 364-day treasury bills increasing to average 15.7%, 16.6%, and 16.8% as at September 2024 but as the central bank loosened the monetary stance the yields as at December 2024 for 91-day, 182-day, and 364-day treasury bills eased to 10.1%, 10.2% and 11.7% respectively. The yields on Treasury bonds also continued to decrease, with an issue towards the end of the year of a 10-year reopened bond recording a weighted average interest rate of 14.7%.

The banking sector remained stable and resilient, with strong liquidity and capital adequacy ratios. The ratio of gross non-performing loans (NPLs) to gross loans stood at 16.4% in December 2024 compared to 16.7% in September. Decreases in NPLs were noted in manufacturing, trade, building and construction, real estate, and energy and water sectors. Commercial banks' lending to the private sector contracted by 1.4% in December 2024 compared to the previous year, mainly reflecting exchange rate valuation effects on foreign currency denominated loans following the appreciation of the Shilling, and reduced demand attributed to high lending interest rates.

KCB Bank Kenya (KCBK) recorded a 10.4% reduction in its balance sheet to Ksh 1.3 trillion, driven by the appreciation of the shilling and rebalancing of market share under a government-to-government fuel import programme which led to a drop in customer deposits. Loan and investment in securities books remained flat. Total revenue crossed Ksh 100 billion for the first time, having increased by 29.1% to Ksh 126.7 billion, driven by a rise in interest income and non-funded income from increased digital transactions and trade finance. This led to a 77.2% increase in net profits in the year to a record Ksh 45.0 billion, from Ksh 25.4 billion in 2023.

National Bank of Kenya's (NBK) total assets declined by 8.0% to Ksh 148.3 billion, driven by a 16.6% drop in customer deposits on reduced liquidity across the industry. The loan book also declined by 5.8% on reduced lending in the period. Total revenue on the other hand grew by 12.0% to Ksh 12.7 billion on increased commissions and fees. This growth coupled with improved efficiency and cost optimization enabled the Bank to bounce back to profitability with net earnings of Ksh 1.1 billion, a remarkable recovery from a Ksh 3.3 billion loss in 2023.

As of the date of publication of this report, the Group was in the process of concluding the sale of NBK to Nigeria's Access Bank PLC. KCB has received all requisite regulatory approvals in Kenya, while that from the Nigerian regulator was in progress. Upon the successful completion of the sale, NBK will cease to be a subsidiary of the Group.

6.2% Contribution to Group revenue

7.6% Share of Total assets

Our performance	2024 Ksh. million	2023 Ksh. million
Total Income	12,652	11,295
Operating expenses	(8,471)	(11,027)
Net profit	1,064	(3,328)
Total assets	148,321	161,176

Our Footprint	
Branches	87
ATMs	96
Agency outlets	489
POS/Merchant outlets	–
Staff	1,310

Board of Directors – NBK


Laban Omangi


Lina Githuka


Geoffrey Malombe


Paul Russo, EBS


George Odhiambo
Managing Director


Samuel Mundia
Company Secretary

Board of Directors

Amb. Peter Kallaghe
Chairman

Santina Benson

Anuja Pandit

Fred Otieno

Jacqueline Woiso

Anael Mshana

Rosalind Gichuru

Cosmas Kimario
Managing Director

Fridah Shirima
Company Secretary

Tanzania

Expansion of footprint and enhanced customer value propositions driving business growth

The IMF estimates that Tanzania's real GDP expanded by 5.4% in 2024, up from 5.1% in the previous year. This was driven by strong performances in several sectors, including electricity (27.8%), financial and insurance services (18.2%), information and communication (12.5%), mining and quarrying (8.6%), transport and storage (6.2%), accommodation and food services (5.8%), manufacturing (5.0%), and agriculture (4.3%). Economic growth is projected at 5.4% for 2024 and 6.0% for 2025.

Inflation averaged 3.1% in 2024, down from 3.8% in 2023. Price stability was maintained within both national and regional convergence targets, supported by stable global consumer goods prices, sufficient food supply, a steady power supply, and prudent fiscal and monetary policies. The Tanzanian Shilling appreciated by 4.4% against the US dollar in 2024.

Tanzania's external sector continued to improve, supported by favorable global and domestic economic conditions. The current account deficit narrowed by 28.6%, decreasing from USD 2,958.3 million in 2023 to USD 2,113.5 million in 2024, driven by higher export earnings and a slowdown in imports. As of December 2024, foreign exchange reserves stood at USD 5,500.5 million, up from USD 5,450.1 million in December 2023. These reserves were sufficient to cover 4.5 months of projected imports, aligning with both national and East African Community (EAC) targets.

The financial sector remained stable and resilient to short-term shocks. The banking sector, which accounts for over 70% of the financial system, remained well capitalized and liquid, enabling credit expansion to the private sector. Growth in bank deposits and loans was driven by the adoption of agent banking services, innovative financial products, and the expansion of digital banking. The increase in loans was further supported by an improved business environment, a decline in non-performing loans, and higher credit demand in line with economic growth.

In December 2024, the average yield on 182-day and 364-day treasury bills stood at 8.27% and 12.97%, respectively, compared to 8.30% and 12.78% in November. Over the year, the 364-day treasury bill yielded an average of 10.72%, up from 7.73% in 2023. In June 2024, the Bank of Tanzania (BOT) raised the Central Bank Rate (CBR) by 50 basis points to 6.0% from 5.5% as part of its monetary tightening measures to curb inflationary pressures.

KCB Bank Tanzania's total income grew by 3.0% to Ksh 6.3 billion on the back of increased interest income. In addition, the Bank registered an increased uptake in its digital channels as evidenced by more transactions across merchant, internet, and mobile banking platforms. Net profit grew by 19.7% to Ksh 2.6 billion.

The Bank improved MSME, SAHL and digital value propositions and expanded retail footprint with the opening of an additional branch. In addition, the Bank continues to innovate, delivering leading solutions and heightening its focus on financing key strategic projects for large corporates, public sector, blue economy, and infrastructure.

3.1% Contribution to Group revenue

4.2% Share of Total assets

5.4% GDP growth in 2024

Our performance	2024 Ksh. million	2023 Ksh. million
Total Income	6,280	6,098
Operating expenses	(2,540)	(2,401)
Net profit	2,608	2,178
Total assets	82,806	88,595

Our Footprint	
Branches	17
ATMs	21
Agency outlets	637
POS/Merchant outlets	778
Staff	350

Decline in total assets due to an 18% appreciation of the Kenyan Shilling against the Tanzanian Shilling in the year.

South Sudan

KCB Bank South Sudan remained resilient, adjusting its short-term strategic focus to mirror the ever-changing market dynamics

South Sudan's operating environment remains volatile, punctuated by balance of payment deficits, high cost of doing business, hyperinflation and volatility in exchange rates. The IMF estimates that South Sudan's Real GDP contracted by 26.4% in 2024 mainly due to a 21% reduction in oil exports. This was occasioned by damages to the pipeline that carries 70% of South Sudan's oil production through Sudan.

This resulted in lower foreign exchange inflows, a large exchange rate depreciation in the parallel market, and sharp drops in fiscal revenue leading to the accumulation of salary arrears, and hyperinflation. In 2024 the South Sudanese Pound (SSP) depreciated by 267.9% against the US dollar.

Expected gradual resumption of oil production from early 2025 is poised to support a sharp recovery in the medium term. The oil pipeline has been repaired, and maintenance operations are projected to be completed by early 2025. Downside risks include a prolonged or escalated war in Sudan or an escalation of the political tensions in the country.

Inflation rose to 13.2% in December 2024 compared to 5.8% in December 2023. However, this was an improvement from 22.0% recorded November 2024 driven by a decrease in the food prices. The base period for South Sudan Consumer Price Index (CPI) computation has now been changed from June 2011 to August 2024.

The national unity government which has been in place since 2018, consistent with the peace treaty, announced that the elections initially planned for December 22, 2024, have been postponed by two years. South Sudanese authorities face the challenging task of meeting higher spending needs, including on humanitarian relief, against the backdrop of limited financing options. A Staff-Monitored Programs with Board Involvement was approved by IMF in February 2023 and subsequently extended to November 15, 2024, following a request by the authorities. The program's objectives are to support the authorities' reform agenda aimed at maintaining macroeconomic stability and debt sustainability and improving governance and transparency with the objective of building a track record in support of the authorities' request for a financing arrangement under the Extended Credit Facility (ECF).

KCB Bank South Sudan remained resilient, adjusting its short-term strategic focus to mirror the ever-changing market dynamics. Total income increased by 53.5% to Ksh 4.1 billion driven by strong foreign exchange income, commissions, fees and interest income. Digital solutions also contributed to this strong growth with internet banking revenues growing by more than 600% as customers embrace digital touchpoints. However, the impact of hyperinflation eroded this strong growth in revenue resulting in a net loss of Ksh 451.0 million in 2024.

The Bank increased its branch network to 16 branches during the year, up from 14 branches in 2023. In addition, it deepened its partnership with key humanitarian programs, aiding last mine cash distribution for WFP, UNHCR and UNICEF.

2.0% Contribution to Group revenue

1.2% Share of Total assets

-26.4% GDP decline in 2024

Our performance	2024 Ksh. million	2023 Ksh. million
Total Income	4,101	2,672
Operating expenses	(1,404)	(938)
Net profit/(loss)	(451)	1,170
Total assets	22,806	24,213

Our Footprint	
Branches	16
ATMs	12
Agency outlets	43
POS/Merchant outlets	19
Staff	240

Decline in total assets due to a 349% appreciation of the Kenyan Shilling against the South Sudanese Pound in the year.

Board of Directors

Yacoub Leju

Garang Akuong

Ahmed Mohamoud

Amb. John Mwangemi

Youlalia Thomas

Jaldesa Roba
Managing Director

Board of Directors


George Rubagumya
Chairman


Diana Haguma


Jean Malic Kalima


Dr. Alexis Nsengumuremyi


Pascal Nyiringango


Vanessa Umutoni


Paul Russo, EBS


Patience Mutesi
Managing Director


Brice Manzi
Company Secretary

Rwanda

BPR completed post-merger channels optimization and upgraded its core banking system

Rwanda's economy grew by 8.9% in 2024, faster than the growth of 8.3% recorded in 2023. This was supported by growth in service and industry sectors, which expanded by 10% each. The agriculture sector capped the three fastest growing sectors with a 5% expansion in the year. Within the industry segment, mining & quarrying and construction activities posted the highest growth, increasing by 12% each. At the same time, manufacturing activities grew by 7%. Growth in the services sector was mainly driven by trade and transport activities which grew by 18% and 9%, respectively.

Across other services segments, hotels & restaurants grew by 11%, information & communication services increased by 25%, financial services increased by 7%, public administration services increased by 10%, education services grew by 5%, and health services increased by 15%. Within agriculture, food crops production increased by 5% due to good harvests across both agricultural seasons.

The Rwandan Franc depreciated by 9.2% against the US dollar in 2024. However, resilient exports and dollar inflows continued to support exchange rate stability. In December 2024, the IMF Executive Board completed several economic reviews, including the fourth review under the Policy Coordination Instrument, the final review of the Resilience and Sustainability Facility (RSF), and the second and final review under the Standby Credit Facility (SCF). As a result, Rwanda gained access to immediate disbursements of approximately USD 94.23 million, under the RSF and USD 87.51 million under the SCF.

Annual inflation in 2024 averaged 1.8%, a significant decline from 20.4% in 2023. Looking ahead, inflationary pressures are expected to remain moderate for core and energy components, while food inflation projections have been revised upward due to delayed rainfall. Headline inflation is forecasted to average 5.8% in 2025. The National Bank of Rwanda reduced the Central Bank Rate by 100 basis points, bringing it down to 6.5%, aimed at containing inflationary pressures. This contributed to an overall reduction in interest rates with the 91-day treasury bill averaging 8.03% in 2024, down from 8.51% in 2023.

Rwanda's regulatory landscape continued to champion the adoption of climate-related and environmental financial risk management in financial institutions. BPR Bank Rwanda performed a comprehensive climate risk assessment during the year in line with guidelines issued by the regulator. The Bank also positioned itself to directly support the country's green agenda and align with global sustainability standards. This shift created new opportunities to develop green financing products and attract environmentally conscious partners, enhancing BPR's reputation in sustainable banking.

BPR's total revenue grew by 4.4% to Ksh 10.1 billion driven by increased earnings from both funded and nonfunded lines. Growth in nonfunded income was supported by sustained deepening of digital channels which led to increased transactions. The Bank upgraded its core banking system, launched a mobile & internet banking platform, introduced in-country card personalization to ease the turnaround time and expanded agency banking & merchant acquiring through rollout of POS and web-based solutions. The Bank also concluded its post-merger branch rationalization programme, transitioning 70 branches into agency banking model, which enhanced its footprint to 76 optimally located branches, 1,524 agents and 718 merchants.

5.0% Contribution to Group revenue

4.7% Share of Total assets

8.9% GDP growth in 2024

Our performance	2024 Ksh. million	2023 Ksh. million
Total Income	10,110	9,686
Operating expenses	(4,137)	(4,361)
Net profit	3,024	2,811
Total assets	91,573	104,434

Our Footprint	
Branches	76
ATMs	59
Agency outlets	1,524
POS/Merchant outlets	718
Staff	1,066

Decline in total assets due to a 34% appreciation of the Kenyan Shilling against the Rwandan Franc in the year.

Uganda

Deepening of digital channels driving growth in KCB Bank Uganda

Uganda's economy grew by 6.2% in 2024 compared to 4.8% in 2023. This was supported by strong growth in agriculture and industry sectors. Real GDP growth remained strong in Q4 2024 with the agriculture, industry and services sectors expanding by 7.2%, 8.4% and 2.0%, respectively.

The growth in the agriculture sector was driven by food and cash crop growing activities which expanded by 8.0% and 6.7%, respectively. Growth in industry was supported by a 7.6% and 5.9% expansion in manufacturing and construction activities, respectively. Improvement in the services sector was driven by an 8.6% and 4.3% growth in trade & repairs and transport & storage activities, respectively.

Inflation averaged 3.3% in 2024, down from 5.5% in 2023. It remained subdued due to monetary policy measures that helped stabilize the exchange rate, lower food prices resulting from favorable weather, and easing global inflationary pressures. Core inflation is expected to remain below the medium-term target of 5%, averaging 4.2% in FY2025/26, supported by increased capital inflows into Uganda's mining and oil sectors.

The overall balance of payments recorded a deficit of USD 4.7 million in the 12 months to October 2024, a significant improvement from the USD 3.7 billion deficit recorded in the same period in 2023. The current account deficit is projected at 7.3% of GDP in FY2024/25, down from the 7.8% deficit recorded in FY2023/24. The Ugandan Shilling remained stable throughout 2024, appreciating by 2.7% in the year, supported by stronger capital inflows, particularly in the mining and oil industries.

During the year, the 91-day treasury bill averaged 10.2%, slightly above the 10.1% recorded in 2023. In response to improving inflation trends and a strengthening shilling, the Bank of Uganda eased its monetary policy by lowering the Central Bank Rate by 25 basis points to 9.75% in 2024, down from 10.0% at the beginning of the year.

Private sector credit growth slowed to 8.2% in the three months ending October 2024, down from 9.1% in the three months to July 2024. This deceleration was largely due to valuation changes in foreign currency-denominated loans resulting from exchange rate fluctuations. Despite this slowdown, underlying conditions remain favorable for a gradual recovery in private sector credit. Looking ahead, previous monetary policy easing, combined with strong economic growth, could create a more conducive environment for borrowing. Additionally, the stability of the foreign exchange market is expected to boost confidence in foreign currency loans. Shilling-denominated credit remains a key driver of credit expansion, highlighting the resilience of domestically focused sectors.

KCB Bank Uganda's total revenue increased by 24.8% to Ksh 5.5 billion driven by increased earnings from both funded and non-funded lines. The Bank registered an increased uptake in its digital channels with transactions on alternative channels averaging 90% of total transactions throughout the year.

2.7% Contribution to Group revenue

3.1% Share of Total assets

6.2% GDP growth in 2024

Our performance	2024 Ksh. million	2023 Ksh. million
Total Income	5,487	4,397
Operating expenses	(2,232)	(2,078)
Net profit	1,128	1,141
Total assets	61,015	51,509

Our Footprint	
Branches	13
ATMs	15
Agency outlets	486
POS/Merchant outlets	622
Staff	362

Growth in total assets weighed down by a 17% appreciation of the Kenyan Shilling against the Ugandan Shilling in the year.

Board of Directors


Constant Mayende
Chairman


Edgar Omoto


Allen Asiimwe


Evelyn Namara


Dr. Joyce Tamale


Lawrence Kimathi


Edgar Byamah
Managing Director


Agnes Mayanja
Executive Director


Judy Wambaire
Company Secretary

Board of Directors


Christian Nibasumba


Lawrence Njiru


Margaret Kositany


Yvette Munkurize


Japheth Achola


Masika Mukule
Managing Director


Audry Ajeneza
Company Secretary

Burundi

KCB Bank Burundi increased its footprint with the opening of two new branches

Burundi's economy recorded a slight acceleration in growth in 2024 but continued to face challenges. GDP growth reached 3.5% in 2024, against 3.3% in 2023. Burundi's well-identified potential and growth prospects were constrained by macroeconomic and structural challenges. High inflation, pressures from a parallel exchange rate, limited foreign exchange reserves, and protracted fuel shortages weighed down on economic activity.

Average inflation eased to 20.0% in 2024, down from 27.1% in 2023. The drop in inflation was on account of decline in food prices due to improved rainfall and restrictions on cereal exports that led to lower food prices and stable energy prices. During the second half of the year, inflation was on an upward trend, closing the year at 36.3% in December 2024 from 28.8% that was registered in the previous month of November 2024 driven by increase in food and energy prices.

The current account deficit is estimated to have increased to 15.1% of GDP in 2024, compared to 13.8% in the previous year. This growth was driven by high oil prices and sluggish exports. The deficit is projected to improve to 6.2% in 2026, as mining exports resume and forex reforms take hold.

Fiscal consolidation is expected to continue, with fiscal deficit projected to shrink to 7.1% of GDP in 2024, owing to nonrecurring spending cuts and improved revenue collection. By 2026, the deficit is anticipated to fall to 4.7%, supported by tax digitization and reductions in non-essential spending. The stock of total public debt stood at about 52% of GDP at the end 2024. Domestic debt, which accounted for roughly two-thirds of the total, is largely held by the central bank. By 2030, the ratio of total public debt to GDP is projected to decline, driven mainly by ample negative real interest rates on domestic debt. The country will hold general elections in 2025.

The Burundian Franc (BIF) depreciated by 2.1% against the US dollar in 2024. The Burundian authorities have devised a roadmap towards external sustainability including adoption of a new FX market regulation and several market liberalization measures.

Yields on 91-day, 182-day and 364-day treasury bills at end of December 2024 were 6.90%, 7.82% and 8.94% compared to 5.80%, 6.70% and 7.49% respectively at the end of December 2023. The yields on 2-year, 3-year and 10-year treasury bonds issued in December 2024 were 10.83%, 9.22%, and 9.77% respectively. During the year, the Central Bank raised its policy rate by 200 basis points to 12%.

KCB Bank Burundi had a stellar year delivering a 15.3% growth total income to Ksh 1.9 billion driven by increased lending especially in mortgage and retail segments. The Bank's anchor product, SME lending, continued to grow, attaining a compound annual growth rate of 45% over the past three years. Net profits increased by 23.8% to Ksh 791.0 million on the back of rising interest income from loan book growth, non-funded income from commissions, and increased usage of digital channels.

The Bank increased its footprint with the opening of two new branches, launched Sahl banking, and accelerated mobile banking penetration through partnership with the leading mobile financial service providers.

0.9% Contribution to Group revenue

0.9% Share of Total assets

3.5% GDP growth in 2024

Our performance	2024 Ksh. million	2023 Ksh. million
Total Income	1,919	1,665
Operating expenses	(730)	(636)
Net profit	791	639
Total assets	17,420	17,830

Our Footprint	
Branches	8
ATMs	8
Agency outlets	213
POS/Merchant outlets	66
Staff	204

Decline in total assets due to a 26% appreciation of the Kenyan Shilling against the Burundian Franc in the year.

DRC

TMB commenced upgrade of core banking system and sustained balance sheet optimization

The IMF estimates that GDP growth in DRC moderated to 4.7% in 2024, down from 8.4% in the previous year due to a deceleration in the mining sector. Growth is expected to pick up in 2025 to reach 5.0%. However, any escalation in the war in Eastern DRC poses a key risk to this projection.

The Congolese Franc depreciated by 4.2% against the US dollar in 2024, much slower than the 32% depreciation recorded in 2023. The mild depreciation in 2024 was a result of strong monetary policy stance as the central bank of Congo raised the policy rate to 25.0% by the end of 2023 to contain inflationary pressure and foreign exchange depreciation. Annual inflation declined to 17.8% in 2024, down from 19.6% in the previous year.

In 2024, the Executive Board of the IMF concluded the Article IV consultation and completed the sixth and last review of The Extended Credit Facility (ECF) Arrangement for the DRC. The completion of the sixth review allowed an immediate disbursement of USD 224.7 million to support balance of payment needs, bringing the aggregate disbursement to date under the programme to USD 1,573.8 million.

The Executive Board of IMF noted that the DRC's macroeconomic environment remains challenging, including the security and humanitarian crisis in the East of the country. Against this backdrop, the authorities have maintained prudent macroeconomic policies. DRC is endowed with exceptional natural resources, including minerals such as cobalt and copper, hydropower potential, significant arable land, immense biodiversity, and the world's second-largest rainforest.

DRC's fiscal deficit is estimated to have narrowed to 0.6% of GDP in 2024, compared to 1.6% in 2023, supported primarily by strong mining revenues, as well as increased macroeconomic stability and fiscal consolidation efforts. The deficit is further projected to narrow to 0.4% in 2025, as copper prices and production remain elevated. The public debt-to-GDP ratio remains small and continues to trend downwards from 13.9% in 2024 to 13.0% in 2025 (against 16.0% in 2023) because of these narrower deficits.

Our DRC subsidiary, Trust Merchant Bank (TMB), posted strong results in the year. TMB is KCB's largest subsidiary outside of Kenya and the second largest overall after KCB Bank Kenya. Total revenue increased by 20.9% to Ksh 31.2 billion driven by growth across both funded and nonfunded income lines. The growth across the funded income lines was driven by higher interest income from increased lending and improved yields on placements. Increased lending to mining, transport, personal and agriculture sectors saw TMB's net loans to deposit ratio continue to grow, reaching 41.2% in 2024, up from 38.4% in the previous year. Net profits increased by 66.4% to Ksh 10.4 billion driven by positive jaws of 7.7%.

The Bank has commenced the upgrade of its core banking system which is anticipated to be completed within 2025. The upgraded system will provide TMB with a robust and future-proof foundation for continued growth and innovation. The Group continues to closely monitor developments in Eastern DRC.

15.3% Contribution to Group revenue

13.7% Share of Total assets

4.7% GDP growth in 2024

Our performance	2024 Ksh. million	2023 Ksh. million
Total Income	31,168	25,771
Operating expenses	(15,510)	(13,701)
Net profit	10,437	6,273
Total assets	269,681	278,759

Our Footprint	
Branches	109
ATMs	102
Agency outlets	4,261
POS/Merchant outlets	564
Staff	1,776

Decline in total assets due to a 28% appreciation of the Kenyan Shilling against the Congolese Franc in the year.

Board of Directors


Robert Levy
Chairman


Christian Mwamba


Bernard de Gerlache


Lucine Hapi Le Moal


Djo Falanga Moupondo


Célestin Tshibwabwa


Paul Russo, EBS


Oliver Meisenberg
Managing Director


Alexandre Mandeiro
Executive Director


Daniel K. Ilunga
Executive Director


Yannick Ngandu
Executive Director

Reflections from the Group Chief Executive Officer

"During the year, we continued to innovate and develop products that match the needs of our customers, which enabled us to maintain market leadership in both corporate and retail banking."

Dear Shareholders,

I began my first annual letter to you in 2022 by expressing how enthusiastic I was to write to you for the first time. I start this third annual letter with the same excitement, coupled with the additional satisfaction borne out of the significant strides we have made in the past three years, towards building an organization that is best positioned to continue to deliver a sustainable impact for our diverse stakeholders.

Before I highlight some of the significant milestones we have achieved together, I would like to share with you a few reflections on our operating context during the year.

Operating environment

In 2024, KCB operated in an environment characterized by a gradual slowdown in inflation and resilient economic growth in most of the markets we operate in. Despite marginal slowdown in output, as measured by gross domestic product, in some markets such as Kenya, East Africa remained the fastest growing region in sub-Saharan Africa. This was largely due to strong growth in agriculture and services sectors and the well-diversified nature of the economies in this region.

Geopolitical tensions heightened, causing some market instability and volatility in some sections of the region, but with no significant economic impact in the year. Interest rates remained elevated for most of the year, much to the disappointment of customers and bankers alike. On a positive note, these rates started to decline towards the end of the year across our markets.

Our functional and reporting currency, the Kenyan shilling, gained against the US dollar as well as against all local currencies in the markets we operate in. This contributed to a decline in our balance sheet during the year in Kenyan shillings terms and marginally diluted the strong performance posted by regional subsidiaries in their local currency terms.

Business performance

Our balance sheet declined by 10% to Ksh 1.96 trillion due to the appreciation in the Kenyan shilling and rebalancing of the market share in the government-to-government (G2G) fuel importation programme with Uganda now running her own G2G programme. The latter contributed to an 18% reduction in customer deposits to Ksh 1.38 trillion.

In addition, the decline in deposits (and loan book) was further impacted by our decision to reclassify National Bank of Kenya's (NBK) assets and liabilities to other assets and other liabilities respectively on the Group consolidated numbers. This is in compliance with requirements under International Financial Reporting Standard (IFRS) 5 and in recognition of the imminent closure of this transaction. We are at the tail end of securing and complying with regulatory approval conditions and do expect to conclude the transaction within the second quarter of 2025.

Conversely, sustained deposit mobilization through focus on key segments, strong customer value propositions, ecosystem banking and leveraging our wide distribution, continued to support our strong customer deposit funded franchise.

Our loan book shrank by 10% to Ksh 990 billion due to the aforementioned reclassification of the NBK loan book and currency appreciation. On a positive note, loan disbursements during the year increased across all businesses. In KCB Bank Kenya for instance, total disbursements grew to Ksh 577 billion in 2024 compared to Ksh 521 billion in the previous year, providing vital financing for businesses and households.

Total revenue crossed Ksh 200 billion for the first time, having grown by 27% to Ksh 203 billion. This was supported by new business lines, deepening of digital channels and innovative customer value propositions borne out of a diligent execution of our strategy.

Our strategy

2024 marked the first year of the implementation of our three-year strategy dubbed: Transforming Today Together. The strategy is anchored on four strategic pillars to enable us to achieve our Purpose. These are customer-centered value propositions, leveraging Group capabilities for efficient scale, digital leadership and optimizing data & analytics.

Delivery of this strategy hinges on driving excellence by fostering a culture of innovation & swift execution, technology evolution through building future-ready capabilities, risk resilience by managing emerging threats, and sustainable citizenship by integrating priority Sustainable Development Goals.

"2024 marked the first year of the implementation of our three-year strategy dubbed: *Transforming Today Together.* The strategy is anchored on four strategic pillars to enable us to achieve our Purpose."

Focus on customers

During the year, we continued to innovate and develop products that match the needs of our customers, which enabled us to maintain market leadership in both corporate and retail banking. In addition, we sustained our stance on enhancing customer experience, with a focus on delivering best-in-class customer relationship management.

Every day, thousands of people come to KCB to speak to a financial partner they trust to enable them to access capital to power their aspirations. To ensure we are well positioned to meet the needs of these diverse customer segments, we continuously enhance our full suite of tailor-made, market-leading financial solutions. These have cemented our place as a catalyst for development for more than a century.

We pride ourselves on the strong reputation we have nurtured during the year, of being obsessed with our customers, listening to them and being there for the financial decisions they make. These interactions happen across various channels and touchpoints, and they all influence how we position our solutions across the Group.

Leveraging Group capabilities

Our wide footprint in the region is a key differentiator for KCB. We are a regional powerhouse and the largest banking Group in East Africa with a well-diversified footprint cutting across the width of Africa from the Indian Ocean to the Pacific Ocean coasts. This enables us to be both a partner of choice for customers who operate businesses across the region and to create sustainable shareholder value through leveraging this wide presence to build an efficient scale to power our success.

To deliver on this, during the year we created centers of excellence for enabling functions to optimize subsidiary support and banked on regional treasury model, and corporate client value propositions. We have since completed the recruitment of a Group Treasurer to optimize our balance sheet and a Head of Regional Corporates to drive regional corporate synergies and position KCB for success in cross-border trade.

In addition, KCB signed up to the Pan-African Payment and Settlement System (PAPSS), reinforcing its commitment to enhancing cross-border trade and financial integration across the continent. As the first bank in East Africa to integrate PAPSS into its systems, KCB customers will now be able to enjoy faster settlement times, reduced costs associated with currency conversion, and increased access to new markets across Africa.

To improve operation efficiency across our subsidiaries, we implemented Robotic Process Automation (RPA) which has boosted operational efficiency by automating repetitive processes, optimizing resources for strategic initiatives, and driving significant cost savings. 52 Robots have since been deployed in operations to support reconciliation, reporting and initiation of payment transactions. At the same time, we operationalized our Group Digital Center of Excellence to drive the execution of KCB Group's Digital Transformation Strategy.

As at the end of 2024, the Group owned eight banking subsidiaries across seven countries. We also own a host of non-banking businesses in investment banking, bancassurance and asset management to maximize on the opportunities available in the financial services ecosystem. During the year, profit after tax from subsidiaries outside of KCB Bank Kenya (KCBK) grew by 42% to Ksh 19.6 billion. As a share of the total Group's net profit, contribution from these subsidiaries eased to 30% from 35% in the prior year on faster growth in KCBK. Contribution to total assets held steady at 35% in 2024.

Digital leadership

On the Digital front, we achieved significant milestones during the year including the creation of a Digital Centre of Excellence, onboarding Agile coaches to drive agility in delivering digital solutions and launch of innovative products such as digital term loans for micro, small and medium-sized enterprises (MSMEs). In addition, we piloted a new unified Group mobile banking platform, delivering an all-in-one bespoke digital banking experience based on innovative technologies and mini app programs.

These enabled us to maintain our competitive edge, drive innovation, and meet the evolving needs of our customers. The volume of transactions processed through our digital channels grew by 21% during the year to reach 1.3 billion, the bulk of them being processed through mobile. This represents 99% of all transactions conducted through KCB touchpoints during the year.

The value of transactions through digital channels increased by 12% to Ksh 6.7 trillion, with internet banking processing the bulk of these transactions amounting to Ksh 2.9 trillion, dislodging mobile banking as the preferred channel by value for the first time. Overall, digital channels processed 62% of transactions by value, with branches handling the remaining 38%.

The value of mobile loans disbursed grew by 21% to Ksh 407 billion, translating to Ksh 1.1 billion per day. This was driven by enhanced limits, rollout of term loans and digital loans for small businesses. Cumulatively, the Bank has disbursed over Ksh. 1.25 trillion on mobile in the past five years.

To further enhance our role in the digital banking ecosystem, the Group signed a binding agreement that will see KCB take up a 75% stake in Riverbank Solutions Limited, a financial technology firm. The successful completion of the transaction is subject to conditions that are customary for transactions of this nature including receipt of regulatory approvals from, amongst others, the Central Bank of Kenya.

The deal will boost the Group's digital capabilities, by bringing on board Riverbank's footprint in agency banking, social payments and business enterprise resource planning solutions. Riverbank has a presence in Kenya, Uganda and Rwanda.

The acquisition is part of our aspiration to increase innovation of digital MSME offerings, focusing on seamless transaction and payment services, instant digitized lending, provision of business management tools and offering non-banking solutions such as business training and marketplace presence for our customers. The transaction will support the Group to accelerate its strategy to interconnect with partner platforms and fintechs to offer services such as virtual wallets and payment APIs.

> "To further enhance our role in the digital banking ecosystem, the Group signed a binding agreement that will see KCB take up a 75% stake in Riverbank Solutions Limited, a financial technology firm."

Optimizing data & analytics

In 2024, KCB continued to leverage data & analytics to drive customer obsession, enhance our solutions and increase uptake of products. Use of lead generation algorithms to pre-score customers enabled business teams to cross-sell and upsell solutions. In addition, we leveraged natural language algorithms to analyze customer feedback which enabled quick resolution of pain points leading to improved customer experience.

Our data & analytics team is tasked with sourcing, extracting and transforming data from various internal and external sources. This process is crucial for creating use cases throughout the Bank, enabling data-driven insights and decision-making that enhance operational efficiency, risk management, and supports growth.

The team develops data models that drive critical reporting functions, machine learning, and artificial intelligence initiatives within the Group. These models are designed to address key use cases that directly impact business performance and customer experience.

Shareholder value

Diligent execution on the above four pillars, and prudent management of costs, led to a 65% growth in net profit to Ksh 61.8 billion, from Ksh 37.5 billion in the previous year. This raised earnings per share to Ksh 18.70 from Ksh 11.66 in 2023. Following this strong performance, the Board deliberated extensively on how best to allocate these earnings in a way that balances shareholder returns now while at the same time, positioning the Group for further growth that will lead to incremental growth in shareholder returns in the days to come.

To achieve this delicate balance, the Board decided to propose a final dividend payout of Ksh 1.50 per share, for your consideration and approval at the upcoming 54th annual general meeting. This is in addition to an interim payout of Ksh 1.50 per share which was paid out in September 2024. This brings the total dividend payout for the year to Ksh 3.00 per share, amounting to a total of Ksh 9.6 billion.

I do note that this places our payout ratio at the lower end compared to our peers and our historical average, and thus it is vital for me to highlight what we intend to do with the retained capital.

First, the retained earnings enable us to rebuild capital buffers at KCBK. As you recall, in 2023, the main concern we had was the thin buffers at our largest subsidiary, with core capital ratio sitting at just 130 basis points above regulatory minimum. In 2024, we grew this to 450 basis points, all from organic sources. This enables KCBK to accelerate the growth of its risk-weighted assets and thus yield sustainable earnings growth.

Secondly, the retained earnings will support the Group to accelerate its regional play. We see strong potential in our regional businesses, and we need to be able to make investments to support this growth, while at the same time retaining the financial muscle to venture into new high growth markets such as Ethiopia should a viable opportunity arise.

In the last four years, the Group has expanded rapidly, especially in Rwanda and Democratic Republic of the Congo, fueled by this pool of retained earnings. We anticipate increased and consistent shareholder returns as we monetize these recent acquisitions. Currently, only KCBK to a large extent, and the non-banking subsidiaries to a smaller part, have been bankrolling the payment of dividends. As these regional businesses start to return capital to the Group, our dividend pool will widen and thus lead to strong, sustainable and predictable shareholder returns.

> "The strong performance in 2024 set a strong base for us to launch our aspirations for 2025. We remain firm in our commitment to driving transformative growth and create lasting value for our stakeholders."

We remain committed to growing shareholder wealth both through return on capital and return off capital. During the year, KCB share was among the best performing stocks at the Nairobi Securities Exchange. The share price appreciated by 90% from Ksh 21.90 at the start of the year to Ksh 41.60. This, coupled with a 21% growth in shareholders' equity attributed to equity holders of the Group to Ksh 275 billion, continues to support our strive to sustainably growth our shareholders' wealth.

Sustainable citizenship

We are committed to creating long-term value for shared prosperity. We achieve this through alignment of our strategy to sustainable practices. We continuously seek to embed the best environmental, social and governance practices as we endeavor to build a future-proof business.

During the year, we disbursed green loans worth Ksh 53.2 billion. In addition, KCBK secured approval for Project Preparatory Facility funding from the United Nations Green Climate Fund. The funding is vital for empowering MSMEs to adopt sustainable practices and technologies that contribute to climate resilience. The approval places the Bank on a path to tap on a project funding worth USD 118.25 million to support lending to MSMEs offering climate-smart solutions.

During the year, we also delivered high social value for our customers through providing access to capital, driving financial inclusion & access, supporting schools to broaden access to education, delivering affordable housing among other key initiatives. KCB Foundation provided several impactful interventions during the year. These included driving youth employment creation through our 2Jiajiri flagship programme, supporting smallholder livestock farmers through Mifugo ni Mali and availing much-needed high school and tertiary scholarships for bright students from vulnerable backgrounds among other key initiatives.

Our people

KCB Group has a regional footprint that has enabled us to have diverse and exceptionally talented staff complement across the region working to deliver our strategy. Our diversity and inclusion policy guides our organization to create and sustain an environment that attracts and retains a diverse and inclusive workforce. Through this policy, we ensure that we sustain an environment where each employee can develop their full potential irrespective of their race, ethnicity, gender, age, disability, and religious beliefs.

The Group offers a superior employee value proposition to attract and retain exceptional talent. Fair and responsible remuneration is a core principle for us. In 2024 we continued to embed our organization culture in line with our Brand Purpose, **For People. For Better** and our values of being **Closer, Connected,** and **Courageous.** Following the Group-wide Organization Health Index survey conducted in 2023, our focus during the year was on developing actions per Subsidiary and Division to support us in transitioning our culture.

The Group has continued to make efforts towards talent retention through planning, learning and development initiatives. In 2024 we also reviewed and refreshed our Talent Management Framework that supported in revamping our Talent Succession Cover across the organization.

2025 Outlook

The strong performance in 2024 set a strong base for us to launch our aspirations for 2025. We remain firm in our commitment to driving transformative growth and create lasting value for our stakeholders. Central to this focus is sustaining the creation of shareholder value.

We will also maintain our focus on our employees, ensuring we continue to attract, retain and develop the right skills to meet the evolving demands of our business. We will leverage our technology, brand, and partnerships, coupled with intentionally building relationships with our customers based on prompt execution of our promises, to power growth.

At the same time, we will sustain our efforts to resolve non-performing loans through our multi-pronged strategies enumerated by our Group Finance Director on page 57. While we made headway in 2024, netting recoveries of Ksh 17 billion, downgrades during the period increased the stock of these loans to Ksh 226 billion. The bulk of these downgrades included performing loans treated as non-performing due to belonging to one large customer with multiple facilities, which all but one are performing.

In 2025, I am personally championing a stronger drive towards Execution. I believe we have the best staff, systems and resources to deliver on our strategic ambitions. This will be made possible through an active and continuous fight:

- **For our Customers** – Because a happy customer is not just good business; it is the only business.
- **For our Colleagues** – Because when we lift each other, we create a team that is unstoppable.
- **For our Brand** – We wear it with pride, defend it with passion, and elevate it with every move.

In conclusion, I would like to thank all our employees for their commitment and dedication during the year. Equally, I wish to acknowledge the support and direction that the management and I have received from the Board of Directors as we work to position the Group as a regional powerhouse that delivers meaningful impact to millions of people across the region.

Paul Russo, EBS
Group Chief Executive Officer

Taarifa kutoka kwa Afisa Mkuu Mtendaji

> **Mwaka huu, tuliendelea kuvumbua na kutengeneza bidhaa zinazoambatana na mahitaji ya wateja wetu, jambo ambalo lilituwezesha kuwa mstari wa mbele kama kiongozi katika soko katika huduma za benki za biashara kuu na zile za rejareja.**

Wanahisa wapendwa,

Niliandika barua yangu ya kwanza ya kila mwaka mnamo mwaka wa 2022 na nikawaelezea jinsi nilivyokuwa na msisimko wa kuwaandikia kwa mara ya kwanza. Barua hii nawaandikia ni ya tatu na ninaiandika tena kwa ule ule msisimko niliokuwa nao mwaka huo. Nawasilisha furaha yangu inayotokana na kuridhika na hatua muhimu ambazo tumepiga katika miaka mitatu iliyopita, kuelekea kujenga shirika ambalo liko katika nafasi nzuri zaidi ya kuendelea kutoa matokeo yanayoleta mabadiliko mazuri kwa wadau wetu mbalimbali.

Kabla sijaangazia baadhi ya hatua muhimu ambazo tumefikia pamoja, ningependa kuwapa tafakari yangu kuhusu muktadha wetu wa kuendesha shirika hili katika mwaka uliopita.

Mazingira ya uendeshaji kazi

Mnamo mwaka wa 2024, KCB ilifanya kazi katika mazingira yaliyodhihirisha kushuka kwa mfumuko wa bei na ukuaji thabiti wa uchumi katika masoko mengi tunayofanyia biashara. Licha ya kupungua kwa pato, kuambatana na kipimo cha pato la jumla la taifa (GDP), katika baadhi ya masoko kama vile Kenya, Afrika Mashariki ilisalia kuwa eneo linalokua kwa kasi zaidi katika Afrika, Kusini mwa Jangwa la Sahara. Hali hii ilichangiwa pakubwa na kuimarika kwa sekta ya kilimo, biashara, sekta ya huduma na muundo dhabiti wa uchumi katika ukanda huu.

Katika siasa za ukanda huu, hali ya utata ilidhihirika,na kusababisha kuyumbayumba kwa masoko katika baadhi ya nchi, lakini bila athari kubwa ya kiuchumi kwa mwaka huo. Viwango vya riba viliendelea kuwa juu kwa zaidi ya mwaka, kiasi cha kukatisha tamaa wateja na sekta ya benki. Lakini habari njema ni kwamba, viwango hivi vilianza kupungua kuelekea mwisho wa mwaka katika masoko yetu yote.

Sarafu yetu ya shilingi ya Kenya, iliongezeka thamani dhidi ya dola ya Marekani na vilevile dhidi ya sarafu zote za mataifa tunayofanyia biashara. Hii ilichangia kushuka kwa salio letu, na kuimarisha uwajibikaji wetu katika kipindi cha mwaka huu kwa fedha ya shilingi ya Kenya. Kadhalika kupungua kwa utendakazi mzuri uliodhihirika katika kampuni tanzu za kikanda kutokana na thamani ya sarafu ya nchi hiyo.

Utenda kazi wa biashara

Taarifa za kifedha zilidhihirisha kushuka kwa mali ya kundi kwa 10% hadi kufikia Ksh 1.96 trillioni kutokana na kuongezeka kwa thamani ya shilingi ya Kenya na kupungua kwa mgao wa amana ya wateja inayotokana na mpango wa uagizaji mafuta nchini Kenya, almaarafu G2G huku Uganda sasa ikijisimamia katika kuendesha programu yake ya G2G. Hatua hii ilichangia kupunguzwa kwa 18% ya amana za wateja hadi Ksh 1.38 trilioni.

Zaidi ya hayo, kupungua kwa amana (na kitabu cha mkopo) kuliathiriwa zaidi na uamuzi wetu wa kuainisha upya mali na madeni ya Benki ya NBK kwa mali na madeni mengine ya shirika hili. Hatua hii inaambatana na mahitaji ya viwango vya kimataifa vya kuripoti Taarifa za Fedha (IFRS 5) na kwa kutambua kufungwa kwa muamala huu hivi karibuni. Tuko katika mkia wa kupata na kutii masharti ya uidhinishaji wa udhibiti na tunatarajia kuhitimisha muamala ndani ya robo ya pili ya mwaka wa 2025.

Licha ya hali hiyo, uhamasishaji wa kukuza amana ya wateja kupitia kuzingatia malengo makuu, mapendekezo dhabiti ya kuzingatia thamani ya mteja, matumizi bora ya ushirika katika mfumo wa benki na kupanua usambazaji, iliimarisha idara ya amana iliyofadhiliwa na wateja wetu.

Kitabu chetu cha mkopo kilipungua kwa 10% hadi Ksh 990 bilioni kutokana na uainishaji upya wa kitabu cha mkopo cha NBK na uthamini wa sarafu uliotajwa hapo awali. Habari njema zaashiria, mikopo mipya yaliyotolewa kwa mwaka yaliongezeka katika biashara zote. Katika Benki ya KCB nchini Kenya kwa mfano, jumla ya mikopo mipya yaliongezeka hadi Ksh 577 bilioni mwaka wa 2024 ikilinganishwa na Ksh 521 bilioni mwaka uliopita, na kutoa ufadhili muhimu kwa biashara na wateja.

Jumla ya mapato yalivuka kima cha Ksh 200 bilioni kwa mara ya kwanza, ikiwa imeongezeka kwa 27% hadi Ksh 203 bilioni. Mafanikio haya yalitokana na matumizi ya njia mpya za biashara, kukuzwa kwa mifumo ya kidijitali na mapendekezo ya ubunifu ya thamani ya mteja kutokana na bidii yetu kutekeleza mkakati wetu.

Mkakati wetu

Mwaka wa 2024 tuliadhimisha mwaka wa kwanza wa utekelezaji wa mkakati wetu wa miaka mitatu unaoitwa: 'Kubadilisha Leo Pamoja' (Transforming Today Together). Mkakati huo umejikita katika nguzo nne za kutuwezesha kufikia Madhumuni yetu. Haya ni mapendekezo ya thamani yanayomlenga mteja, uwezo wa benki wa kutumia kwa kiwango bora, uongozi wa kidijitali na uboreshaji wa matumizi ya data na ripoti za uchanganuzi.

Uwasilishaji wa mkakati huu unategemea; kukuza utamaduni wa uvumbuzi na utekelezaji wa haraka, kujiainisha na mageuzi ya teknolojia kupitia kujenga uwezo wetu kwa siku zijazo, kudhibiti hatari na vitisho vinavyojitokeza na kuimarisha nguvu kazi ya raia kupitia kutoa kipau mbele kwa Malengo ya Maendeleo (SDGs).

Mkakati wa kuzingatia wateja

Mwaka huu, tuliendelea kuvumbua na kutengeneza bidhaa zinazoambatana na mahitaji ya wateja wetu, jambo ambalo lilituwezesha kuwa mstari wa mbele kama kiongozi katika soko katika huduma za benki za biashara kuu na zile za rejareja. Zaidi ya hayo, tuliimarisha uwezo wa mteja kupata huduma bora kupitia usimamizi bora wa uhusiano wa wateja.

Kila siku, maelfu ya watu huwasili katika benki ya KCB kuzungumza na afisa wa kifedha wanaye mwamini ili kuwawezesha kupata mtaji wa kutekeleza matarajio yao. Ili kuhakikisha kuwa tuko katika nafasi nzuri ya kukidhi mahitaji ya vitengo hivi mbalimbali vya wateja, tunaendelea kuboresha safu yetu ya kutoa suluhu ya kifedha. Hatua hii imeimarisha nafasi yetu kama waasisi wa maendeleo kwa zaidi ya karne moja.

Tunajivunia sifa kuu tuliyojijengea mwaka huu, ya kushughulikia wateja wetu, kuwasikiliza na kuandamana nao katika maamuzi ya kifedha wanayofanya. Ushirika huu hutokea katika vituo mbalimbali na idara zetu, hili limeathiri jinsi tunavyoafikia mikakati ya kusuluisha kila jambo katika shirika hili.

Hatua ya kuinua mbinu za kimkakati

Uwepo wetu katika ukanda huu,hutofautisha KCB. KCB ni kampuni kubwa ya kikanda na shirika kubwa zaidi la benki katika Afrika Mashariki. Tumesambaa Afrika kutoka Bahari ya Hindi hadi pwani ya Bahari ya Atlantiki. Hili hutuwezesha kuwa chaguo kuu la ushirika kwa wateja wanaoendesha biashara katika maeneo haya na kuunda thamani ya wanahisa kupitia kutumia uwepo huu mpana, ili kujenga kiwango bora cha kuimarisha mafanikio yetu.

Ili kufanikisha haya, katika mwaka huu tuliunda vituo vya ubora kwa ajili ya kuwezesha utendakazi na kusaidia kampuni tanzu na pia kuegemea mfumo wa hazina wa kikanda, na mapendekezo ya thamani ya mteja wa kampuni. Tangu wakati huo tumekamilisha kuajiri Mweka Hazina wa Kikundi ili kuboresha mizani yetu na Mkuu wa Mashirika ya Kikanda ili kuendesha ushirikiano wa kampuni za kikanda na kuiweka KCB kwenye nafasi ya kupata mafanikio katika biashara ya mipakani.

Zaidi ya hayo, KCB ilijiandikisha katika Mfumo wa Malipo na Mikataba wa Pan-Afrika (PAPSS), ikiimarisha ahadi yake ya kufanisi biashara ya mipakani na ushirikiano wa kifedha katika bara zima. Kama benki ya kwanza katika Afrika Mashariki kusajili PAPSS katika mifumo yake, wateja wa KCB sasa wataweza kufurahia malipo ya haraka, kupunguza gharama zinazohusiana na ubadilishaji wa sarafu, na kuongeza ufikiaji wa masoko mapya kote barani Afrika.

Ili kuboresha utendakazi kote katika kampuni zetu tanzu, tulianzisha mchakato wa matumizi ya mfumo Roboti (RPA) ambao umefanisi mfumo wa kiotomatiki, kuboresha rasilimali kwa ajili ya mipango ya kimkakati, na kuokoa gharama kubwa. Roboti 52 zimetumwa katika shughuli za kusaidia upatanisho, kuripoti na kuanzisha shughuli za malipo. Wakati huo huo, tulifungua Kituo chetu cha Ubora wa Kidijitali cha Kundi la benki ili kuendeleza utekelezaji wa Mkakati wa Kidijitali wa KCB Group.

Kufikia mwisho wa mwaka wa 2024, shirika hili lilimiliki kampuni tanzu nane za benki katika nchi saba. Pia tunamiliki biashara katika sekta ya uwekezaji ya biashara zisizo za benki, udhamini wa benki na usimamizi wa mali ili kuongeza fursa zinazopatikana katika mfumo wa huduma za kifedha. Katika mwaka huo, faida baada ya ushuru kutoka kwa kampuni tanzu nje ya Benki ya KCB Kenya (KCBK) iliongezeka kwa 42% hadi Ksh 19.6 bilioni. Kama sehemu ya faida ya jumla ya shirika hili, mchango kutoka kwa kampuni hizi tanzu ulipungua hadi 30% kutoka 35% mwaka uliotangulia kutokana na ukuaji wa haraka katika KCBK. Mchango wa jumla wa rasilmali ulisalia kwa kiwango cha 35% katika 2024.

Uongozi wa idara ya kidigitali

Kwenye mkakati wa kidijitali, tulifanikiwa kufikia hatua muhimu katika mwaka ikiwa ni pamoja na kuanzishwa kwa Kituo cha Ubora wa kidigitali, kusajili wakufunzi watakaofanikisha wepesi wa kutoa suluhu za kidijitali na uzinduzi wa bidhaa za kibunifu kama vile mikopo ya muda ya kidijitali kwa biashara ndogo ndogo (MSMEs). Pia tulizindua jukwaa jipya la huduma za benki kupitia mfumo wa simu, na kudhihirisha uzoefu wa kipekee wa matumizi ya programu za kidigitali.

Hatua hii inatuwezesha kuimarisha ushindani wetu katika soko, kuendeleza uvumbuzi, na kukidhi mahitaji ya wateja wetu. Kiasi cha miamala iliyochakatwa kupitia programu zetu za kidijitali iliongezeka kwa 21% katika mwaka huo na kufikia bilioni 1.3, sehemu kubwa ya miamala ikichakatwa kupitia simu ya mkononi. Hii inawakilisha 99% ya miamala yote iliyofanywa kupitia vituo vya KCB katika mwaka huo.

Thamani ya miamala kupitia programu za kidijitali iliongezeka kwa 12% hadi Ksh 6.7 trilioni, huku benki ya mtandao ikichakata sehemu kubwa ya miamala hii iliyofikia Ksh 2.9 trilioni, na kwa mara ya kwanza kupunguza thamani ya huduma ya benki ya simu kama njia maalum inayopendekezwa. Kwa ujumla, programu za kidijitali zilichakata 62% ya miamala, huku matawi ya benki yakitoa huduma kwa 38% ya miamala iliyosalia.

Thamani ya mikopo ya simu za mkononi iliyosambazwa iliongezeka kwa 21% hadi Ksh 407 bilioni, sawiya na takriban Ksh 1.1 bilioni kusambazwa kwa siku. Hii ilitokana na kuimarishwa kwa viwango na usambazaji wa mikopo ya muda na mikopo ya kidijitali kwa biashara ndogo ndogo. Kwa jumla, Benki imetoa zaidi ya Ksh. trilioni 1.25 kupitia simu katika kipindi cha miaka mitano iliyopita.

Ili kuimarisha zaidi jukumu letu katika mfumo wa huduma za benki za kidijitali, shirika lilitia saini makubaliano ya kudumu ambayo yatawezesha KCB kuchukua 75% ya hisa katika kampuni ya teknolojia ya kifedha ya Riverbank Solutions Limited. Kukamilika kwa harakati hii kunategemea masharti yatakayowezesha kupokea vibali vya udhibiti kutoka Benki Kuu ya Kenya miongoni mwa wadau wengine.

Mpango huo utaongeza uwezo wa kidijitali wa KCB, kwa kushirikisha ujuzi wa Riverbank katika benki za wakala, malipo ya kijamii na suluhu za kupanga rasilimali za biashara. Riverbank ina matawi nchini Kenya, Uganda na Rwanda.

Mkataba huu unalenga kuimarisha matarajio yetu katika ubunifu wa matoleo ya kidijitali ya MSME, tukilenga kufanisi shughuli za malipo na huduma za malipo, ukopeshaji wa kidijitali wa papo hapo, utoaji wa zana za usimamizi wa biashara na kutoa suluhu zisizo za kibenki kama vile mafunzo ya biashara na uwepo sokoni kwa wateja wetu. Ushirika huu utasaidia KCB kuendeleza mkakati wake wa kuunganishwa na mifumo ya washirika wa kiteknolojia almaarufu fintechs, ili kutoa huduma kama vile pochi pepe na malipo ya API.

> Ili kuimarisha zaidi jukumu letu katika mfumo wa huduma za benki za kidijitali, shirika lilitia saini makubaliano ya kudumu ambayo yatawezesha KCB kuchukua 75% ya hisa katika kampuni ya teknolojia ya Riverbank Solutions Limited.

Kuboresha matumizi ya data na uchanganuzi

Mnamo mwaka wa 2024, KCB iliendelea kutumia data na uchanganuzi ili kuwavutia wateja, kuboresha huduma ya kutoa suluhu na kuongeza matumizi ya bidhaa zetu. Matumizi ya kanuni za kuelewa wateja iliwezesha maafisa wetu wa biashara kuuza suluhu madhubuti. Zaidi ya hayo, tulitumia kanuni kupitia utafiti wa kuuliza maswali kuchanganua maoni ya wateja ambayo yaliwezesha utatuzi wa haraka katika maeneo yenye changamoto na kuboresha huduma kwa wateja.

Timu yetu ya data na uchanganuzi ina jukumu la kutafuta, kutoa na kuainisha data kutoka vyanzo mbalimbali vya ndani na nje. Utaratibu huu ni muhimu kwa kuunda kesi za matumizi katika Benki nzima, kuwezesha maarifa yanayotokana na data na kufanya maamuzi ambayo huongeza ufanisi wa uendeshaji, udhibiti wa hatari, na kusaidia ukuaji.

Maafisa wetu hutengeneza miundo ya data inayoendesha kazi muhimu za kuripoti, kujifunza kwa mashine na mipango ya akili mnemba ndani ya shirika. Miundo hii imeundwa kushughulikia kesi muhimu zinazoathiri moja kwa moja utendakazi wa biashara na uzoefu wa wateja.

Thamani ya wamiliki hisa

Utekelezaji wa nguzo nne zilizotajwa awali, na usimamizi bora wa gharama , ulisababisha kukua kwa 65% ya faida baada ya ushuru hadi Ksh 61.8 bilioni, kutoka Ksh 37.5 bilioni mwaka uliopita. Hii iliongeza mapato kwa kila hisa hadi Ksh 18.70 kutoka Ksh 11.66 mwaka wa 2023. Kufuatia utendakazi huu dhabiti, Bodi ilijadili kwa kina kuhusu jinsi bora ya kugawa mapato haya kwa njia ya kusawazisha marejesho ya wenyehisa huku shirika lisalie na uwezo wa kutimiza lengo la kukuza mapato ya wanahisa katika siku zijazo.

Ili kufikia lengo hili bila kuzua mtafaruku, Bodi iliamua kupendekeza malipo ya mwisho ya mgao wa Ksh 1.50 kwa kila hisa, ili uweze kuzingatia na kuidhinisha haya katika mkutano mkuu wa 54 wa mwaka. Hii ni pamoja na malipo ya muda ya Ksh 1.50 kwa kila hisa ambayo yalilipwa mnamo Septemba 2024. Kwa jumla, malipo ya mgao wa mwaka yatafika hadi Ksh 3.00 kwa kila hisa, ambayo ni jumla ya Ksh 9.6 bilioni.

Ninaelewa kwamba hali hii inatuweka katika nafasi ya wanaotoa malipo ya kiwango cha chini ikilinganishwa na wenzetu na pia wastani wetu wa kihistoria, na kwa hivyo ni muhimu kwangu kuangazia kile tunachonuia kufanya na mtaji uliosalia.

Kwanza, mapato yanayobaki hutuwezesha kujenga upya akiba ya mtaji katika KCBK. Kama unavyokumbuka, mnamo mwaka wa 2023, changamoto kuu ilikuwa akiba ndogo za mtaji katika kampuni tanzu, na uwiano wa mtaji ukiwa katika pointi 130 tu juu ya kiwango cha chini cha udhibiti. Mnamo 2024, tulizikuza hadi pointi 450 za msingi, zote kutoka kwa vyanzo vya ndani ya benki. Hii huwezesha KCBK kuharakisha ukuaji wa rasilimali zenye thamani na zilizo katika viwango hatarishi na hivyo kuzalisha mapato endelevu.

Pili, mapato yaliyobaki yatasaidia shirika kujikuza katika ukanda huu. Tuna uwezo mkubwa kukuza biashara zetu za kikanda, na tunahitaji kuwa na nguvu kazi ya kuwekeza. Wakati huo huo tutakuwa na nguvu ya kifedha ili kujitosa katika masoko mapya kama vile Ethiopia panapotokea fursa nzuri.

Katika miaka minne iliyopita, shirika hili limepanuka kwa kasi, hasa nchini Rwanda na Jamhuri ya Kidemokrasia ya Kongo, makuzi haya yakichangiwa na mapato yaliyobaki. Tunatarajia ongezeko la faida za wanahisa tunapochuma mapato ya hivi majuzi. Hivi sasa, ni KCBK pekee kwa kiasi kikubwa, na kampuni tanzu zisizo za benki kwa sehemu ndogo, zimekuwa zikiwezesha malipo ya mgao. Biashara hizi za kikanda zinapoanza kurudisha mtaji kwa shirika hili, mgao wetu utapanuka na hivyo kusababisha mapato thabiti, endelevu na yanayotabirika.

> Utenda kazi mzuri mwaka wa 2024 uliweka msingi thabiti kwetu na kuzindua matarajio yetu ya 2025. Tunasalia imara katika kujitolea kwetu, kukuza mabadiliko na kuunda thamani ya kudumu kwa washikadau wetu. Jambo la msingi katika mwelekeo huu ni kukuza thamani ya wanahisa.

Tunaahidi kuendelea kujitolea kukuza thamani na utajiri wa wawekezaji wa hisa kupitia ufanisi wa mapato na mtaji. Katika mwaka huo, hisa za KCB zilikuwa miongoni mwa hisa zilizofanya vizuri zaidi katika Soko la Hisa la Nairobi. Bei ya hisa ilithaminiwa kwa 90% kutoka Ksh 21.90 mwanzoni mwa mwaka hadi Ksh 41.60. Hili, pamoja na ukuaji wa 21% katika umiliki wa wenye hisa unaohusishwa na wenye hisa wa Kundi hadi Ksh 275 bilioni, umeunga mkono jitihada zetu za kukuza utajiri wa wanahisa wetu.

Kuimarisha mikakati ya uraia endelevu

Tumejitolea kuunda thamani ya muda mrefu kwa ustawi wa pamoja. Tunafanikisha hili kwa kuhakikisha mkakati wetu unawiyana na vitendo vyetu. Tunaendelea kuwiyana na mbinu bora zaidi za kimazingira, kijamii na utawala tunapojitahidi kujenga biashara iliyo thabiti kwa siku zijazo.

Katika mwaka huo, tulitoa mikopo inayoendeleza juhudi za kulinda mazingira, yenye thamani ya Ksh 53.2 bilioni. Zaidi ya hayo, KCBK ilipata idhini ya Ufadhili wa Maandalizi ya Mradi kutoka kwa Hazina ya Umoja wa Mataifa ya Hali ya Hewa (GCF). Ufadhili huo ni muhimu kwa kuwezesha biashara ndogo ndogo (MSMEs), kutumia mbinu na teknolojia endelevu zinazochangia kulinda hali ya hewa. Fursa hii inaiweka Benki kwenye njia ya kupata ufadhili wa mradi wenye thamani ya dola milioni 118.25 ili kusaidia utoaji wa mikopo kwa MSMEs zinazotoa Suluhu kwa mjadala wa hali ya hewa.

Katika mwaka huo, pia tulitoa huduma ya thamani ya juu ya kijamii kwa wateja wetu kupitia ufikiaji wa mtaji, kuwajumuisha wateja zaidi, kusaidia shule kupanua ufikiaji wa elimu, kutoa nyumba za bei nafuu kati ya mipango mingine muhimu. Wakfu wa KCB ulitoa nafasi kadhaa zenye matokeo mazuri katika mwaka huo. Hizi ni pamoja na kubuni ajira kwa vijana kupitia programu yetu kuu ya 2jiajiri, kusaidia wafugaji wadogo wa mifugo kupitia mpango wa 'Mifugo ni Mali' na kupata udhamini unaohitajika sana wa shule za upili na elimu ya juu kwa wanafunzi mahiri wanaotoka katika mazingira hatarishi, miongoni mwa mipango mingine muhimu.

Watu wetu

Kundi la KCB lina matawi katika ukanda huu ambayo yametuwezesha kuwa na wafanyikazi anuwai na wenye talanta za kipekee wanaofanya bidii kuwasilisha mkakati wetu. Sera yetu ya kuwa na watu tofauti tofauti na ujumuishi huongoza shirika letu kuunda na kudumisha mazingira ambayo yanavutia wafanyakazi mbalimbali na kuwapa ari ya kutaka kusalia na benki hii. Kupitia sera hii, tunahakikisha kwamba tunadumisha mazingira ambapo kila mfanyakazi anaweza kukuza uwezo wake kamili bila kujali rangi, kabila, jinsia, umri, ulemavu na imani za kidini.

KCB hutoa mapendekezo ya ajira yenye thamani ya juu kwa mfanyakazi ili kuvutia na kuhifadhi vipaji vya kipekee. Malipo ya haki na ya kuwajibika ni kanuni ya msingi kwetu. Mnamo mwaka wa 2024 tuliendelea kueneza utamaduni wa shirika letu kulingana na Madhumuni ya chapa ya Biashara yetu, Kwa Watu. Kwa Ubora na maadili yetu ya kuwa Karibu zaidi na watu, Kushirikiana, na kuwa Wajasiri. Kufuatia utafiti wa Afya ya Shirika (OHI) la kundi la KCB uliofanywa mwaka wa 2023, lengo letu katika mwaka huo lilikuwa katika kuandaa hatua kwa kila Kampuni Tanzu na Kitengo ili kutusaidia katika kubadilisha utamaduni wetu.

Kundi la KCB limeendelea kufanya juhudi za kuhifadhi vipaji kupitia mipango ya elimu na maendeleo. Mnamo mwaka wa 2024 pia tulikagua na kuweka upya Mfumo wetu wa Kusimamia Vipaji ambao ulisaidia katika kuimarisha Jalada letu la Ufanisi wa Talanta katika shirika.

Mtazamo wa 2025

Utenda kazi mzuri mwaka wa 2024 uliweka msingi thabiti kwetu na kuzindua matarajio yetu ya 2025. Tunasalia imara katika kujitolea kwetu, kukuza mabadiliko na kuunda thamani ya kudumu kwa washikadau wetu. Jambo la msingi katika mwelekeo huu ni kukuza thamani ya wanahisa.

Pia tutamakinika kuimarisha uwezo wa wafanyikazi wetu, tukihakikisha tunaendelea kuvutia, kuhifadhi na kukuza ujuzi sahihi ili kukidhi mahitaji yetu ya biashara yetu. Tutatumia teknolojia, ushirikiano wetu, pamoja na kujenga mahusiano na wateja wetu kulingana na utekelezaji wa haraka wa ahadi zetu, ili kukuza maendeleo.

Wakati huo huo, tutaendelea na juhudi zetu za kutatua mikopo isiyolipwa kupitia mikakati yetu iliyoorodheshwa na Mkurugenzi wetu wa Fedha wa Kundi hili kwenye ukurasa wa 57. Ingawa tulipiga hatua mwaka wa 2024, tulipata marejesho ya mikopo ya Ksh 17 bilioni, kushushwa kwa mikopo katika kipindi hicho iliongeza kiwango cha mikopo hii hadi Ksh 226 bilioni. Sehemu kubwa ya kufutwa kwa mikopo hii ni pamoja na kuondoa mikopo iliyochukuliwa na mteja mmoja mkubwa anayepokea huduma tofauti, ambazo zote isipokuwa moja tuu ndiyo inayoleta faida.

Katika mwaka huu wa 2025, mimi binafsi ninapigia debe mkakati wa Utekelezaji. Nina amini tuna wafanyakazi walioshamiri, mifumo na rasilimali thabiti ili kutimiza malengo yetu ya kimkakati. Tutatekeleza haya kwa kuzingatia na kupigania:

- **Wateja wetu** – Kwa sababu mteja mwenye furaha si biashara nzuri tu; yeye ndiye biashara pekee.
- **Wafanyikazi wenzetu** – Kwa sababu tunapoinuana, tunaunda kundi lenye ukakamavu.
- **Chapa yetu** – Tunaivaa kwa fahari, tunailinda kwa ari na kuiinua kwa kila hatua.

Kwa kumalizia, ningependa kuwashukuru wafanyakazi wetu wote kwa kujitolea kwao mwaka huu. Vile vile, natambua uongwaji mkono na maelekezo ambayo wasimamizi na mimi tumepokea kutoka kwa Bodi ya Wakurugenzi ili kufanikisha juhudi zetu kuweka KCB kwenye mstari wa mbele kwenye ukanda huu tunapojizatiti kubadilisha Maisha ya mamilioni ya watu.

Paul Russo, EBS
Afisa Mkuu Mtendaji wa Kundi

Group Executive Committee

Our Group EXCO is a diverse and experienced management team that comprises the Group Chief Executive Officer, Group Finance Director and ten other members of top management. The team is mandated to ensure that the Group remains well positioned to capitalise on opportunities for growth.

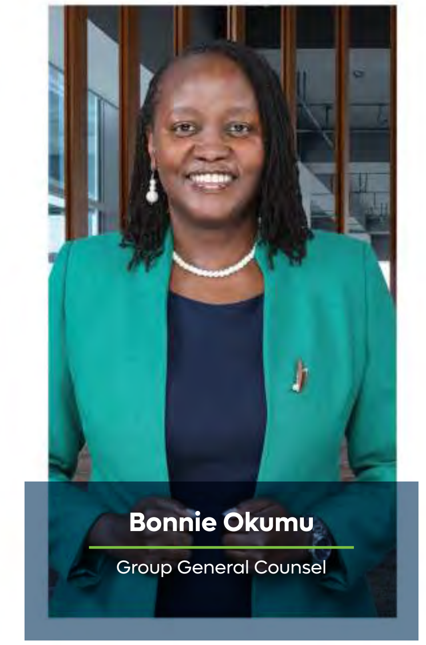
Paul Russo, EBS
Group Chief Executive Officer

Lawrence Kimathi
Group Finance Director

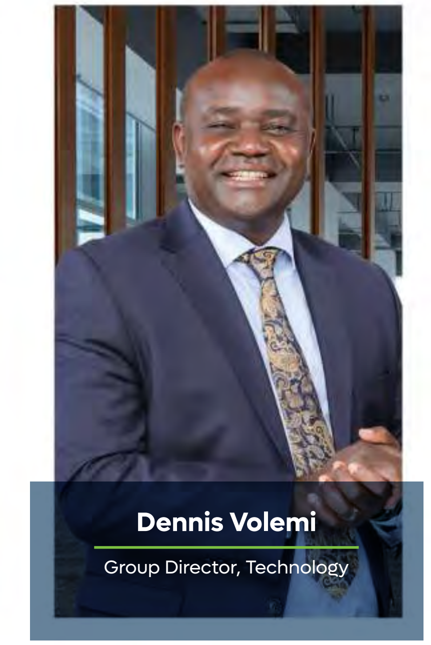
Annastacia Kimtai
Managing Director, KCB Bank Kenya

Cosmas Kimario
Ag. Group Regional Businesses Director & Managing Director, KCB Bank Tanzania

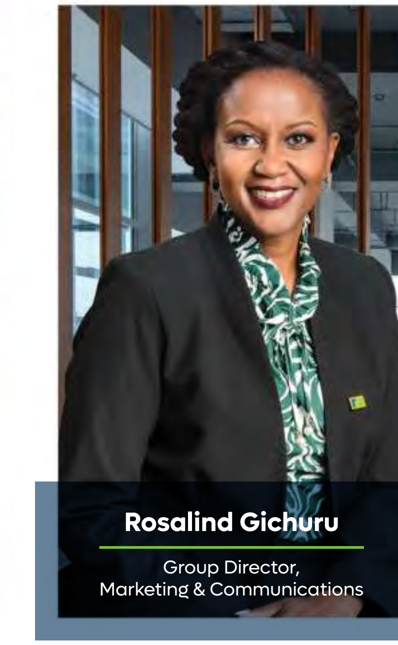
Japheth Achola
Group Human Resource Director



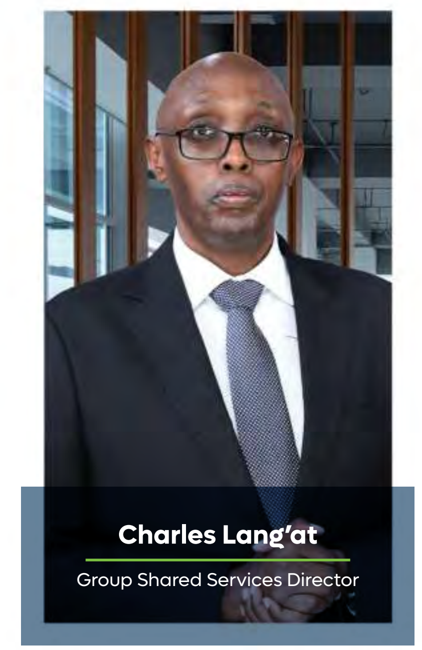
Bonnie Okumu
Group General Counsel



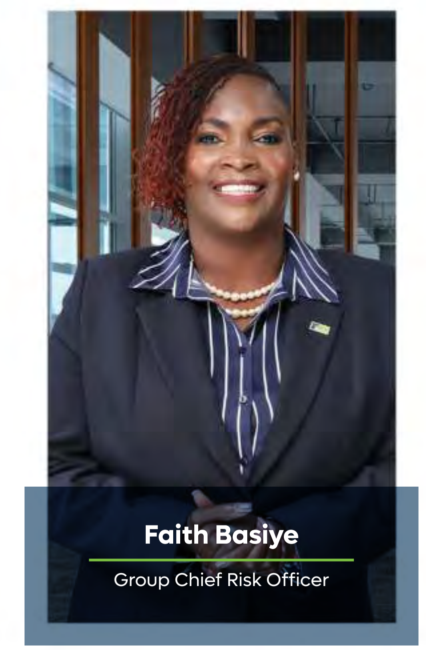
Dennis Volemi
Group Director, Technology



Rosalind Gichuru
Group Director, Marketing & Communications



Charles Lang'at
Group Shared Services Director

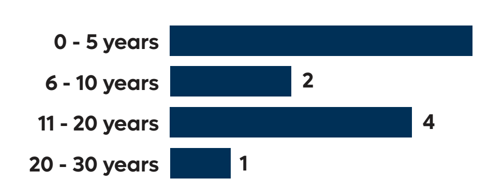


Faith Basiye
Group Chief Risk Officer

Andrew Lisero
Group Internal Auditor

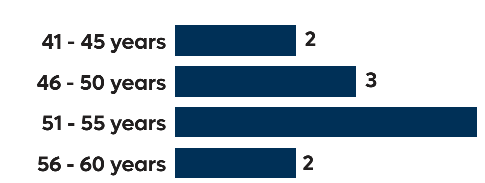
Anthony Mulisa
Group Treasurer

Diversity by tenure at KCB



Average tenure: 9 years (2023: 10 years)

Diversity by age



Average age: 51 years (2023: 50 years)

Group EXCO Profiles available on: https://kcbgroup.com/group-executive-management

Changes at the Group EXCO since the previous report.

- Charles Lang'at (previously Group Internal Auditor) was appointed as the Group Shared Services Director.
- Faith Basiye was appointed as the Group Chief Risk Officer following the retirement of John Mukulu.
- Andrew Lisero was appointed as the Group Internal Auditor.
- Anthony Mulisa was appointed as the Group Treasurer.

Reflections from the Group Finance Director

> KCB demonstrated resilience and adaptability, achieving significant milestones and delivering historic results.

Dear Shareholders,

I am pleased to share with you our 2024 financial performance and the underlying drivers for our strong results in the year. Despite facing a challenging macroeconomic environment exacerbated by high interest rates and shocks from multiple fronts including geopolitical tensions, shrinking consumer wallet and increased cost of doing business, KCB demonstrated resilience and adaptability, achieving significant milestones and delivering historic results. Our strategic initiatives, diversified revenue sources and prudent deployment of capital, positioned us well for growth in the year.

Funding and utilization

Our balance sheet shrunk by 10% year-on-year to Ksh 1.96 trillion, largely due to the impact of currency appreciation. The reporting currency (Ksh) appreciated by 17.4% against the US dollar, this not only shrunk the value of foreign currency denominated assets and liabilities in the Kenya-based subsidiaries but also negatively impacted balance sheet translation of foreign based subsidiaries. On a like-for-like basis, the Group consolidated balance sheet grew by 10.0%.

Assuming a constant currency and excluding the impact of the NBK accounting treatment, the loan book grew by 11% on disbursements mainly in Kenya, Uganda and Burundi. On the other hand, customer deposits remained flat as the reduction in Government-to-Government oil supply framework deposits were netted off by growth mainly from corporate segments.

The Group's diversification model continued to deliver strong benefits, with the contribution to total assets from subsidiaries outside of KCB Bank Kenya (KCBK) remaining stable at 34.9% in 2024, compared to 34.6% in the previous year.

Debt-to-equity ratio reduced to 25.2% from 39.0% in 2023 mainly driven by an increase in shareholder's equity which grew by 20.8%.

During the year, we engaged Development Finance Institutions to raise additional funding to support lending to priority segments in climate, access to clean water & sanitation, and businesses owned by youths & women.

34.9% Contribution to total assets from subsidiaries outside of KCB Bank Kenya in 2024, compared to 34.6% in 2023.

Capital and liquidity

During the year, all our subsidiaries complied with statutory capital requirements except for NBK which was in breach of both Tier I and Tier II requirements. Remediation for NBK is in progress.

All our businesses generated strong organic capital, which was prudently allocated to support growth, build safety capital buffers and distribute to our shareholders.

> The Group continues to accelerate efforts to resolve NPLs, with the aim of lowering the ratio to between 14% and 16% in 2025. Several initiatives are underway, aimed at fast tracking recovery efforts.

The Group maintained adequate liquidity ratios across all the subsidiaries throughout the year, adhering to our risk management framework.

Exhibit 1: Subsidiary total capital ratios

Banking subsidiary	2024	Regulatory minimum	2023
KCB Burundi	33.7%	14.5%	30.9%
BPR Bank Rwanda	21.6%	12.0%	21.9%
Trust Merchant Bank	19.9%	10.0%	11.5%
KCB Kenya	18.4%	14.5%	15.8%
KCB Uganda	17.6%	14.5%	18.9%
KCB Tanzania	17.4%	14.5%	17.1%
KCB South Sudan*	13.0%	12.0%	21.0%
National Bank of Kenya	13.6%	14.5%	12.5%

* Impacted by hyperinflation accounting

Exhibit 2: Group liquidity ratio

Period	2024	2023
At close of the year	47.6%	39.3%
Average for the year	47.7%	39.5%
Maximum for the year	48.8%	41.3%
Minimum for the year	47.0%	37.3%

Revenue performance

New business lines, deepening of digital channels and innovative customer value propositions resulted in a 27% growth in total income to an all-time high of Ksh 202.9 billion. The expansion of credit spreads against the backdrop of a rising interest rate environment across the region, led to a 24% increase in net interest income to Ksh 149.8 billion.

Conversely, high market interest rates raised interest expense by 25% to Ksh 76.1 billion, raising our cost of funds to 4.5% in 2024 from 3.9% in the previous year. However, improvement in asset yield from 10.4% in 2023 to 12.1% in 2024 enabled us to protect our net interest margins (NIMs) resulting in an overall uptick in NIMs by 110 basis points to 7.6%.

On the non-funded income (NFI) front, an increase in revenue-generating transactions across all touchpoints alongside higher trading, foreign exchange and trade finance income resulted in a 38% growth in NFI to Ksh 53.2 billion.

All our subsidiaries registered strong growth in revenues. Total income from subsidiaries outside of KCBK grew by 16% to Ksh. 73.2 billion. However, due to a much faster growth in KCBK, the share of Group revenue from these subsidiaries eased to 38.2% in 2024, compared to 39.2% in the previous year.

Operating costs

Overall total operating costs grew by 11.7% to Ksh 92.7 billion mainly driven by business acquisition activities and investments in technology. Excluding the impact of loss on monetary assets because of the hyperinflationary environment in South Sudan, growth in operating costs moderates down to 9.0%.

Improved employee productivity resulted in a 430-basis point improvement in staff cost to income ratio to 19.8%. Revenue grew faster than costs resulting in positive jaws of 15.7% in 2024, this improved the cost-to-income ratio in the year to 45.7% from 52.1% in 2024.

Asset quality

The Group's non-performing loans (NPL) ratio increased to 19.2% from 17.4% in 2023, driven by downgrades in our Kenya businesses mainly in real estate, agriculture and construction sectors amid a drop in gross loans. The stock of these loans increased to Ksh 225.7 billion up from Ksh 208.3 billion in 2023. This represents a growth of 8.4% in the year, compared to an increase of 29.2% in 2023.

The non-performing loan book is fully covered by cash provisions and collateral. The bulk of these NPLs are legacy in nature, 12 months and 24 months vintage analysis shows migration of 2.3% and 5.2% respectively.

The Group continues to accelerate efforts to resolve these NPLs, with the aim of lowering the ratio to between 14% and 16% in 2025. Several initiatives are underway, aimed at fast tracking recovery efforts. These include rehabilitation, assets sale, full & final settlement and engaging the Government of Kenya for resolution of NPLs for government related entities.

To forestall additional migration to NPL, we have put in place measures to closely monitor the book with the aim of identifying distressed assets early and taking mitigation action.

Across our businesses outside Kenya, all our subsidiaries except BPR Bank Rwanda registered an improvement in their asset quality during the year.

Exhibit 3: NPL ratios.

Banking subsidiary	2024	2023
National Bank of Kenya	33.7%	26.8%
KCB Kenya	21.8%	19.9%
Trust Merchant Bank	11.5%	11.9%
KCB Uganda	5.9%	8.7%
BPR Bank Rwanda	5.4%	4.0%
KCB South Sudan	3.6%	4.1%
KCB Burundi	1.5%	1.6%
KCB Tanzania	1.4%	1.7%

Profitability and shareholder value

The strong revenue growth and improved efficiencies led to a 65% increase in net profit to Ksh 61.8 billion in 2024. Most of our subsidiaries posted strong double-digit growth in their net earnings led by KCBK which delivered 77% growth to a record Ksh 45.0 billion. Locally, NBK also bounced back to profitability netting Ksh 1.2 billion in 2024 from a loss of Ksh 3.3 billion in 2023.

Net profit from subsidiaries outside of KCBK grew by 42% to Ksh 19.6 billion, validating our move to invest in the region. The contribution to the Group net earnings from these subsidiaries settled at 30.3% from 35.1% in the prior year due to the faster growth in KCBK. Our non-banking subsidiaries in Kenya also posted a stellar performance with our investment banking, asset management and bancassurance arms growing their net profit by 105%, 70% and 19% respectively.

This performance raised the Group's return on equity to 24.6%, up from 17.5% in the preceding year. The board recommended a final dividend of Ksh 1.50 per share bring total dividends to Ksh 9.6 billion. This coupled with share price appreciation of 90.0% created a total shareholder return of 97.2% in 2024 up from -42.5% in 2023.

97.2% Total shareholder returns in 2024, up from -42.5% in 2023

Value created and distributed

Total value created and distributed among our various stakeholders increased by 32% to Ksh 241 billion compared to Ksh 183 billion in 2023. This highlights the key role that KCB plays in powering economic growth across the region over and beyond, through our core lending activity. Overall, the Group has created and distributed value amounting to Ksh 763 billion over the past five years.

More details on this distribution are available on page 60 of this report.

Ksh 241B Total value created and distributed in 2024.

Ksh 763B Total value created and distributed over the past 5 years.

2025 outlook

2025 marks the second year of our *Transforming Today Together* strategy. Dilligent execution of our key initiatives will grow our business sustainably and resolve nonperforming loans to deliver superior shareholder value. Our performance in 2025 will be underpinned by the following aspirations.

Key performance indicator	2024 performance	2025 guidance (As of 30 April 2025)
Non funded income ratio	33.0%	**33% - 34%:** In tandem with the rate in 2024 on anticipated balanced growth across both funded and non-funded lines.
Cost-to-income ratio	45.4%	**43% - 45%:** Improvement to be supported by cost reduction measures and strong revenue growth, which will more than net off cost growth from investments in technology including the upgrade of the core banking system in TMB.
NPL ratio	19.2%	**14% - 16%:** Reduction to be driven by accelerating measures under our NPL resolution strategy.
Cost of risk	2.8%	**2.2% - 2.4%:** Improvement to be supported by better asset quality evidenced by low early vintage ratios.
Cost of funds	4.5%	**3.8% - 4.2%:** Improvement to driven by decline in market interest rates and mobilization of low-cost CASA deposits.
Net interest margin	7.6%	**6.6% - 7.4%:** Moderation due to anticipated reduction in asset yield.
Asset yield	12.1%	**10.8% - 11.2%:** Projected to drop due to an anticipated drop in yield from government securities and placements on lower market interest rates.
Loan growth	10.5%*	**8.0% - 10.0%:** Growth expected to normalize, driven by balanced growth in priority corporate and retail segments.
Deposit growth	-0.1%*	**9.0% - 11.0%:** Expected to normalize, driven by CASA deposit mobilization across the region and enhanced customer value propositions.
Return on equity	24.6%	**22.0% - 24.0%:** To be sustained by strong growth momentum across all businesses as operating conditions continue to improve.

*Excluding FX impact and reclassification of NBK

Lawrence Kimathi
Group Finance Director

Five-Year Review

Consolidated statement of financial position

	31-Dec-20 Ksh million	31-Dec-21 Ksh million	31-Dec-22 Ksh million	31-Dec-23 Ksh million	31-Dec-24 Ksh million
Interest income	96,261	114,826	132,003	181,553	225,807
Interest expense	(21,209)	(24,463)	(31,098)	(60,841)	(76,056)
Net interest income	**75,052**	**90,363**	**100,905**	**120,712**	**149,751**
Non interest income	20,012	18,960	27,307	38,633	53,158
Operating income	**95,064**	**109,323**	**128,212**	**159,345**	**202,909**
Operating expenses	(42,360)	(47,726)	(60,852)	(83,477)	(90,611)
Loan loss provisions	(27,509)	(13,998)	(10,300)	(27,415)	(28,238)
Total expenses	**(69,869)**	**(61,724)**	**(71,152)**	**(110,892)**	**118,849)**
Profit before tax and loss on monetary position	**25,589**	**47,599**	**57,060**	**48,453**	**84,306**
Gain/(loss) on monetary position	130	216	271	-	(2,333)
Profit before income tax	**25,719**	**47,815**	**57,331**	**48,453**	**81,973**
Income tax expense	(6,115)	(13,642)	(16,494)	(10,991)	(20,198)
Profit for the year	**19,604**	**34,173**	**40,837**	**37,462**	**61,775**

Consolidated statement of financial position

	31-Dec-20 Ksh million	31-Dec-21 Ksh million	31-Dec-22 Ksh million	31-Dec-23 Ksh million	31-Dec-24 Ksh million
Assets					
Government and other securities	210,784	276,293	295,423	397,203	408,895
Net loans and advances to customers	595,255	675,481	863,268	1,095,944	990,413
Property and equipment	14,629	16,993	26,618	23,910	22,036
Other assets	167,142	170,905	368,721	653,817	540,976
Total assets	**987,810**	**1,139,672**	**1,554,030**	**2,170,874**	**1,962,320**
Liabilities					
Customer deposits	767,224	837,141	1,135,417	1,690,909	1,381,975
Lines of credit	56,700	85,378	156,397	176,467	112,290
other liabilities	21,463	43,646	55,939	67,939	185,076
Total liabilities	**845,387**	**966,165**	**1,347,753**	**1,935,314**	**1,679,341**
Total equity	**142,423**	**173,507**	**206,277**	**235,560**	**282,979**
Total liabilities and equity	**987,810**	**1,139,672**	**1,554,030**	**2,170,874**	**1,962,320**

Value Added Statement

Amount in Ksh million	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Interest income	96,261	114,826	132,003	181,653	225,807
Non funded income	20,012	18,960	27,307	38,533	53,158
Provision and depreciation	(33,426)	(20,026)	(16,915)	(37,216)	(37,985)
Value added	**82,847**	**113,760**	**142,395**	**182,970**	**240,980**

Distribution of value created	2020		2021		2022		2023		2024	
Amount in Ksh million	**Amount**	**Share**	**Amount**	**Share**	**Amount**	**Share**	**Amount**	**Share**	**Amount**	**Share**
Interest for depositors and lenders	21,209	25.6%	24,463	21.5%	31,098	21.8%	60,841	33.3%	76,056	31.6%
Employee benefits	20,451	24.7%	25,070	22.0%	30,422	21.4%	38,469	21.0%	40,255	16.7%
Shareholder dividends	3,213	3.9%	9,640	8.5%	6,426	4.5%	-	0.0%	9,640	4.0%
Retained earnings and non-controlling interest	15,418	18.6%	23,594	20.7%	35,024	24.6%	36,542	20.0%	53,585	22.2%
Suppliers of goods and services	15,930	19.2%	16,952	14.9%	22,329	15.7%	35,351	19.3%	40,609	16.9%
Government tax	6,115	7.4%	13,642	12.0%	16,494	11.6%	10,991	6.0%	20,198	8.4%
Social capital - KCB Foundation	511	0.6%	399	0.4%	602	0.4%	776	0.4%	637	0.3%
Value distributed	**82,847**	**100.0%**	**113,760**	**100.0%**	**142,395**	**100.0%**	**182,970**	**100.0%**	**240,980**	**100.0%**

Our Strategy

2024 marked the first year of the implementation of our three-year strategy dubbed *Transforming Today Together*. The strategy is anchored on four strategic pillars to enable us to achieve our Purpose.

Pillar 1: Customer - Centred Value Propositions

Delivery of our aspirations under this pillar is driven by

- Youth and MSME focus.
- End-to-end value-chain solutions.
- Deep client relationship management & engagement models.

In 2024 we continued to innovate and develop products that match the needs of our customers which enabled us to maintain market leadership in both corporate and retail banking. In addition, we sustained our stance on enhancing customer experience, with a focus on delivering best-in-class customer relationship management. Some of the key initiatives we implemented include:

Developed innovative products and partnerships for MSMEs

- End-to-end SME proposition for Faith Based Organizations.
- Ecosystem banking and Value chain financing under retailer financing rolled out in Kenya and DRC.
- Introduced digital term loans for SMEs.
- School eBilling, onboarded nine Edtech partners in Kenya and deployed Schoolpay to facilitate school fees collection in Uganda.
- Signed up four additional County Partnerships.
- MSME proposition in partnership with KCB and Mastercard Foundations to support 25,000 MSMEs with financing amounting to Ksh 1.5 billion.
- Launched Jikimu account targeting employees in the informal sector. This is a virtual wage account which will address the needs of informal sector workers through seamless and convenient onboarding as well as access to short term loans and savings solutions.

Mapped customer journeys

This involves depicting all the stages a customer navigates through and the experience they get when accessing our products and services; as well as how they got to know about KCB through the post-purchase experience.

This helps us understand how our customers experience our services & products and identify areas that require remedial measures to enhance the overall satisfaction of our customers whilst reducing their effort.

In 2024, we made strides in digitizing some of our key products and services to ease customer effort and deliver a seamless digital experience, this included:

- Automation of application process for personal loans, asset-based finance and bid bonds.
- Piloting a new mobile banking platform.
- Enhancing customer authentication through biometrics.

Adopt a branch initiative

In 2024, we successfully launched the Adopt a branch initiative, where each branch in Kenya was paired with a Group Leadership Committee member and Senior managers to collaborate in delivering best experience to customers as well as ensuring top leadership is within reach. This initiative demonstrated our ability to foster collaboration, innovation, and localized problem-solving.

The initiative achieved a 64% branch engagement, a closure rate of 93% and a remarkable satisfaction rate of 98% of the issues raised by staff in our branch network. By empowering teams to "adopt" branches, we have built stronger connections between leadership and frontline operations, driving meaningful changes and delivering tangible results for both our employees and customers.

Pillar 2: Leveraging Group Capabilities for Efficient Scale

Delivery of our aspirations under this pillar is driven by

- Centers of Excellence for Enabling Functions to optimize Subsidiary support.
- Regional corporate client value propositions, trading and payments.
- Regional Treasury model.

The strengthening of the Group Structure is essential in optimizing our regional reach. Some of the key initiatives we have implemented towards this goal include:

- Recruitment of a Group Treasurer to optimize our balance sheet and a Head of Regional Corporates to drive regional corporate synergies and position KCB for success in cross-border trade.
- Deepened the implementation of Robotic Process Automation (RPA) which has boosted operational efficiency by automating processes, optimizing resources for strategic initiatives, and driving significant cost savings, all of which resulted in improved service delivery. 52 Robots were deployed in operations to support reconciliation, reporting and initiation of payment transactions.

In 2024, our Technology function focused on operationalizing the Group Digital Center of Excellence to drive the execution of KCB Groups Digital Transformation Strategy. This included new agile ways of working to drive digital leadership within the Group and the implementation and delivery of new technologies to actualize digital transformation and ensure the enterprise architecture of the Group is fit and ready to support the implementation of our strategy.

As we continue to strengthen our regional presence, we remain committed to fostering economic growth by supporting individuals, businesses, and governments across the region, ensuring long-term success and sustainability.

As at the end of 2024, the Group owned eight banking subsidiaries across seven countries. We also own a host of non-banking businesses in investment banking, bancassurance and asset management to maximize on the opportunities available on the financial services ecosystem.

During the year, profit after tax from subsidiaries outside of KCB Bank Kenya grew by 42% to Ksh 19.6 billion. As a share of total Group's net profit, contribution from these subsidiaries eased to 30% from 35% in the prior year on faster growth in KCB Bank Kenya. Contribution to total assets held steady at 35% in 2024.

Profit after tax from subsidiaries outside of KCB Bank Kenya grew by 42% to Ksh 19.6B

We remain committed to fostering economic growth by supporting individuals, businesses, and governments across the region, ensuring long-term success and sustainability.

Case in Point

Bancassurance business recorded another stellar year.

Products launched and partnerships established in 2024

Wealth builder cover - provides an opportunity for our customers to save and invest in their later years of retirement as they continue enjoying life cover beyond 80 years.

Linda Biashara - provides a comprehensive bundled solution that covers assets owned by our MSME customers and as well as their staff through group life insurance and WIBA covers.

Lady Auto Cover – tailormade to meet the needs of our female customers. Avails discounted premiums alongside broader benefits bands supported by the low risk profile of this customer segment evidenced by historical low claim ratios observed among our female customers. This product complements our comprehensive value proposition for female customers under our FLME proposition.

Public sector solutions – competitive medical cover offering that meets the unique needs of county government personnel developed with our partner underwriters. One county government has already signed up to this solution.

Trust accounts – insurance benefits compensation creates a natural fit for providing trust solutions that ensure prompt fulfillment of customers wishes when they fall due.

The rollout of these solutions coupled with the deepening of our existing offerings led to a 12% growth in gross written premiums to Ksh 5.9 billion, sustaining KCB Bancassurance Intermediary Limited's (KBIL) market share at 1.4%. This strong growth along with a 130 basis points drop in cost-income ratio to 35.0% on account of increased efficiencies led to a much faster growth of 19% in profit after tax to Ksh 615 million.

Several developments in the operating environment influenced performance in the market during the year. A two-fold increase in statutory minimum pension savings for salaried employees, lowering eligibility age for tax exemption while accessing pension benefits from registered retirement benefits schemes from 65 years to 50 years, and introduction of tax exemptions for contribution to post-retirement medical funds avail key tailwinds for growth for pension schemes and nurtures a savings culture.

On the other hand, some customers faced strain in meeting premium payments during the year due to intricacies in the operating environment. To support these customers, we collaborated with our partners to offer installment payments and extended payment terms to alleviate any financial pressure.

During the year, KBIL was recognized for its innovative solutions and strong focus on customer excellence. These awards included:

Think Business Insurance Awards

- Best bancassurance intermediary in non-life and non-embedded products – **Winner**
- Most customer centric bancassurance intermediary **– 1st runners up**
- Overall best bancassurance intermediary **– 1st runners up**
- Best Bancassurance intermediary in life products **– 1st runners up**
- Best bancassurance intermediary in technology application **– 1st runners up**

Asset Management business grew AUM by 49%

KCB Asset Management (KCB AM) total assets under management (AUM) grew by 49% in 2024 to reach Ksh 77.6 billion, up from Ksh 52.2 billion in the previous year. This raised total revenues for the subsidiary to Ksh 189 million, up from Ksh 106 million in the previous year. This was driven by leveraging KCB AM's strong asset base to drive growth across its corporate trustee services and the KCB unit trust offering.

Key successes in 2024

Successfully scaled the unit trust

KCB Unit Trust Scheme grew by 81% in Q3 2024 to Ksh 5.5 billion with a market share of 1.75% up from Ksh 612 million and a market share of 0.30% in the previous year. KCB's scheme was able to withstand increased competition in the market on the back of the entry of eight new unit trust schemes, raising the total number of registered schemes to 35. Our strong organic growth was largely driven by the successful distribution partnership with KCB Investment Bank. The scheme closed the year with AUM of Ksh 9.3 billion compared to Ksh 912 million as at December 2023.

Going forward, we anticipate the ongoing investment geared towards digitization of the unit trust shall support future growth through streamlined and convenient distribution via a web portal, KCB mobile app and KCB USSD platforms.

Grew fund management AUM and pension management market share

As part of the initiatives to increase AUM and market share in the pension sphere, we made concerted efforts to increase the uptake of our fund management solutions. Our AUM in this segment stood at Ksh 7.2 billion in 2024, posting modest growth of 0.6%. KCB AM's key focus remains on consolidating its services around corporate trusteeship to segregated pensions schemes. In this space, AUM surged 46% to Ksh 58.4 billion from Ksh 39.9 billion in 2023, positioning KCB AM as one of the leading corporate trustee providers in Kenya.

KCB Signed up to PAPSS to Boost Cross-border Transactions

KCB signed up to the Pan-African Payment and Settlement System (PAPSS), reinforcing its commitment to enhancing cross-border trade and financial integration across the continent. As the first bank in East Africa to integrate PAPSS into its systems, KCB customers will now be able to enjoy faster settlement times, reduced costs associated with currency conversion, and increased access to new markets across Africa.

PAPSS is a centralized financial market Infrastructure developed by the African Export-Import Bank (Afreximbank) to facilitate cross-border payments and trade transactions, reducing both costs and processing times. Notably, the system's net settlement mechanism will help alleviate pressure on the demand for foreign currencies, supporting a more efficient and sustainable regional trade framework.

The platform puts KCB at the forefront of facilitating trade across Africa as it continues to play a pivotal role in driving Africa's economic transformation and reinforcing its position as a leading financial institution in the continent. With a presence in seven East African countries, KCB brings on board its payments and collections expertise spanning over a century. This means that its customers will now have access to vast economic opportunities that will deliver multiple advantages and efficiencies especially when conducting intra-African trade payments.

Pillar 3: Digital Leadership

Our digital banking platforms, anchored on a robust support system, continue to bring the Bank closer to our customers for convenient, anytime, anywhere access to our services. These include:

- **Internet Banking and KCB Mobile App:**
  Our customers can securely access their accounts, make payments, and explore insurance and pre-approved loan products at their convenience. This platform also ensures customer authority level differentiation enabling corporate signatories to access their accounts according to the mandate given, a key element in operation of corporate accounts.
- **KCB One Till:**
  The solution allows a business to have customers pay directly to the bank account, cutting the need for physical visits to the Bank.
- **Agency Banking and Merchant Services:**
  Our wide network of agency banking and merchant services reaches deeper into local neighborhoods to take the Bank closer to the people.
- **Virtual Cards:**
  Our virtual cards replace physical cards with a safe and convenient payment solution. Moreover, our student prepaid cards have revolutionized the management of pocket money, giving safety to the students while enabling parents to monitor their children's spending habits.
- **Automated Cash Deposit Machines:**
  Through our automated machines, we allow businesses and customers to deposit cash in real-time even outside banking hours and provide greater flexibility.
- **Multichannel Contact Centre:**
  Our contact center together with our highly trained and empowered staff ensures support for our customers is available 24/7 through customer's preferred channels including calls, emails, chat, WhatsApp and social media for timely and effective assistance.

On the Digital front, we achieved significant milestones during the year including:

- Creation of a Digital Centre of Excellence.
- Launch of innovative products such as digital term loans for MSMEs and the Worship 360 App for faith-based organizations.
- Piloted a new unified Group mobile banking platform, delivering an all-in-one bespoke digital banking experience based on innovative technologies and mini app programs.

These enable us to maintain our competitive edge, drive innovation, and meet the evolving needs of our customers. The volume of transactions processed through digital channels grew by 21% during the year to reach 1.3 billion, the bulk of them being processed through mobile. This represents 99% of all transactions conducted through KCB touchpoints during the year.

Number of transactions (M)	2024	2023	Change
Mobile lending	1,065.5	821.2	30%
Mobi Service	127.8	150.1	(15%)
Agency	62.3	61.1	2%
Merchant/POS	25.3	23.9	6%
Internet Banking	16.0	12.6	27%
ATMs	8.8	9.4	(7%)
Total Digital	**1,305.6**	**1,078.4**	**21%**
Branch Teller	10.7	10.8	(1%)
Total Transactions	**1,316.3**	**1,089.1**	**21%**
Share of digital	**99%**	**99%**	

The value of transactions through digital channels increased by 12% to Ksh 6.7 trillion, with internet banking processing the bulk of these transactions amounting to Ksh 2.9 trillion, dislodging mobile banking as the preferred channel by value for the first time. Overall, digital channels processed 62% of transactions by value, with branches handling the remaining 38%.

Value of transactions (Ksh B)	2024	2023	Change
Internet banking	2,924	2,157	36%
Mobi Service	2,470	2,688	(8%)
Agency	701	666	5%
ATMs	407	278	46%
Merchants POS	204	191	7%
Total Digital	**6,706**	**5,979**	**12%**
Branch Teller	4,152	3,392	22%
Total Transactions	**10,857.5**	**9,371.3**	**16%**
Share of digital	**62%**	**64%**	**(3%)**

The value of mobile loans disbursed grew by 21% to Ksh 407 billion, equivalent to Ksh 1.1 billion per day. This was driven by enhanced limits, rollout of term loans and digital loans for small businesses.

System availability

To ensure round-the-clock availability of digital channels, our Technology Function implemented 24/7 monitoring on the mobile app. The Function also re-skilled and enhanced IT Operations using the DevOps principles of embedding engineering skills into operations to drive speed of service response.

In addition, we implemented system and infrastructure changes which collectively ensured maintenance of a 99.67% availability of channels and applications. The changes included upgrade of network infrastructure to newer networking technologies and improving the platforms and integrations infrastructure.

Cybersecurity

Cybersecurity continues to be a key concern in the financial sector. The Group operates a defense in-depth cyber security framework based on global standards (NIST), consequently sufficient investments have been made over the years to shore up our Cyber Defense, Cyber offence capabilities and mature incident response through people and process tooling.

Recognizing as well that we are only as strong as our weakest link, the cybersecurity Function is ab initio a designated Group Shared service with a specialist centre of excellence supporting cyber offence and defense operations and programs across the Group.

In appreciation of the human factor and role in cybersecurity, the Group issues periodic mandatory cybersecurity training for staff to enhance their knowledge in a changing and dynamic cybersecurity landscape. We have also put in place a rigorous campaign to educate customers on how to keep their account information and PIN safe from fraudsters. These include:

- We run such campaigns as "Kaa Rada" (Be alert) on a regular basis and awareness on the Bank's official communication channels/contacts which aims to ensure customers are not social engineered to share their account information with third parties and can easily identify impersonators when they receive calls from unofficial channels. This is done through various channels such as Bulk messaging, Eshots and videos on social media and customer education at the onboarding point.
- We have also put in place a stringent customer authentication and identification criteria before sharing any account information from the Bank to safeguard against breach of customer information confidentiality.
- We have a rigorous transaction monitoring mechanism to flag and act on any suspicious activities.
- Our Contact Centre is empowered to act and restrict customer accounts on reported fraudulent activities to safeguard customer accounts where there has been a compromise.

Acquisition of a Majority Stake in Riverbank Solutions Limited

The Group and Riverbank Solutions Limited signed a binding agreement that will see KCB acquire up to 75% shareholding in the financial technology firm, to strengthen KCB's distribution network across the region. The successful completion of the transaction is subject to conditions that are customary for transactions of this nature including receipt of regulatory approvals from, amongst others, the Central Bank of Kenya.

The acquisition will herald the following benefits for KCB

- The deal will boost the Group's digital capabilities, by bringing on board Riverbank's footprint in banking agency, social payments and business solutions. Riverbank has a presence in Kenya, Uganda and Rwanda.
- The acquisition will see KCB tap into Riverbank's capabilities in payment ecosystems and non-banking offerings including capability building, networks and marketplace solutions.
- Through Riverbank's technology platform, Zed 360, KCB will provide its SME and MSME customers with business management tools such as inventory management, financial reporting and payroll management which will ease their financial operations, enhance visibility and empower informed decision making for both the customer and the Bank. Riverbank also offers three other solutions namely Swipe platform for agency banking services, Zizi for revenue collection and CheckSmart for social payments.

The acquisition is part of our ongoing strategy to increase innovation of digital MSME offerings, focusing on seamless transaction and payment services, instant digitized lending, provision of business management tools and offering non-banking solutions such as business training and marketplace presence for our customers. The transaction will help the Group accelerate its strategy to interconnect with partner platforms and fintechs to offer services such as virtual wallets and payment APIs. This will see KCB consolidate its agency banking channels into one platform. Once the transaction is completed, Riverbank will become a subsidiary of KCB Group Plc.

75% Targeted stake at Riverbank Solutions Limited

The acquisition will boost the Group's digital capabilities, by bringing on board Riverbank's footprint in banking agency, social payments and business solutions.

Pillar 4: Optimize Data and Analytics

Delivery of our aspirations under this pillar is driven by

- 360-degree customer view through consolidated data warehouse & data lake.
- Hyper-personalized customer experiences.
- Monetization of data and robust data governance.

We have implemented decision-driven data analytics to enhance our customer offerings, focusing on generating cross-sell and upsell opportunities through lead generation algorithms. We expanded our digital lending offerings by utilizing tailored behavioral scoring models and optimizing limit management. Moreover, we leveraged large language models to analyze customer feedback, leading to improved customer experience.

In 2024, KCB continued to leverage data & analytics to drive growth in sales and create efficiencies in customer experiences in the following areas:

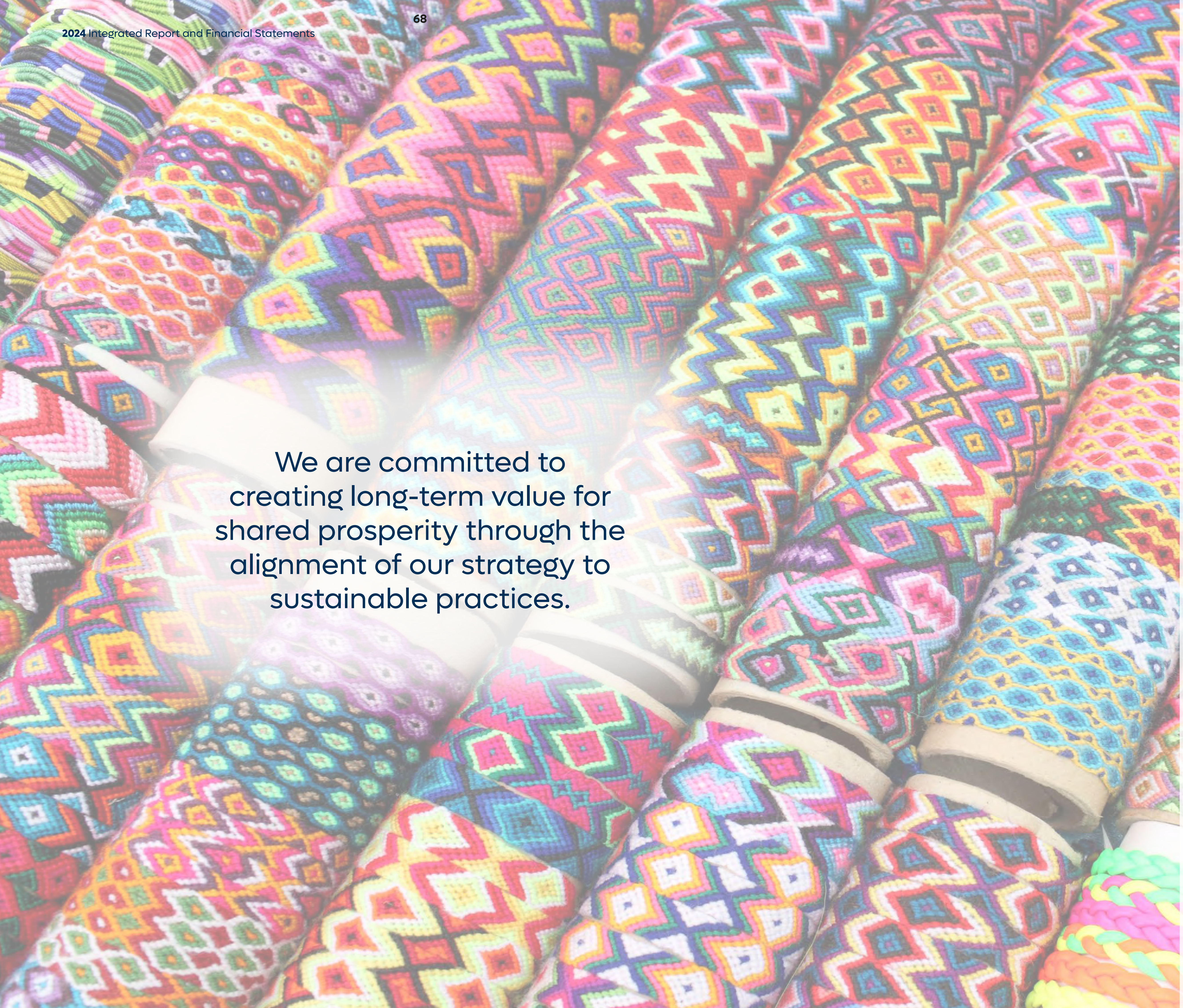
- Development and deployment of data-driven algorithms to support the automated scoring (appraisal) of existing and new customers, limit management and review of business rules; making it quicker and easier for borrowers to access loans instantly.
- Use of lead generation algorithms to support our sales team in targeting customers. We employed algorithms to segment customers, pre-scored customers for various products such as loans, insurance products among others.
- The team developed early warning dashboards for the corporate business teams and use of association rule mining algorithms to identify business opportunities emerging from deposit outflows.
- Automation of revenue assurance checks using the vast data sources in possession of the Group that has supported identification of areas to optimize the bank revenues.

Our Data & Analytics team is tasked with sourcing, extracting and transforming data from various internal and external sources. This process is crucial for creating numerous use cases throughout the Bank, enabling data-driven insights and decision-making that enhance operational efficiency, risk management, and supports growth.

The team develops data models that drive critical reporting functions, machine learning, and artificial intelligence initiatives within the Group. These models are designed to address key use cases that directly impact business performance and customer experience. Notable applications include credit scoring, where predictive analytics optimize lending decisions and risk management, churn analysis to identify at-risk customers and improve retention strategies, and product recommender systems that personalize offerings to enhance cross-selling and customer satisfaction.

Additionally, the team leverages sentiment analysis, including CES and NPS surveys, along with topic tagging to gauge customer feedback and identify areas for service improvement. These capabilities, coupled with process optimization models, enable the Group to streamline operations, reduce costs, and enhance operational efficiency, positioning the Bank for sustained growth in a competitive financial landscape.

The team also plays a critical role in identifying data gaps within the Bank's systems, pinpointing areas that require data cleansing to enhance overall data quality. By proactively assessing and addressing inconsistencies, inaccuracies, and incomplete datasets, the team ensures the integrity of financial data used for regulatory compliance, risk management, and strategic decision-making. Improving data quality is essential for supporting the Bank's analytical capabilities, enabling more accurate forecasting, better customer insights, and more informed business strategies across the Group.



We are committed to creating long-term value for shared prosperity through the alignment of our strategy to sustainable practices.

Environmental, Social and Governance

Our ESG Approach

KCB Group is committed to creating long-term value for shared prosperity through the adoption of Sustainability and Environmental, Social and Governance (ESG) practices in decision making and business growth. Over the years, the business has integrated and mainstreamed sustainability into its day-to-day operations. KCB Group has continued to be recognized as financially sound, socially responsible and environmentally viable.

The challenges of climate change, nature and biodiversity loss, pollution and waste are a constant reminder that we must transform societies and economies to protect our planet. Each one of us has a role to play and collective actions are required to roll out and implement key initiatives to address these challenges.

Environmental

Sustainability Focus

We are committed to operating sustainably and lending responsibly. We continue to assess and address our climate-related risks and opportunities and set up processes that enable us to enhance our approach to managing climate risks.

We support our customers to institute measures to mitigate any adverse impact they may have on the environment and society, through our environmental and social due diligence process.

Our Group Board Audit & Risk, Oversight and Strategy & IT committees oversee sustainability and climate risk management in areas of policy approvals, quarterly status updates, strategy formulation & development, and promote a culture of accountability & ethical conduct. We also have a dedicated Sustainability department which monitors the implementation of our sustainability agenda and supports business units, to tap climate-related opportunities and develop measures to mitigate climate risks. The unit, which is composed of five employees, is led by our Group Head of Corporate and Regulatory Affairs, who reports to the Group Chief Executive Officer.

In addition, during the year, the Group recruited a Head of Sustainable Finance within our Corporate Banking segment and Mortgage Division, to further augment the entrenching of sustainable financing within our lending portfolio as well as commercialize products and services in the sustainability space such as renewable energy, green buildings, energy efficiency, affordable housing and sustainable water usage.

The Group publishes a separate Sustainability Report annually, which details our progress across various sustainability initiatives focusing on non-financial performance. These disclosures are aligned to Global Reporting Initiative (GRI 4). The 2024 report is available on kcbgroup.com/sustainability-page

The Group manages all risks the business is exposed to centrally, including climate-related risks and opportunities. Our risk management practices have been highlighted on pages 116 to 125 of this report.

2024 Sustainability Highlights

Green Finance

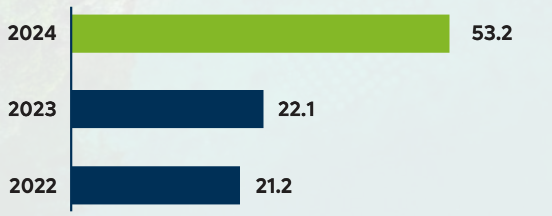
KCB Group is committed to driving sustainable development through our proactive approach to green finance. As we navigate the evolving landscape of environmental responsibility, we take pride in our initiatives aimed at fostering sustainable practices across various sectors.

Key Sectors of Green Finance Uptake

- **Manufacturing and Agriculture:** Our investment in green finance has significantly benefited customers in the manufacturing and agriculture sectors, enabling businesses to adopt sustainable practices and reduce environmental footprints.
- **Infrastructure - Building and Construction:** We are financing projects that promote sustainable infrastructure development. Our support for energy-efficient buildings and sustainable construction practices is a testament to our commitment to environmental stewardship.
- **Solar and Energy-Efficient Materials:** The transition to renewable energy is critical in combating climate change. KCB has prioritized financing for solar energy projects and the use of energy-efficient materials, empowering businesses to contribute to a greener future.

In 2024, KCB Group disbursed green loans worth Ksh 53.2 billion. This reflects our strong commitment to integrating sustainability into our core lending practices, enhancing our role in promoting sustainable investments.

Value of green loans disbursed (Ksh billion)

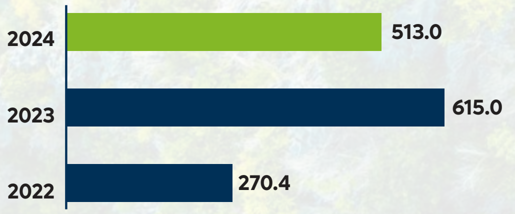


ESDD Screening

KCB Group is committed to integrating environmental and social considerations into our lending process. We have continued to leverage the Environmental and Social Due Diligence (ESDD) tool, to efficiently categorize and identify environmental and social risks associated with the projects we finance.

The ESDD tool has proven to be an invaluable resource for KCB, enhancing the banking subsidiaries' abilities to evaluate project risks effectively. Through utilizing this tool, we ensure that all facilities meet the highest standards of sustainability, reinforcing our leadership in sustainable finance.

Value of loans screened under ESDD (Ksh billion)



Most of the projects assessed have been categorized as **Category B (medium impact)**, indicating a moderate level of environmental and social risks.

These assessments reflect the Bank's commitment to incorporating environmental and social considerations into its lending processes, ensuring that all facilities meet the highest standards of sustainability. The use of the ESDD tool across all subsidiaries not only enhances project risk evaluation but also reinforces the Bank's leadership in sustainable finance across the region.

Capacity Building

In 2024, 86% of KCB Group staff successfully completed an e-learning course on green lending, a critical milestone that underscores the Bank's unwavering commitment to sustainability and environmentally responsible financial practices. This course equipped staff with the knowledge and tools to align their roles with the Group's sustainable finance strategy, ensuring that every team member contributes meaningfully to advancing green and inclusive growth.

Beyond the e-learning initiative, a total of **3,589 staff members** across Kenya, Tanzania, Uganda, and South Sudan participated in comprehensive capacity-building programs covering key topics such as Environmental, Social, and Governance (ESG) principles, Environmental and Social Due Diligence (ESDD), green lending practices, and decarbonization strategies. These tailored training sessions were designed to deepen employees' understanding of sustainability frameworks and strengthen their ability to incorporate environmental and social considerations into banking operations.

To ensure continuous improvement, feedback mechanisms were embedded into these training programs. After each session, a survey was conducted to evaluate the effectiveness of the training and address any lingering questions or challenges raised by participants. This feedback loop has been instrumental in refining the content and delivery of future sessions, ensuring that employees are not only well-informed but also confident in applying these principles in their day-to-day operations.

By equipping staff with the necessary skills and knowledge, the Bank is building a workforce that is empowered to champion sustainable finance practices, support clients in adopting green strategies, and contribute to broader environmental and social goals.

Resource Usage

We implemented a comprehensive documentation and data collection process in 2024 to enhance sustainability and reduce resource consumption across all branches. This initiative aims to achieve 100% documentation of resource usage, focusing on four key resources: electricity, fuel, water and paper.

Objectives of this initiative include:

- **Comprehensive Data Collection:** Establish a robust system for collecting data on resource consumption to facilitate informed decision making.
- **Reduction of Resource Consumption:** Identify patterns and areas for improvement to minimize waste and enhance efficiency.
- **Sustainability Goals:** Align resource management practices with broader KCB sustainability objectives, Sustainable Development Goals, contributing to environmental conservation.

To ensure effective tracking and management of resources, we took the following measures:

- **Standardized Documentation:** Developed standardized forms and protocols for documenting resource usage across all branches and subsidiaries. This ensures consistency and accuracy in data collection.
- **Training and Awareness:** We conduct training sessions for staff to emphasize the importance of accurate data collection and the impact of resource consumption on business operations.
- **Regular Monitoring:** We have implemented a schedule for regular monitoring and reporting on resource usage. This helps in identifying trends and making timely adjustments to resource management strategies.

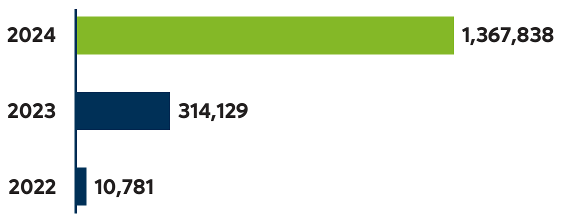
Tree Growing

KCB is dedicated to promoting environmental sustainability through various initiatives, with a strong focus on tree planting and growing to combat climate change and enhance biodiversity.

To ensure the success of our tree planting and growing initiatives, we have leveraged our extensive branch network to plant trees in schools, fostering a sense of responsibility and care for the environment among students. Every KCB branch has a target of planting and growing 1,500 trees annually in partnership with schools nearest to them creating awareness about conservation of trees at an early age and responsibility to take care of them to maturity.

As part of our sustainability efforts, we also partnered with the Mama Doing Good Initiative to plant fruit trees. We allocated Ksh 1 million for purchasing seedlings, resulting in the successful planting and growing of 31,500 fruit trees.

Number of trees planted



ESG Strategy in BPR

BPR Bank benefited from technical assistance from one of its lenders, European Investment Bank (EIB), for climate risk management and green finance strategy. This strategy aims to create a conducive investment environment for Climate Action by addressing, assessing, monitoring and reporting on climate risk and environmental impact as well as by catalysing funding for them.

A climate risk self-assessment report was developed and submitted to the National Bank of Rwanda as part of the first phase of the bank's partnership with EIB. This process involved systematically evaluating BPR's exposure to climate-related risks and opportunities and determining their impact on its financial position, performance, and outlook.

Financed Emissions

We started the process of calculating our financed emissions, which are greenhouse gas emissions that are linked to the lending and investment activities of the Group and represent our share of responsibility for the emissions of our clients.

This exercise will lead to the identification of financing and capacity development opportunities within our financing book to reduce emissions in different sectors. To further assist in this process, we have partnered with one of our lenders, Proparco, for technical assistance in green lending, climate scenario analysis and stress testing.

Deployment of GCF funds

In 2020, KCB Bank Kenya was accredited by the United Nations Green Climate Fund (GCF) as the first financial intermediary for green financing in East Africa. The accreditation was made under the medium to large private sector category, enabling KCB to front projects ranging from USD 50 million to USD 250 million. This accreditation allows the bank to effectively channel resources for impactful green projects for both mitigation and adaptation.

The GCF accreditation opened the door for KCB to receive funding for on-lending to beneficiary institutions engaged in developing green-climate investment assets and projects in Kenya and the broader East African region. As the implementing entity, the Bank is positioned to play a significant role in catalysing climate finance in the region through scale, innovation and impact.

In 2024, KCB Bank Kenya successfully secured USD 540, 000 from GCF to support Micro, Small and Medium-sized Enterprises (MSMEs) in accessing climate-smart technologies. The funding is vital for empowering MSMEs to adopt sustainable practices and technologies that contribute to climate resilience. The approval of the Project Preparation Facility (PPF) in 2025/2026 places the bank on a path to tap on a project funding worth USD 118.25 million to support lending to MSMEs offering climate-smart solutions in climate smart agriculture, water management, waste management, clean energy efficiency in manufacturing and clean energy efficiency in cooking.

Social

We position our products, policies, programmes, and actions to deliver social impacts in the markets we operate in. Through our social lens, we work to deliver impactful programmes that create value for our customers, employees and communities.

Driving Financial Inclusion and Access

We deliver high social value for our customers through providing access to capital, driving financial inclusion & access, supporting schools to broaden access to education, and delivering affordable housing among other key initiatives.

Supporting Women-owned Businesses

The Bank launched the Female-Led and Made Enterprises (FLME) proposition in 2022, aimed at availing Ksh 250 billion in financing over a five-year period. FLME is a 360° intervention platform that seeks to grow the base of female entrepreneurs by offering more unsecured lending to address the challenges that most female customers cite as the major impediment to financing.

The proposition also prioritizes non-financial solutions through capacity building programmes, training, workshops, mentoring, coaching, and networking opportunities. So far 17,000 women have been trained through this programme.

The benefits for customers include:

- Eased credit requirements and documentation.
- Faster loan processing turnaround time with a prioritized workflow in our loan origination system.
- Access to unsecured loans of up to Ksh 10 million.
- Women in chamas can get loans of up to 10 times their savings, enabling them to borrow up to Ksh 250 million per group.
- Flexible medical insurance solution through FLME Simba Health.
- Access to non-financial services including literacy skills, networking sessions, and business trips.
- Capacity building through the KCB Foundation incubation programme for start-ups.

	2020	2021	2022	2023	2024
Cumulative value of loans disbursed (Ksh B)	24	45	75	114	139
Deposits (Ksh B)	22	28	30	36	47

Powering Small Businesses

The Group deliberately works towards availing more lending to Micro, Small and Medium Size Enterprises (MSME) as this segment is the engine that powers economic growth across our markets. We continuously revamp our products to meet the ever-changing customer needs and ensure that the solutions we offer are accessible and affordable to small businesses. Some of the initiatives that we have adopted to achieve this goal include:

- Roll out of digital loan solutions for small businesses.
- Revision of lending criteria.
- Extension of loan tenures.
- Enhancement of limits.
- Investing in automation.
- Leveraging data analytics to prescore customers.
- Revision of lending rules for small businesses to accommodate new-to-bank customers who may be inhibited by lack of prior banking relationships for credit appraisal.
- Ecosystem and value chain financing under retailer financing targeting FMCGs, Oil industries, hardware businesses among others.
- Partnerships to drive financial access for low-income customers and marginalized groups through capacity building and derisking lending.

We continuously revamp our products to meet the ever-changing customer needs and ensure that the solutions we offer are accessible and affordable to small businesses.

Artisanal and Small-Scale Mining (ASM) Financial Inclusion in DRC

The largely informal ASM sector is estimated to employ 1 million people in Congo, and over 40 million worldwide and yet to date has been entirely excluded from the banking system.

The Public-Private Alliance for Responsible Minerals Trade (PPA) is a joint initiative among governments, companies (including Apple, CISCO, Intel, Sony, and VW), and civil society to support supply chain solutions for responsible mining. The PPA seeks to incentivize legitimate ASM operations, businesses, and trade.

In 2023, TMB became the first financial institution, and the first African company, to be admitted to the PPA as a member. Through the PPA, TMB has commenced an outreach programme to encourage and support commercial banks in ASM countries, and global correspondent banks, to move from a position of de-risking to engagement with the ASM sector.

Core to this, TMB is sharing its experience of developing a best-in-class ASM risk framework approach with peer banks. On the back of this development, TMB joined the OECD's Multi-stakeholder Steering Group to assist with the OECD's Responsible Minerals Supply Chains initiative.

TMB is seeking to work with the broader banking industry, as well as global mining companies, to support ASM formalization activities. The approach includes supporting financing to the ASM entities with a particular focus on improving ESG standards in the sector, for example by the removal of mercury from ASM gold production and transitioning to clean energy use in production activities.

In 2023, TMB became the first financial institution, and the first African company, to be admitted to the PPA as a member. Through the PPA, TMB has commenced an outreach programme to encourage and support commercial banks in ASM countries, and global correspondent banks, to move from a position of de-risking to engagement with the ASM sector.

Banking Solutions for Marginalized Communities

TMB's provision of banking services to marginalized communities, including displaced persons and those in conflict zones, distinguishes the Bank in the Congolese banking sector. Our remote area banking service has grown substantially through 2023 and into 2024. Mobile teams now serve up to 200,000 individuals each month, including large numbers of internally displaced people. We have introduced services in multiple new locations, increasing our geographical coverage significantly. As a result, total transaction volumes have risen by nearly 50%.

In the conflict zones of Eastern DRC, our service provision is dynamic, guided by continuous and detailed security assessments. TMB's commitment to serving communities in these areas is unmatched. Our mobile banking service ensures continuity when staff cannot be physically present due to evolving security situations.

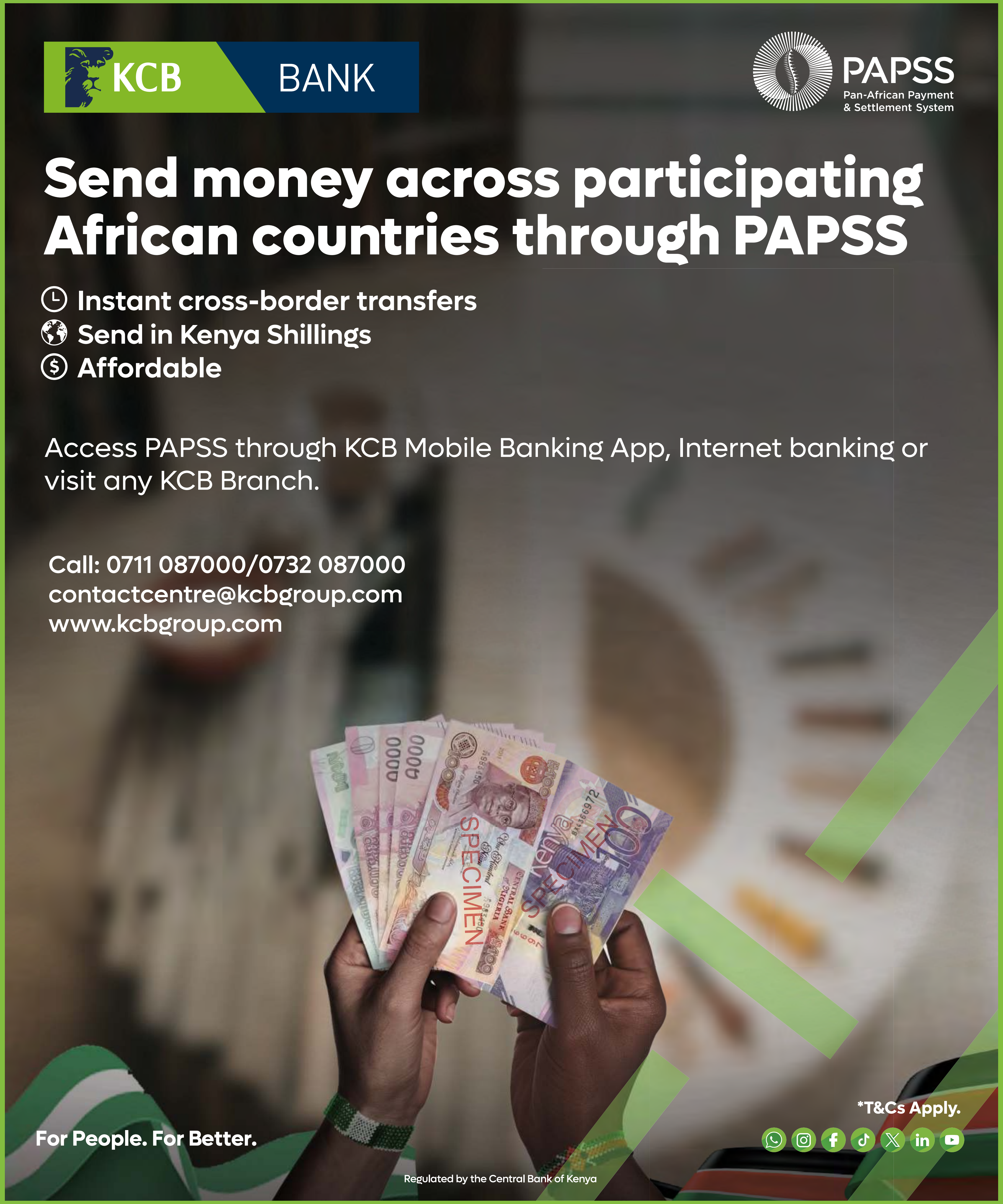
TMB leverages advancements in fintech to support these efforts. Our Commodity Voucher product, optimized for use by NGOs, allows beneficiaries to receive e-vouchers instead of cash. These vouchers can be exchanged for predetermined goods or services at specified stores or traders, ensuring funds are used for the intended purpose.

Providing banking services to marginalized communities promotes financial inclusion, ensuring that everyone, regardless of socioeconomic status, has access to essential financial services. This inclusion helps reduce poverty and inequality by offering opportunities for savings, loans, and other financial products, leading to improved living standards and economic stability. We believe that economic stability fosters greater security and political stability.

Our commitment to serving marginalized communities reflects our dedication to ethical practices and corporate responsibility, aligning with sustainable development goals. This approach involves engaging with a wide range of stakeholders, including local governments, NGOs, and community groups, to understand and address the unique needs of these communities, fostering trust and collaboration.

Furthermore, we encourage and finance environmentally sustainable practices among small businesses and individuals in these communities. This includes supporting the adoption of clean energy solutions, particularly solar, and sustainable resource management, contributing to broader environmental goals.

TMB's provision of banking services to marginalized communities, including displaced persons and those in conflict zones, distinguishes the Bank in the Congolese banking sector.



Banking on our Customers' Values

KCB Sahl Banking celebrated a decade of operations in 2024. Over this period, Sahl has achieved commendable growth. Sahl is built on Shariah principles that are not only designed to drive financial inclusion but are also in line with our customers' values. It offers a variety of unique solutions that are Shariah compliant and is available across all our branches.

During the year, some of the notable milestones achieved include:

- Deepened relationships and increased product penetration within key segments through targeted campaigns, digital outreach and customer engagement forums.
- Upskilled employees across the business on Sahl products and solutions.
- Enhanced market access for clients, reduced trade risks, and improved cash flow through our trade finance products.
- Enabled businesses to acquire key assets, replace old equipment and expand operations.
- Enhanced transparency through Shariah compliance.
- Supported regional businesses through syndication, Shariah advisory support and advice on setting up Shariah compliant windows.
- Held two FLME events in Mombasa and Nairobi.
- Opened Eastleigh Sahl Centre in Nairobi.
- Trained imams from various mosques across five counties in Kenya.
- Supported various community initiatives such as medical camps, sponsorships, humanitarian donations, and food donations for vulnerable families.

	2024	2023
Financing (loan) book	Ksh 20.0 billion	Ksh 19.4 billion
Customer deposits	Ksh 26.6 billion	Ksh 20.7 billion
Number of customers	139,713	114,900
Net income	Ksh 1.9 billion	Ksh 0.4 billion

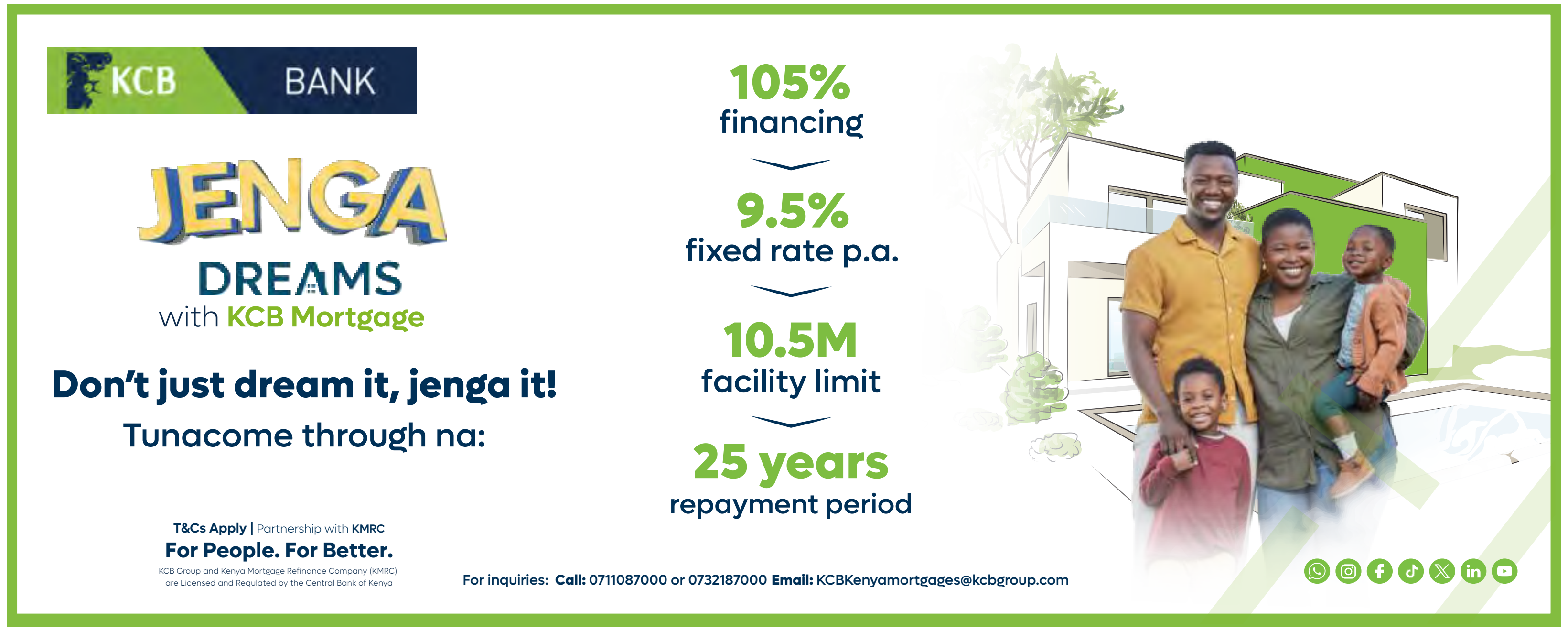
Delivering Affordable Housing

In 2024 KCB maintained its position as the leading Primary Mortgage Lender (PML) in Kenya with the market share (as per Central Bank of Kenya data) increasing from 30% to 31% and a mortgage book in Kenya of more than Ksh 88 billion.

Our affordable housing scheme mortgage product saw the highest growth in the year driven by the low fixed interest rate of 9.5%, long tenure of 25 years, 105% financing, a dedicated sales force, relationship management support across our branches and KCB's strong brand. In 2024, approvals under the affordable housing scheme reached Ksh 5 billion, the highest in a year since its launch.

Other key milestones in 2024 included:

- Channeling Ksh 25 billion to private and public developers to support affordable housing projects across the country.
- Re-launch of the Developers Club as part of strategic engagements with key stakeholders in the housing ecosystem with the aim of supporting and championing for sustainable building practices and development of infrastructure that will stand the test of time by prioritizing green construction.
- Built strategic partnerships and collaboration with leading public and private developers.
- Additional borrowing of Ksh 614 million from Kenya Mortgage Refinance Company for onward lending for affordable housing.
- Partnership with Kenya's Ministry of Lands, Public Works, Housing and Urban Development to deliver the Building Climate Resilience with the Urban poor Program (BCRUP), a flagship endeavor and a globally recognized initiative towards addressing the climate change crisis.
- Establishment of a department to deal with project investments and sustainable financing which seeks to partner and support developers REITs (Real Estate Investment Trusts) and Partnership with various Development Finance Organizations to raise funds for supporting real estate Development in Affordable Housing projects and Slum Upgrade programs.



Supporting Farmers through Kilimo Konnect

The National Bank of Kenya (NBK) unveiled a Ksh 2 billion Agri-financing and enablement initiative that targets to loan and train farmers across Kenya on new technologies.

The initiative dubbed Kilimo Konnect, will provide tailored solutions to enable farmers to overcome challenges related to working capital, equipment procurement, and post-harvest processing.

It is supplemented with partnerships for farmers to embrace technology-driven agricultural solutions. NBK has partnered with Private Equity Support (PES), Netherlands Enterprise Agency (RVO), Endless Africa Ltd, and Grobox Ltd to deliver these solutions.

The initiative brings together various stakeholders, including dairy cooperatives, fintech companies, and technical advisors, to guide farmers in using biodigesters.

The solution will enable farmers to buy and install biodigesters through affordable financing options. These devices enable them to convert organic waste into energy for both household and farm use. This aims to reduce operational costs and promote sustainable farming practices by leveraging renewable energy.

NBK aims to transform the agricultural landscape in Kenya, ensuring that farmers are well equipped to meet the challenges of modern farming and thrive in a competitive market. This will ultimately catalyse the agriculture sector to success and foster economic growth.

During the launch of the solution, NBK provided two fully paid-up biodigesters to select farmers and a 10% discount on the first 10 biodigesters taken up by cooperative members. The Bank also offered a one-year last expense insurance cover for 10 households and started a three-month pilot feed advisory service for 10 farmers.

Empowering our Employees

KCB Group has a regional footprint that has enabled us to have diverse and exceptionally talented staff complement across the region working to deliver our strategy.

Our headcount is made up of:

- 12,090 employees (2023: 12,038)
- 45% are female & 55% male
- 71% below the age of 40 years and 92% below the age of 50 years
- 83% full-time and 17% part-time employees

Strong Employee Value Proposition

The Group offers a superior employee value proposition to attract and retain exceptional talent. Fair and responsible remuneration is a core principle for us; our specific actions reflect a deliberate decision to strengthen this stance over the years. The Bank has managed to maintain a low staff attrition rate backed by our competitive employee value proposition that rewards productivity and attracts the requisite talent to deliver our strategy. In 2024, the attrition rate stood at 6.2% compared to 7.9% in 2023.

We purposefully endeavor to maintain fairness and equity in employee remuneration and motivate high levels of employee performance. We recognize and reward individuals and teams who perform exceptionally and create a positive impact on the business through our annual Simba awards program. We also implement annual salary reviews and pay bonuses subject to individual and company performance.

Work Environment

At KCB, we create a conducive working environment for employees to fulfil their potential and deliver our strategy. In addition, we provide opportunities for development and career growth, a competitive wellness program and performance-based reward and recognition.

In 2024 we continued to embed our organization culture in line with our Brand Purpose, **For People. For Better** and our values of being **Closer, Connected,** and **Courageous**. Following the Group-wide 2023 Organization Health Index (OHI) survey results, we were able to develop actions per Subsidiary and Division to support us in transitioning our culture. During the year, our Human Resource Function worked closely with the focus teams in the Divisions to address the areas of concern, providing training, conducting team building activities and enhancing leadership visibility. Through this initiative we were able to successfully achieve a 90% closure of culture action points.

As part of increasing leadership visibility, we held quarterly town hall meetings with all staff that facilitated communication of business performance and provided an engagement platform. We also launched the Adopt a Branch program where Directors, Heads of Departments and Senior Managers adopted branches with the purpose of creating leadership visibility and improving timeliness in resolving both customers and employees' concerns.

Our senior leadership underwent a leadership training program which supported leaders to adopt leadership capabilities in the ever-changing business environment and strategies of leading a multi-generational workforce.

These initiatives have supported the improvement of our organization culture, empowered employees to both delight the customer and to embrace learning and innovation. In addition, they have fostered a trusting and caring work environment, provided growth opportunities to fuel motivation and rewired and equipped leaders.

We seek to continue supporting teams in addressing action areas for the coming year. We will also continue with our leadership development journey to achieve the KCB Leadership Way by providing leadership development for the remaining categories of leaders in the Bank throughout 2025. At the end of 2025 we also plan to conduct another organization wide Organization Health Index (OHI) survey to help us measure progress we will have made across the Group.

Diversity and Inclusion

Our Diversity and Inclusion Policy guides our organization to create and sustain an environment that attracts and retains a diverse and inclusive workforce. Through this Policy, we ensure that we sustain an environment where each employee can develop their full potential irrespective of their race, ethnicity, gender, marital status, age, disability, and religious beliefs. In support of diversity, we have maintained our staff distribution above a third rule with the current distribution of 45% female and 55% male employees. In addition, we have 32 employees living with disabilities.

Proportion of female employees	2024	2023
Overall	44.57%	44.37%*
Management	43.10%	44.21%
Senior management	26.02%	30.17%

We continue to sustain our diversity of employees across various age groups, currently with a workforce spanning four generations. This has been a key contributor is keeping our employee value proposition refreshed regularly to meet staff expectations across the different staff categories.

Group headcount breakdown by age	2024	2023
18 - 20 years	0.02%	0.06%
21 - 30 years	32.82%	34.11%
31 - 40 years	38.40%	39.87%
41 - 50 years	22.27%	19.99%
51 - 60 years	6.50%	5.96%
Over 60 years	–	0.01%

The Group has continued to have a good proportion of employees who have worked for the Bank for over five years that has enabled talent and knowledge retention, while at the same time refreshing the workforce to ensure we have a staff complement that drives the adoption of innovation and new ways of working. This is reflected in the 58.8% share of employees who have worked for the bank for five years and below.

Group headcount breakdown by tenure	2024	2023
0 - 5 years	58.78%	58.13%
6 - 10 years	12.82%	15.64%
11 - 20 years	23.22%	20.67%
over 20 years	5.18%	5.56%

	2024	2023
Average employee tenure (years)	6.81	6.68
Average male employee tenure (years)	6.77	6.67
Average female employee tenure (years)	6.86	6.68

*Restated

Talent Management

The Group has continued to make great efforts towards talent retention through planning, learning and development initiatives. In 2024 we reviewed and refreshed our Talent Management Framework that supported in revamping our Talent Succession Cover across the organization. This enabled us to achieve a 25% ready now and 50% partial ready succession cover across the Group for our leadership and critical roles.

During the year we promoted six successors into Director and Head of Department roles as part of bringing to life our succession agenda, supporting internal career growth and employee retention. Going forward, we will continue with development initiatives for the respective successors as we prepare them to be ready for higher roles.

We have also put in place a Management Training Program to be implemented in 2025 to support in identifying and developing talent for the entry and middle management roles. This will enable the Bank to improve its talent cover across the different levels of Management providing career growth opportunities, support employee retention and improve our Employee Value Proposition.

Training continues to be a key pillar of enhancing the capacity of staff to deliver on their mandates. We run blended training programs delivered either virtually, in classroom sessions or on-the-job training that provide every employee with opportunities to improve their skills throughout the year. In 2024 we successfully launched the Leadership Academy, Card Business & Operations Curriculum, Group Data Literacy Curriculum, AWS Technology Learning Journeys and Trade Operations & Business Curriculum. This provided learning journeys that have enabled employees to be better equipped for their current roles and the next higher role.

In addition to the learning journeys, we also provided other role-specific and technical courses that supported improving employees' skills. Our Leadership Centre in Kenya has continued to provide a great learning environment that supports our learning agenda across the Group.

Overall, because of these efforts, 627 employees were promoted across the Group upon demonstrating their ability to handle greater responsibilities.

	2024	2023
Number of promotions	627	759

We remain on a positive trajectory as a Group with a focus on People, Process and Technology. Our People agenda remains key in building a strong workforce to deliver our strategy.

Training continues to be a key pillar of enhancing the capacity of staff to deliver on their mandates. We run blended training programs delivered either virtually, in classroom sessions.

Supporting our Communities

As a responsible corporate citizen, we play an active role in supporting the various communities we operate in. This is through both our targeted Foundation programmes and initiatives undertaken by our banking subsidiaries in the region.

KCB Foundation

The KCB Foundation is a vital arm through which we drive the creation of shared value. The Foundation was established in 2007 and mandated to implement the Group's corporate citizenship responsibilities. The Foundation implements various programmes under two key pillars of Enterprise Development and Scholarships.

Enterprise Development

2Jiajiri and Young Africa Works Programmes

2Jiajiri is a KCB funded enterprise development and wealth creation programme. Its objective is to create and support new and existing enterprises in the informal sector through vocational training, business development services and market linkages.

The Young Africa Works Programme is a Mastercard funded programme aimed at upskilling, incubating, and financing young people in business.

Progress made in 2024

- 60,686 direct jobs created.
- Provided 13,142 vocational training scholarships worth Ksh 727 million.
- Distributed 1,789 toolkits worth Ksh 57 million.
- Supported 37,078 businesses.
- 26,466 MSMEs enrolled for Business Development Services (BDS) scaling our MSME and FLME propositions.
- 4,814 MSMEs commenced one-on-one mentorship at their respective business locations.
- Disbursed loans worth Ksh 2.58 billion to over 4,000 youth-owned MSMEs previously ineligible for financing across 102 branches. 38% of these beneficiaries were female.
- 100% uptake of produce from the 94 greenhouses operated by youth beneficiaries. The quality of produce also improved from 80% to 94% in the year.

60,686 Direct jobs created in 2024

37,078 Number of businesses supported in 2024

KCB Burundi's 2Jiajiri programme dubbed Iteze Imbere also made significant progress in the year. It supported 188 beneficiaries and availed toolkits to 121 beneficiaries. In addition, it provided Business Development services for 257 women in rural areas and forged and maintained partnerships with Fondation Stamm, Centre de Formation Professionnelle de Kanyosha, Ministry of National Solidarity, Social Affairs, Human Rights & Genders and KAZ'O'ZAH KEZA.

In Rwanda, BPR Foundation sustained its activities under the Igire programme. The programme is an initiative aimed at reducing unemployment in Rwanda by equipping youth with technical skills that make them more competitive in the job market and supporting the growth of SMEs. It has been running since 2018. In 2024, the Foundation collected over 660 applications, interviewed 350 applicants, and recruited 100 students for a six-month training course including a month of industrial attachment. Upon graduation, selected groups with the best business projects will be rewarded with seed capital, aligning with the program objective of enabling the growth of SMEs. During the year, students enrolled in masonry, plumbing, culinary arts, electrical repair and maintenance and carpentry across several Integrated Polytechnic Regional College's (IPRCs) in Rwanda. The Igire Alumni Club was also launched during the year.

Mifugo ni Mali Programme

This programme seeks to commercialize livestock production in arid and semi-arid areas. This is done through training farmers in poultry and blue economy value chains, availing inputs, extension services and market linkages.

In 2024, over 2,200 farmers received training in poultry and blue economy, while a further 1,100 farmers accessed inputs and extension services. In addition, the programme onboarded key strategic partnerships to support direct extension services to farmers and link them to branches, including:

- **Blue Economy:** Technical support and BDS provision.
- **Potato:** Pilot partnership with International Fertilizer Development Centre (IFDC), benefiting over 3,000 farmers in agri-entrepreneurship.
- **Farmer Producer Organizations (FPOs):** Supported 15 FPOs in acquiring value addition equipment.
- **Tullow Oil:** Provided productive capital worth Ksh 4 million for assets in Turkana County, Lokichar Constituency.

Scholarships

Our scholarship programme covers high school and tertiary education for students from disadvantaged backgrounds, including victims of harmful cultural practices, teen mothers, and persons living with disabilities. The programme currently supports 5,752 students.

Progress made in 2024

- 1,259 new scholarships were provided in 2024, ahead of target, driven by matching funds from strategic partners, and earned income from the Young Africa Works Program. 10% of these were Diversity, Equity and Inclusion Scholarships. These were awarded to 32 FGM survivors, 52 students with disabilities and 28 teen mothers.
- The Foundation matched private contributions by KCB Group staff through the Ubuntu Initiative which supported an additional 98 students in the Form One intake.
- Recorded a 99% high school completion rate against an 81% national average.
- Achieved an 84% transition rate to tertiary institutions against a 32% national average.
- 50 students in the inaugural athletics programme.
- Provided scholarship for 13 students to prestigious & Ivy League universities.
- Lack of support for children is a key barrier towards teen mothers' retention in school. In 2024, the Foundation piloted a program aimed at retaining teen mothers in school by providing support for their children.
- Strengthened psychosocial support services for KCB Scholars as part of the 2024 initiatives aimed at providing holistic support for our Scholars.
- Piloted the Wezesha career-focused initiative offering internship and employment opportunities for graduating KCB Scholars.

Profile of KCB Scholars

- KCB Scholars are leaders, with 249 students holding leadership positions in their schools.
- The Scholars are well-rounded, participating in 40 extra-curricular clubs and 33 religious clubs.
- They are drawn from all 47 counties in Kenya using a need-based allocation formula. Highest number of scholarships awarded to Nairobi, Kisii, and Uasin Gishu counties. Most female scholars drawn from Nairobi, Narok, and Kisii.
- 54% of tertiary scholars pursue Science, technology, engineering, and mathematics (STEM) courses with 58% of male students taking STEM. 47% of female students in STEM, higher than national average of 30%.
- KCB Scholars study at 95 Universities & learning institutions nationally and globally.

5,752 Number of students supported in 2024

84% Transition rate to tertiary institutions

Responsible Procurement

At KCB we promote responsible procurement and prioritize purchasing from local businesses. We are committed to dealing fairly with our suppliers, acting with integrity, and ensuring a responsible supply chain. We are also committed to involving local suppliers in our supply chain and contributing to local business development. The proportion of spend on local procurement increased from 70% in 2023 to 78% in 2024, reinforcing the Bank's commitment and dedication to supporting local business.

The Bank maintains a supply chain and shared services sustainability strategy to support suppliers, improve their sustainability practices and influence the supply chain for greater environmental and social outcomes. In line with this strategy, the Bank cascaded the Supplier Code of Conduct, with 83% of suppliers signing up to the Code, up from 53% in 2023. This is a key commitment to responsible and sustainable procurement practices and supplier development support.

The Supply Chain Management (SCM) team held a forum with suppliers during the year themed Strengthening Partnerships for Sustainable Growth. The key highlights from the forum included:

- Leadership emphasized the Bank's commitment to sustainable procurement and growth of the vendor base.
- Testimonials showcasing success stories from vendors benefiting from the Bank's inclusiveness.
- Technology and innovation in SCM through the adoption of an Oracle Fusion system.
- Emerging issues in SCM such as data protection and cyber security.

The Group has a zero-tolerance policy against all forms of corruption, bribery, and unethical business practices. We require all service providers to adhere to the Group Code of Ethical Conduct. We also have in place a policy to ensure equitable distribution of work to our suppliers. This policy places emphasis on MSMEs as well as special interest groups.

These special interest groups comprise enterprises owned by youth, women, and persons living with disabilities. We have put in place initiatives to increase the provision of business to special interest groups through a review of the selection framework and proactive stakeholder alignment on identified procurement requirements, which can be reserved for this category of vendors. We believe that these initiatives will improve the volume of business awarded to this category of vendors. Overall, these groups were awarded procurement contracts worth Ksh 913 million in 2024, up from Ksh 874 million in 2023.

78% Proportion of spend on local procurement, up from 70% in 2023

Ksh 913M Value of procurement contracts awarded to special interest groups in 2024

Corporate Citizenship

The Group has over the years supported various initiatives through targeted sponsorships and donations as part of corporate social responsibility.

Case in Point

Support for SOS Planète Congo

DRC is actively engaged in biodiversity protection programmes, particularly focused on forest conservation amid climate change challenges. Traditionally targeting adults, TMB has shifted its strategy by supporting the SOS Planète Congo project, an environmental education initiative aimed at children and their teachers. This project aims to integrate environmental and cultural education into the school curriculum to instill climate awareness from an early age.

SOS Planète Congo promotes sustainability and highlights the connection between human culture and nature. By fostering environmentally friendly behaviour, it aims to create a society more attuned to ecological challenges. The project is currently implemented in select schools in Kinshasa and across several provinces, with the goal of national curriculum integration underway.

Since 2022, TMB has supported educational workshops on biodiversity and forests and translated the SOS Planète Congo books into all national languages. These books, initially published in French, Kikongo, Lingala, and Swahili, will include Tshiluba this year. A key resource, a textbook in national languages, is distributed to pupils and teachers to enhance their knowledge and advocacy skills. This initiative equips students with crucial understanding of climate issues and sustainable practices, encouraging them to influence their families on the importance of preserving the Congo River Basin Forest and valuing natural and cultural heritage.

Partnership with Bismark Biyombo Foundation in DRC

For more than 10 years, TMB has been the proud sponsor and financial partner of the Bismack Biyombo Foundation. The Foundation is a philanthropic organization founded by Bismack Biyombo, an ex-NBA professional basketball player from the Democratic Republic of the Congo, to make a positive impact in his home country. The Foundation focuses on three key areas:

Education

- **Scholarships and School Support:** The Foundation provides scholarships to Congolese youth, enabling them to pursue quality education both in the DRC and abroad. It has built and refurbished schools to improve access to learning environments.
- **Empowering Youth:** The Foundation promotes youth empowerment by providing resources like school supplies and technology to enhance learning opportunities.

Health

- **Medical Support:** During the COVID-19 pandemic, the Foundation donated over USD 1 million worth of medical supplies, including masks, gloves, and hazmat suits, to hospitals in the DRC. Biyombo has funded initiatives to improve access to healthcare in underserved areas, including the construction and support of medical facilities.
- **Health Education:** Programmes emphasize preventive care and awareness campaigns about common diseases in the region.

Community development

- **Sports as a Tool for Growth:** Recognizing the power of sports to inspire and unite, the Foundation organizes basketball camps and clinics for young athletes. It focuses on teaching teamwork, discipline, and leadership through basketball.
- **Infrastructure Projects:** The Foundation invests in building essential infrastructure, such as clean water systems and community centers, to improve the quality of life.

Supporting Cancer Survivors in Tanzania

KCB Bank Tanzania participated in the National Cancer Survivors Day, organized by the Shujaa Cancer Foundation. This significant event united people from various backgrounds to celebrate the remarkable bravery and determination of cancer survivors. This support reiterated the bank's commitment to supporting social welfare inspired by our brand promise **For People, For Better.**

The event offered a platform for survivors to share their stories, providing hope and encouragement to others facing similar battles. It served as a powerful reminder of the strength and resilience of the human spirit and the vital role of community support in overcoming life's toughest challenges.

KCB's Investment in Sports

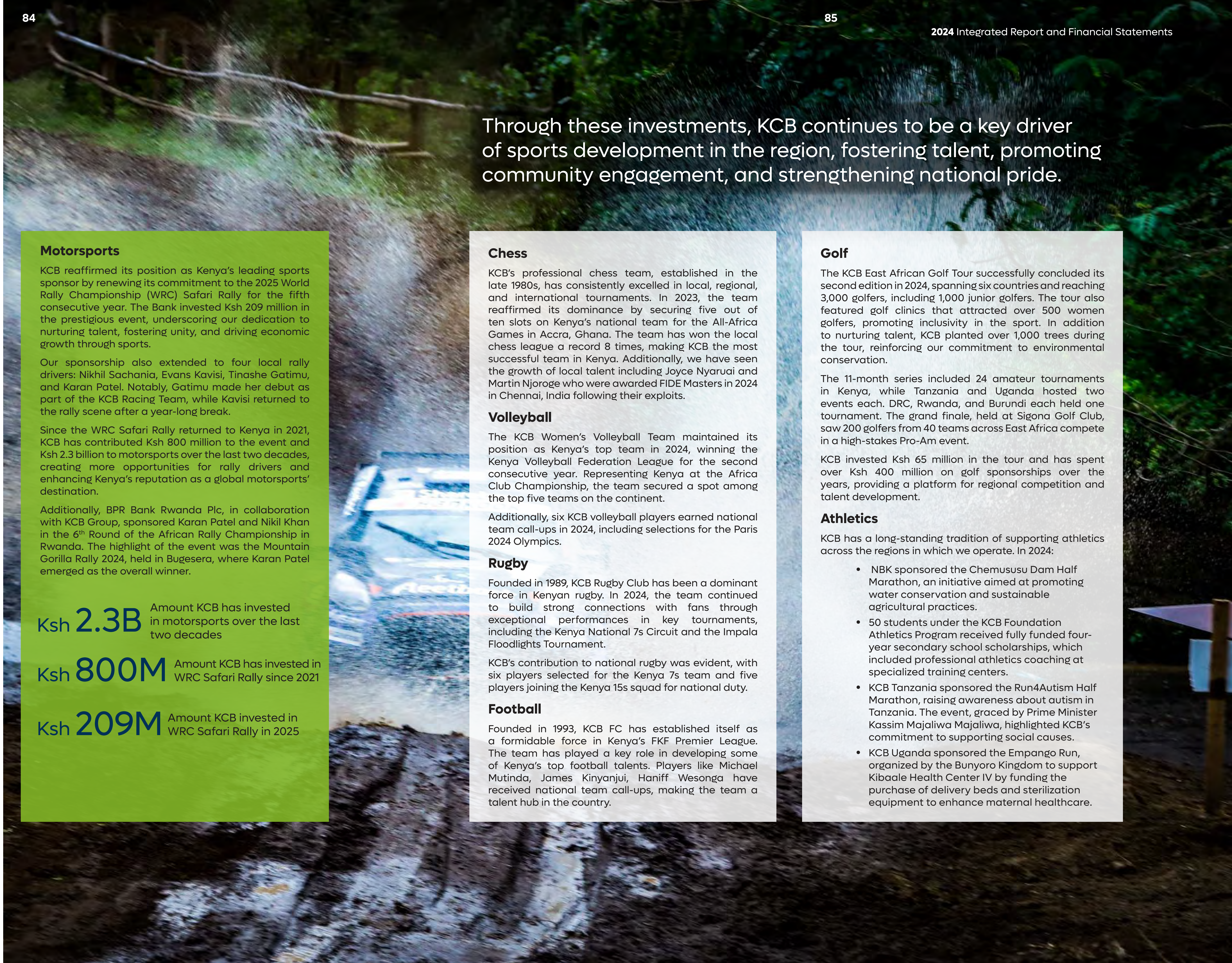
KCB has consistently invested in various sports disciplines through targeted sponsorships, supporting motorsports, football, rugby, volleyball, golf, chess, and athletics. In 2024, our initiatives directly impacted over 150 individuals, providing opportunities for them to earn their livelihoods through sports.

Over the past four decades, KCB has invested nearly Ksh 3 billion in sports, creating platforms for young talent to grow and excel. Each of our sports teams benefits from the guidance of a senior management member serving as a patron. Additionally, the Bank provides employment opportunities for select players across various departments.

Beyond talent development, our investment in sports strengthens our brand value and fosters deeper engagement with our customers. By expanding our support, we reinforce our commitment to community development, talent nurturing, and national cohesion, bringing people together across age, gender, and backgrounds through the unifying power of sports.

150 Number of individuals directly impacted by our investment in sports

Ksh 3B Amount KCB has invested in sports over the past four decades



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Through these investments, KCB continues to be a key driver of sports development in the region, fostering talent, promoting community engagement, and strengthening national pride.

Motorsports

KCB reaffirmed its position as Kenya's leading sports sponsor by renewing its commitment to the 2025 World Rally Championship (WRC) Safari Rally for the fifth consecutive year. The Bank invested Ksh 209 million in the prestigious event, underscoring our dedication to nurturing talent, fostering unity, and driving economic growth through sports.

Our sponsorship also extended to four local rally drivers: Nikhil Sachania, Evans Kavisi, Tinashe Gatimu, and Karan Patel. Notably, Gatimu made her debut as part of the KCB Racing Team, while Kavisi returned to the rally scene after a year-long break.

Since the WRC Safari Rally returned to Kenya in 2021, KCB has contributed Ksh 800 million to the event and Ksh 2.3 billion to motorsports over the last two decades, creating more opportunities for rally drivers and enhancing Kenya's reputation as a global motorsports' destination.

Additionally, BPR Bank Rwanda Plc, in collaboration with KCB Group, sponsored Karan Patel and Nikil Khan in the 6th Round of the African Rally Championship in Rwanda. The highlight of the event was the Mountain Gorilla Rally 2024, held in Bugesera, where Karan Patel emerged as the overall winner.

Ksh 2.3B Amount KCB has invested in motorsports over the last two decades

Ksh 800M Amount KCB has invested in WRC Safari Rally since 2021

Ksh 209M Amount KCB invested in WRC Safari Rally in 2025

Chess

KCB's professional chess team, established in the late 1980s, has consistently excelled in local, regional, and international tournaments. In 2023, the team reaffirmed its dominance by securing five out of ten slots on Kenya's national team for the All-Africa Games in Accra, Ghana. The team has won the local chess league a record 8 times, making KCB the most successful team in Kenya. Additionally, we have seen the growth of local talent including Joyce Nyaruai and Martin Njoroge who were awarded FIDE Masters in 2024 in Chennai, India following their exploits.

Volleyball

The KCB Women's Volleyball Team maintained its position as Kenya's top team in 2024, winning the Kenya Volleyball Federation League for the second consecutive year. Representing Kenya at the Africa Club Championship, the team secured a spot among the top five teams on the continent.

Additionally, six KCB volleyball players earned national team call-ups in 2024, including selections for the Paris 2024 Olympics.

Rugby

Founded in 1989, KCB Rugby Club has been a dominant force in Kenyan rugby. In 2024, the team continued to build strong connections with fans through exceptional performances in key tournaments, including the Kenya National 7s Circuit and the Impala Floodlights Tournament.

KCB's contribution to national rugby was evident, with six players selected for the Kenya 7s team and five players joining the Kenya 15s squad for national duty.

Football

Founded in 1993, KCB FC has established itself as a formidable force in Kenya's FKF Premier League. The team has played a key role in developing some of Kenya's top football talents. Players like Michael Mutinda, James Kinyanjui, Haniff Wesonga have received national team call-ups, making the team a talent hub in the country.

Golf

The KCB East African Golf Tour successfully concluded its second edition in 2024, spanning six countries and reaching 3,000 golfers, including 1,000 junior golfers. The tour also featured golf clinics that attracted over 500 women golfers, promoting inclusivity in the sport. In addition to nurturing talent, KCB planted over 1,000 trees during the tour, reinforcing our commitment to environmental conservation.

The 11-month series included 24 amateur tournaments in Kenya, while Tanzania and Uganda hosted two events each. DRC, Rwanda, and Burundi each held one tournament. The grand finale, held at Sigona Golf Club, saw 200 golfers from 40 teams across East Africa compete in a high-stakes Pro-Am event.

KCB invested Ksh 65 million in the tour and has spent over Ksh 400 million on golf sponsorships over the years, providing a platform for regional competition and talent development.

Athletics

KCB has a long-standing tradition of supporting athletics across the regions in which we operate. In 2024:

- NBK sponsored the Chemususu Dam Half Marathon, an initiative aimed at promoting water conservation and sustainable agricultural practices.
- 50 students under the KCB Foundation Athletics Program received fully funded four-year secondary school scholarships, which included professional athletics coaching at specialized training centers.
- KCB Tanzania sponsored the Run4Autism Half Marathon, raising awareness about autism in Tanzania. The event, graced by Prime Minister Kassim Majaliwa Majaliwa, highlighted KCB's commitment to supporting social causes.
- KCB Uganda sponsored the Empango Run, organized by the Bunyoro Kingdom to support Kibaale Health Center IV by funding the purchase of delivery beds and sterilization equipment to enhance maternal healthcare.

Corporate Governance Statement

Our Approach to Governance

KCB Group's corporate governance is built on a robust framework of policies, processes, and structures that guide operations, empower decision-making, and ensure accountability at all levels of the organization. This framework clearly defines the roles and responsibilities of the Board, management, employees, and suppliers, while embedding mechanisms for monitoring performance, reporting, disclosure, risk management, and engaging with stakeholders.

The Board of Directors is committed to governance practices founded ***on transparency, fairness, ethical behaviour, and accountability***. These principles guide strategic decisions that balance short-term goals with long-term sustainability, fostering shared value for the Group, its stakeholders, and the wider society.

Good governance at KCB is underpinned by an ethical culture, competitive performance, effective controls, and a focus on sustainability. Directors are obligated to prioritize the success of the Group while considering the broader impact of their decisions on employees, suppliers, customers, communities, and the environment. High standards of conduct and compliance with laws and regulations, including the Code of Corporate Governance Requirements for Issuers of Securities to the Public, 2015 (CMA Code), Central Bank of Kenya Prudential Guidelines, and the Companies Act, 2015, are integral to the governance framework.

KCB Group's governance structure is dynamic and adaptive, designed to evolve in response to regulatory developments, market best practices, and shifting stakeholder expectations. This flexible framework empowers the Board to oversee and strategically guide the Group, ensuring alignment with its financial objectives, resource allocation, and risk management priorities. By holding the executive team accountable for the effective delivery of results, the Board ensures that the Group remains on course to achieve its long-term goals.

At the heart of KCB Group's corporate governance is a steadfast commitment to transparency, ethical leadership, and the creation of sustainable value. The Group's operations and decision-making processes are designed to align with the highest standards of governance, meeting the expectations of shareholders, customers, employees, regulators, and other stakeholders. This approach not only secures regulatory compliance but also shapes a legacy of responsible business practices and long-term success, reinforcing KCB Group's role as a trusted leader in its industry.

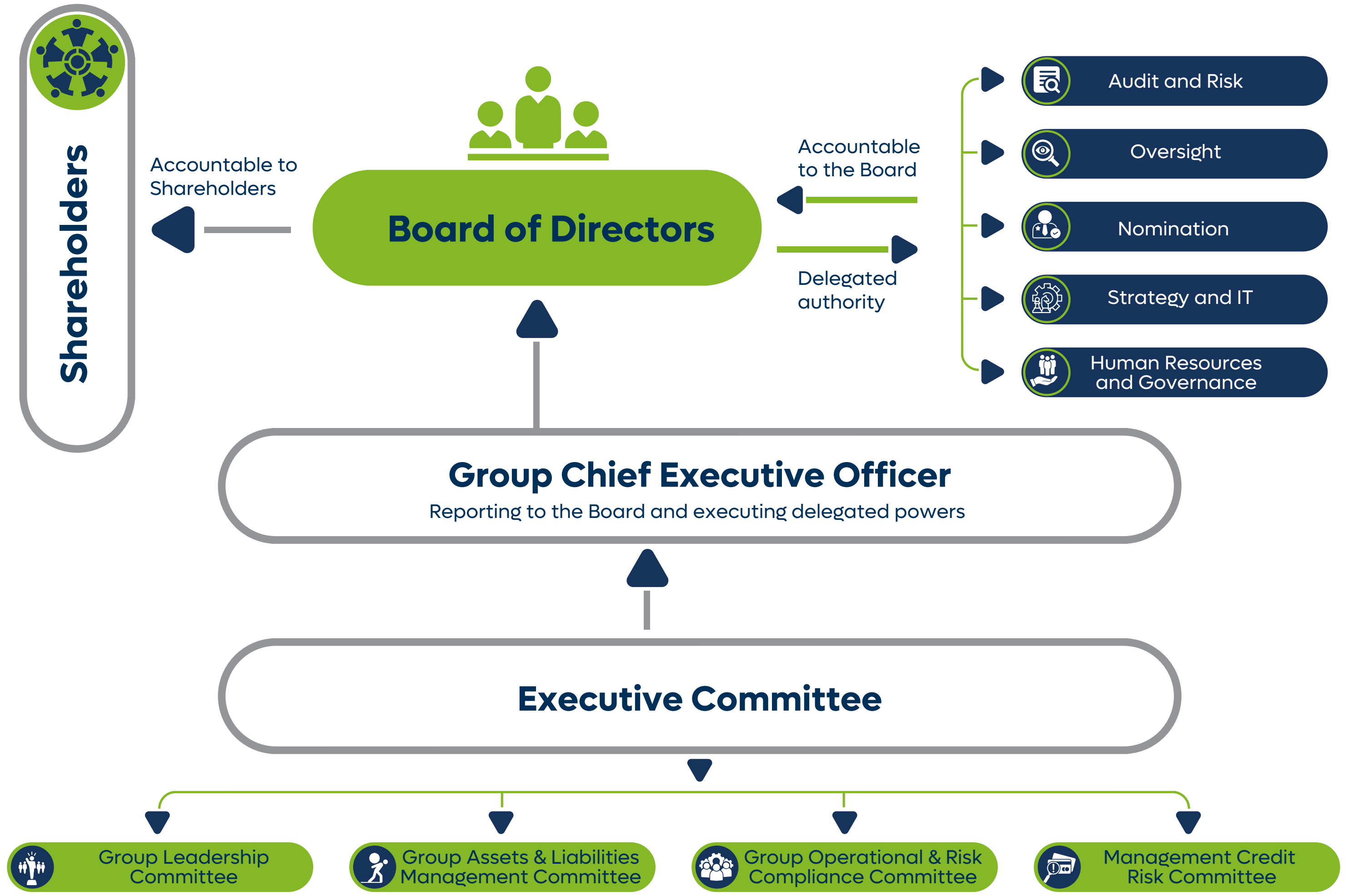
KCB Group Governance Structure & Framework

KCB Group's robust governance framework provides a structured approach to delegating authority and delineating responsibilities, ensuring ultimate accountability remains with the Board. Guided by this framework, the Board defines the Group's strategic direction and vision, entrusting the Group Chief Executive Officer and executive management team with the day-to-day running of operations. Their performance—measured against clearly articulated objectives and policies—is rigorously evaluated, ensuring sustained alignment with the Group's overarching strategy and risk appetite.

To strengthen its oversight capacity and ensure thorough coverage of all critical business areas, the Board has established ***five specialized committees*** namely ***Audit & Risk Management, Oversight, Strategy & IT, HR & Governance, and Nominations***. Each Committee operates under a well-defined charter, enabling focused scrutiny of its respective domain and the provision of informed recommendations to the Board. This structure not only enhances the Board's decision-making efficiency, but also bolsters its ability to maintain robust controls, uphold high standards of accountability, and steer the organization toward sustainable growth.

Through this structured and dynamic governance model, KCB Group maintains the agility to adapt to evolving market conditions, uphold transparency and accountability across all operations, and fosters robust collaboration among stakeholders. This approach underpins the Group's commitment to long-term resilience, ensuring sustainable growth and success in a rapidly changing business environment.

The diagram below illustrates the fundamental relationship between shareholders, the Board, its committees, and executive management, underscoring the clear yet complementary roles each entity plays in achieving KCB Group's strategic and operational objectives.



The Board Charter—formally approved and periodically reviewed by the Board—clearly delineates the roles and responsibilities of the Group Chairman, directors, and the Company Secretary, thereby reinforcing accountability and transparency within KCB Group's governance framework.

In line with best governance practices, the Group Chairman and the Group Chief Executive Officer have distinct and separate responsibilities: the Chairman oversees and guides the Board's functions, while the CEO holds executive authority for managing the Group's day-to-day operations. This structured division of duties preserves balanced governance and enhances strategic effectiveness.

For further details, the KCB Group Board Charter can be accessed on the Company's website at www.kcbgroup.com

Separation of roles and responsibilities

KCB Group employs a clearly defined, well-structured approach to allocating responsibilities throughout the Group. The Board holds ultimate oversight, sets the strategic vision, and ensures adherence to governance standards.

Within this framework, the Group Chief Executive Officer and executive management drive day-to-day operations, guided by Board-approved objectives and policies. The specialized Board committees provide focused scrutiny and recommendations in critical areas—such as audit, risk, and governance—ensuring that strategic decisions and operational execution remain seamlessly aligned.

This transparent division of roles upholds accountability, fosters collaboration, and drives sustainable value creation across the organization.

The role of the Chairman is separate from that of the Group Chief Executive Officer. There is a clear division of responsibilities. Care is taken to ensure that no single director has unfettered power in the decision-making process.

How we divide up our responsibilities

Chairman	• *Board Leadership & Governance* Provides strategic leadership to the Board, ensuring that governance standards are upheld and that the Board functions effectively in fulfilling its oversight responsibilities.	• *Agenda Setting & Stakeholder Engagement:* Develops the Board's agenda, incorporating the concerns and insights of individual directors, while maintaining robust communication channels among shareholders, the Board, and management to foster alignment and accountability.
Group Chief Executive Officer	• *Oversees day-to-day operations:* Holds overarching responsibility for the daily leadership, management, and operational oversight of the entire Group, ensuring uncompromising adherence to corporate objectives and driving operational excellence across all business functions.	• *Strategic Alignment:* Proposes the Group's strategic direction to the Board and ensures that Board-approved strategies and decisions are effectively implemented through the Executive Committee, driving sustainable performance and growth.
Independent Non-executive Directors	• *Internal Controls & Risk Management:* Champion the establishment and ongoing enhancement of comprehensive internal controls and a rigorous risk management framework, safeguarding the Group's assets and reputation.	• *Strategic Oversight & Constructive Challenge:* Engage Directors in informed, constructive debate and diligently monitor the execution of the Group's strategy, ensuring alignment with the risk and control environment defined by the Board.

Company Secretary

The Company Secretary is integral to the strength of KCB Group's governance framework, providing essential leadership and expertise. As a member in good standing with the Institute of Certified Secretaries (ICS), the Company Secretary actively participates in Board meetings ensuring informed decision-making and the consistent application of high governance standards across the organization. The Company Secretary also serves as the primary source of counsel on matters relating to ethics, regulatory compliance, statutory obligations, and the application of governance best practices across the Group.

Role of the Company Secretary

- **Governance Oversight:** Proactively maintains the Group's overarching governance framework, advising on the development and implementation of policies that adhere to recognized national and international standards. By monitoring emerging best practices and ensuring the Board's continuous compliance, the Company Secretary fortifies the Group's commitment to integrity, accountability, and exemplary governance.
- **Compliance & Governance Advisory**: Acts as a trusted advisor to both the Board and the Group, proactively monitoring and reinforcing compliance with all statutory and regulatory obligations. By upholding the highest governance standards, the Company Secretary ensures ethical and responsible conduct across the organization, fostering credibility and stakeholder confidence.
- **Director Guidance**: Offers tailored, practical counsel to Directors, ensuring they understand and uphold their duties in alignment with the Group's strategic objectives and regulatory confines. Through clear, actionable recommendations, the Company Secretary supports effective decision-making and promotes governance best practices, ultimately safeguarding the interests of both the Group and its stakeholders.
- **Board Development & Induction**: Works closely with the Chairman to continually assess and address the Board's training needs, ensuring Directors stay informed about emerging industry trends, regulatory changes, and strategic developments. The Company Secretary also oversees comprehensive induction programs for new Directors, equipping them with the knowledge, resources, and support necessary to execute their responsibilities effectively from the outset.
- **Information Flow & Coordination**: the Company Secretary works collaboratively with the Group Chief Executive Officer and the Chairman to ensure a seamless, timely exchange of critical information among the Board, its committees, and senior management. By coordinating communication and clarifying strategic directives, the Company Secretary promotes effective decision-making, maintains cohesion across governance levels, and safeguards alignment with the organization's overarching goals.
- **Proactive Disclosure**: the Company Secretary manages and actively promotes a culture of openness and transparency. By advocating for the timely and comprehensive release of material information, the Company Secretary empowers shareholders, customers, and other stakeholders to make informed decisions, thereby strengthening trust, credibility, and accountability across the organization.

Our Board

KCB Group Plc. is guided by a Board of Directors (the "Board"), each member (aside from the Group Chief Executive Officer and the Group Chief Finance Director) is elected by the Company's shareholders. The Board's foremost responsibility is to act in the best interests of the Group, and its stakeholders, safeguarding its long-term success in alignment with legal obligations and the expectations of shareholders, regulators, and other stakeholders.

Central to this mission is the formulation of a sound business strategy and the vigilant oversight of its implementation. In doing so, the Board ensures that the Group effectively manages risk, maintains high standards of financial performance and reporting, and upholds robust governance principles. As the focal point of corporate governance, the Board recognizes that strong governance practices not only ensure compliance with laws and regulations but also nurture sustained shareholder value by fostering a culture of accountability, integrity, and performance.

While fully committed to meeting all legislative and regulatory requirements, the Board aspires to exceed these minimum benchmarks, embedding good governance into every facet of KCB Group's operations. This commitment reflects a core philosophy: that governance excellence is both an ethical imperative and a critical driver of long-term growth.

The Role of Our Board

The Board is the cornerstone of the Group's governance framework, providing strategic direction and ensuring the alignment of the Group's objectives with its vision and values. With input from management, the Board sets the Group's long-term strategic objectives and monitors the implementation of these strategies. It also oversees the performance, remuneration, and governance frameworks of the Group to ensure accountability, transparency, and sustainability.

By adhering to a structured work plan, the Board ensures all its responsibilities are effectively addressed, except for those delegated to specialized committees. The Board's leadership fosters a culture of excellence, innovation, and risk-aware decision-making.

Key Responsibilities of the Board:

Vision, Strategy, Values, and Purpose:

- Defining and driving the Group's vision, strategy, values, and purpose to maintain a clear and focused strategic direction.
- Establishing and fostering a corporate culture that embodies the Group's core values and promotes ethical business practices.
- Ensuring the Group's strategic goals align with stakeholder expectations and the broader business environment.

People:

- Appointing, assessing, and providing support to the Group Chief Executive Officer to lead the Group effectively.
- Overseeing executive management to ensure leadership continuity through robust succession planning.
- Setting policies on remuneration to attract and retain top talent, ensuring equity, diversity, and inclusion in the workplace.
- Promoting a culture of safety, well-being, and respect throughout the Group's operations.

Business, Operational, and Financial Matters:

- Approving the Group's strategic direction and significant corporate initiatives to foster growth and innovation.
- Providing oversight of major investments, acquisitions, and divestitures to ensure alignment with strategic priorities.
- Ensuring the adequacy and relevance of the Group's technology architecture and strategies in a dynamic business landscape.
- Approving financial disclosures and ensuring compliance with regulatory and statutory requirements.

Risk Management and Oversight:

- Evaluating recommendations from the Audit & Risk Committee to maintain a robust risk culture and an effective risk management framework.
- Setting and periodically reviewing the Group's risk appetite to support informed decision-making.
- Monitoring the effectiveness of internal controls, risk mitigation strategies, and compliance frameworks to safeguard the Group's interests.

The Board's authority, responsibilities, and operational guidelines are comprehensively outlined in the Board Charter, which is available on our website at www.kcbgroup.com. This document reflects the Board's commitment to transparency, accountability, and responsible corporate governance.

Key Activities and Achievements

In 2024, the Board successfully carried out several critical actions to ensure the Group's sustained growth, operational excellence, and governance integrity. These include:

Financial Oversight:

- Approved the audited financial statements for the year ended 31 December 2023, ensuring compliance with regulatory standards and transparent reporting.
- Reviewed and approved the quarterly unaudited financial statements, providing ongoing oversight of the Group's financial health.

Corporate Actions:

- In August 2024, approved payment of an interim dividend amounting to Ksh 4.8 billion, aligned with the Group's performance for the year ended 31 December 2024.
- Considered and approved the divestiture from National Bank of Kenya Limited.

Strategic Direction:

- Reviewed and approved key strategic initiatives and financial plans for the year, setting the foundation for long-term growth and value creation.

Governance and Leadership:

- Actively oversaw succession planning for the Group Board and subsidiary boards, fostering leadership continuity and a pipeline of qualified governance professionals.
- Received and reviewed the board evaluation report, providing valuable insights to enhance board effectiveness and governance practices.

These achievements underscore the Board's unwavering commitment to sound governance, strategic decision-making, and delivering value to all stakeholders.

Board Composition

The Articles of Association of the Group stipulate that the Board shall consist of a maximum of eleven Directors. Currently, the Board comprises:

- Two Executive Directors,
- One Non-Executive Director, and
- Seven Independent Non-Executive Directors, including the Group Chairman.

The Board's size and composition are determined in accordance with the Articles of Association, the Board Charter, and applicable legal and regulatory frameworks.

Principles Guiding Board Composition

The composition of the Board is guided by the following core principles to ensure effective governance and strategic oversight:

Majority Independence:

- The Board must comprise a majority of Independent Non-Executive Directors to promote unbiased decision-making and robust oversight.

Diverse Skills and Expertise:

- The Board must include Directors with a broad range of skills, experience, and expertise across various disciplines.
- Members should be drawn from diverse backgrounds to bring varied perspectives and enhance decision-making.

Independent Leadership:

- The Chairman of the Board must be an Independent Non-Executive Director, ensuring impartial leadership and effective governance practices.

These principles reflect the Company's commitment to maintaining a high-performing Board that upholds the highest standards of governance, accountability, and strategic insight.

Authority and Delegation

The Board's authority and reserved matters are defined in the Board Charter, which outlines key decisions that require Board determination and approval. These include:

- Strategic and long-term objectives of the Group.
- Capital allocation, financial planning, and budget approval.
- Oversight of significant contracts and statutory and regulatory approvals.
- Approval of the remuneration policy, resource management, and the risk management framework and appetite.

To ensure comprehensive oversight and efficiency, the Board has established Board Committees to focus on specific issues. Detailed information on these committees, including their roles, responsibilities, composition, and membership, is provided later in this Statement.

Role of the Group Chairman

The Group Chairman provides strategic leadership to the Board, ensuring its effectiveness and fostering a collaborative environment. The Chairman's key responsibilities include:

- **Promoting Inclusive, High-Impact Debate:** Establishing a framework that encourages all Directors to actively engage, contribute unique insights, and challenge assumptions—ensuring well-rounded, informed decision-making.
- **Facilitating Transparent Stakeholder Engagement:** Serving as a vital link between shareholders, the Board, and management, particularly during Annual General Meetings and other key shareholder gatherings—to ensure open communication, alignment of interests, and effective governance outcomes.

Delegation to the Group Chief Executive Officer

The Board entrusts the Group Chief Executive Officer with day-to-day operational leadership, as mandated by the Board Charter. In turn, the Group Chief Executive Officer delegates certain authorities to members of the Executive Committee under rigorously documented policies that define the scope and limits of decision-making, particularly in areas such as:

- **Operating and Capital Expenditure**
- **Investments and Resource Allocation**

This structured delegation framework strikes an essential balance: it preserves the Board's overarching oversight while empowering senior executives to act decisively within clearly defined parameters, fostering both agility and accountability throughout the organization.

Management Committees

To support the effective execution of delegated authority, several management committees have been established, including:

- **Executive Committee (EXCO):** Focuses on strategic and operational decisions at the highest management level.
- **Group Leadership Committee (GLC):** Oversees key operational matters and cross-functional coordination.
- **Group Assets and Liabilities Management Committee (GALCO):** Manages the Group's balance sheet, liquidity, and financial risks.
- **Group Operational Risk and Compliance Committee (GORCCO):** Monitors operational risks and ensures compliance across the Group.
- **Management Credit Risk Committee (MCRC):** Oversees credit risk management and decision-making related to lending.

This robust delegation structure, supported by clear policies and committee oversight, enables the Board and management to achieve an effective balance between governance, accountability, and operational efficiency.

The Role of Our Board Committees

- The Board committees are integral to the Board's functioning, delivering specialized support and enabling the Board to effectively fulfil its diverse responsibilities. By focusing on key areas such as ***Audit & Risk Management, Oversight, Strategy & IT, HR & Governance, and Nominations,*** these committees provide invaluable insights and enhance the Board's capacity for informed decision-making.
- When selecting committee members, the Board carefully evaluates the diverse skills and expertise of its members, ensuring that each committee benefits from a wide array of perspectives. This thoughtful approach fosters dynamic collaboration, allowing for more effective decision-making, while reinforcing shared responsibility and accountability within the governance framework.
- The Board committees play a pivotal role in supporting the Board's governance mandate by concentrating on specialized areas and offering focused expertise. In appointing members to these committees, the Board deliberately aligns each Director's skills and experience, ensuring robust oversight, effective collaboration, and shared responsibility. This strategic approach maximizes the committee's impact, enabling them to provide high-quality guidance and oversight in their respective domains.

Principles of Committee Membership:

- **Skills and Expertise Utilization:** The Board intentionally leverages the diverse backgrounds, competencies, and perspectives of its directors to foster robust oversight, informed decision-making, and comprehensive strategic guidance.
- **Overlapping Memberships:** Overlapping committee memberships are purposefully maintained to facilitate cross-pollination of insights and address multifaceted issues that extend beyond individual committees, ensuring cohesive and well-rounded governance.
- **Regular Reviews:** Recognizing that organizational needs evolve, the Board periodically assesses and, when necessary, reconfigures committee compositions. This approach preserves institutional knowledge while adapting effectively to shifting priorities and emerging challenges.

Reporting and Meeting Frameworks:

Each committee operates under a structured framework to ensure accountability and alignment with the Board's objectives:

- **Chairman Reports:** The Chairman of each committee presents a report to the full Board at subsequent Board meetings, highlighting significant discussions and decisions.
- **Annual Meeting Planner:** Committees follow an annual meeting planner that outlines scheduled items of business and reports to be reviewed throughout the year.
- **Terms of Reference:** Each committee has detailed terms of reference defining its roles, responsibilities, and procedural rules.

Procedural Rules and Composition:

Each committee operates under a structured framework to ensure accountability and alignment with the Board's objectives:

- Committees must have at least three members.
- A majority of committee members must be independent directors.
- The **Audit & Risk Committee** is composed solely of independent non-executive Directors, in accordance with the Prudential Guidelines issued by the Central Bank of Kenya.

A summary of the current committees, members as at the end of the year 2024 and the key activities of the committee during the year are set out below:

Audit & Risk

Purpose and activities	Members at end of FY24	Attendance
The primary purpose of the committee is to provide a structured and systematic approach to overseeing the institution's governance, risk management, and internal control practices. By offering critical insights and independent oversight, the committee ensures the integrity and effectiveness of these foundational pillars, thereby supporting the Board and management in their strategic and operational responsibilities.	Agnes Lutukai **(Chairman)**	4/5
The committee serves as an advisory body to the Board and management by evaluating and providing recommendations on the adequacy and effectiveness in the following key areas:	Alice Kirenge	5/5
	Ahmed Mohamoud	5/5
	Anuja Pandit	5/5

Values and Ethics:

- Promoting a strong culture of ethical conduct and integrity throughout the institution.
- Ensuring that the institution's values are embedded in decision-making, policies, and operational practices.

Governance Structure:

- Reviewing and recommending enhancements to the governance framework to ensure robust oversight and accountability.
- Evaluating the composition, functioning, and effectiveness of the institution's governance mechanisms.

Risk Management:

- Assessing the adequacy and effectiveness of the institution's risk management strategies and framework.
- Monitoring the identification, evaluation, and mitigation of key risks across the institution.

Internal Control Framework:

- Reviewing the design, implementation, and operational effectiveness of internal controls to safeguard the institution's assets and ensure compliance with policies and regulations.
- Providing assurance on the reliability and integrity of financial and operational information.

Oversight of Assurance Providers:

- Supervising the performance, independence, and effectiveness of the internal audit function.
- Reviewing the appointment, performance, and independence of external auditors and other assurance providers.
- Ensuring effective coordination among internal and external auditors to avoid duplication of efforts.

Financial Statements and Public Accountability Reporting:

- Overseeing the preparation and integrity of financial statements, ensuring they fairly represent the institution's financial position and performance.
- Reviewing public accountability reports to ensure compliance with regulatory requirements and transparency to stakeholders.

- In line with its mandate, the committee reviewed the unaudited and audited financial statements for the full year 2024 and ensured that the same was ultimately approved by the Board. The committee further reviewed the internal audit reports presented by the Internal Auditor for audits undertaken during the year in line with the approved audit plan.
- The committee held sessions with PwC, the external auditor, to receive the auditor's independent report and assurance on the financial statements.
- During the year, the committee received quarterly reports from the Chief Risk Officer on the high-risk areas and the mitigation in place for those risks. The committee reviewed and approved various policies. The committee further received and considered reports on the level of compliance with AML/CFT regulatory requirements. The committee further reviewed ICAAP for the entire Group ensuring all business risk were identified and the Group had sufficient capital to cover the identified risks.

Human Resources & Governance

Purpose and activities	Members at end of FY24	Attendance
This Committee plays a critical role in shaping the Group's leadership and workforce strategy. It reviews and provides recommendations to the Board on human resource policies to ensure alignment with best practices and organizational goals. The Committee is responsible for overseeing the nomination process for senior management positions, ensuring the selection of qualified and capable leaders.	Alice Kirenge **(Chairman)**	14/14
Additionally, it conducts performance reviews of senior management to evaluate their effectiveness in driving the Group's strategic objectives and fostering a high-performance culture. By doing so, the Committee supports the development of a robust leadership pipeline and sustainable talent management practices.	Lawrence Njiru	14/14
	Ahmed Mohamoud	14/14
	Anuja Pandit	13/14
	Paul Russo	13/14

- During the year, the committee, jointly with the Strategy & IT committee undertook the interview process for various senior management roles.
- In line with its mandate, the Committee reviewed the senior management performance for the year.
- The committee considered various strategic human resource matters including succession planning, leadership development and training.

Nomination Committee

Purpose and activities	Members at end of FY24	Attendance
The Committee is responsible for continuously reviewing the structure, size, and composition of the Board to ensure it remains effective and aligned with the Group's strategic needs. It actively oversees succession planning for Directors, ensuring a robust pipeline of qualified candidates to support sustainable governance.	Dr. Joseph Kinyua **(Chairman)**	3/3
The Committee also leads the process of identifying and evaluating potential candidates for Board vacancies, ensuring their qualifications, experience, and values align with the Group's objectives. Once identified, the Committee nominates these candidates for approval by the Board, maintaining a focus on diversity, expertise, and long-term leadership continuity.	Alice Kirenge	3/3
	Lawrence Njiru	3/3
	Ahmed Mohamoud	3/3
	Anuja Pandit	2/3
	Paul Russo	3/3

- Over the year, the Committee reviewed the Board succession plans for the Group, ensuring robust leadership continuity across the organization. Additionally, it assessed the skills matrix for the Board to ensure alignment with the Group's strategic objectives and governance needs.

Strategy & IT Committee

Purpose and activities	Members at end of FY24	Attendance
The purpose of the Committee is to support the Board in fulfilling its responsibilities by overseeing the adequacy and effectiveness of the Company's strategic plans, significant investment decisions, and financial budgets.	Geoffrey Malombe **(Chairman)**	8/8
The Committee also ensures that the Group's IT governance framework effectively manages IT risks and optimizes IT resources, enabling the achievement of strategic objectives while ensuring compliance with regulatory requirements.	Ahmed Mohamoud	8/8
	Agnes Lutukai	4/8
	Paul Russo	6/8

- The Committee reviewed the Group's performance against its strategic objectives, ensuring alignment with the set strategy. Additionally, it evaluated and recommended the proposed 2025 strategic initiatives, financial plans, and budgets presented by management to the Board for approval.
- The Committee considered and recommended the divestiture from National Bank of Kenya Limited to the Board for approval.
- The Committee received and assessed reports on the performance of the Group's Information Technology systems, focusing on improvements in system uptime, availability, and overall efficiency to support the Group's operational and strategic goals.

Oversight Committee

Purpose and activities	Members at end of FY24	Attendance
The purpose of the Committee is to ensure comprehensive oversight of all KCB Group subsidiaries by the Board.	Lawrence Njiru **(Chairman)**	4/4
This includes monitoring their governance, performance, and alignment with the Group's overall strategic objectives, while ensuring adherence to regulatory requirements and the Group's policies.	Geoffrey Malombe	4/4
	Paul Russo	3/4

- The Committee reviewed significant advances exceeding Ksh 1 billion issued by the Group's subsidiaries, as well as procurement activities with expenditures above Ksh 100 million.
- Additionally, the Committee received quarterly updates on governance and regulatory matters affecting the organization as well as updates on litigation cases across all subsidiaries, focusing on claims exceeding Ksh 200 million, to ensure effective oversight and risk management.

Board Meetings

The Board operates under a structured annual work plan that outlines its activities throughout the year. This ensures all matters relating to the Company's overall control, business performance, strategy, and succession planning are addressed in a timely and systematic manner. The Board convenes at least once every quarter, with additional meetings scheduled as needed to address specific issues or emerging priorities.

Attendance Requirements and Engagement

Directors are required to attend a minimum of 75% of the meetings scheduled during the year. In instances where a Director is unable to attend a meeting, they may provide input on agenda items through the Group Chairman to ensure their views are considered.

Agenda Setting and Information Flow

The Group Chairman, in collaboration with the Group Company Secretary and the Group Chief Executive Officer, develops the annual work plan and sets the agenda for each meeting. Notices, agendas, and comprehensive board papers are distributed well in advance of meetings to facilitate thorough preparation. Directors may also request additional information when needed to ensure well-informed decision-making.

Board Activities in 2024

During the year ending 31 December 2024, the Board convened for eight meetings. Additionally, a strategic planning session was held in conjunction with one of the Board meetings to align short and long-term objectives and priorities.

Details of Directors' attendance at Board and Committee meetings during the year are presented below:

Number of meetings (Total)	8
Dr. Joseph Kinyua	8
C.S. National Treasury (Alternate – Geoffrey Malombe)	7
Lawrence Njiru	8
Ahmed Mohamoud	8
Alice Kirenge	8
Anuja Pandit	8
Agnes Lutukai (1)	8
William Asiko (2)	3
Paul Russo (Group Chief Executive Officer)	7
Lawrence Kimathi (Group Finance Director)	8

(1) Appointed to the board on 1 March 2024.
(2) Appointed to the board on 26 September 2024.

Board Composition

The attributes and expectations of each Director are integral to the Board's effectiveness. Beyond their skills and experience, Directors are expected to demonstrate sound business judgment, a strategic perspective, integrity, and leadership qualities. They must also possess the readiness to question, challenge, and critique decisions constructively, contributing to robust discussions and effective governance.

Collectively, the Board thrives on the diversity of its members' skills, knowledge, experience, gender, and personal attributes. This diversity enables the Board to provide comprehensive oversight and strategic guidance necessary for achieving the Group's objectives. Directors with extensive experience, particularly those who have navigated business and economic cycles, bring valuable insights that enhance the Board's ability to understand industry dynamics, anticipate political, regulatory, and economic developments, and provide the benefit of corporate memory.

Directors are also expected to have a clear understanding of the Group's strategy and the industries and markets in which it operates. This includes a strong grasp of the organization's operations and the needs of its stakeholders. Such knowledge allows Directors to effectively monitor business performance and oversee the implementation of strategic initiatives.

Importantly, Directors are encouraged to engage in respectful and constructive challenges to management and fellow Board members, fostering accountability and continuous improvement.

Together, these attributes and expectations ensure the Board's ability to deliver effective governance, informed decision-making, and strategic oversight, driving sustainable growth and long-term success for the Group.

Skills, Experience & Diversity

KCB Group is committed to maintaining a Board with the right mix of individuals who bring relevant attributes, skills, knowledge, and experience. Together, the Directors possess the collective competence necessary to address both current and emerging challenges while providing effective guidance to management to ensure optimal performance for the Group.

Non-executive Directors are expected to have a thorough understanding of the Company's strategy and a comprehensive knowledge of the industry and markets in which the Group operates. Their expertise and perspectives play a pivotal role in fostering robust and constructive discussions, challenging management's assumptions, and refining strategic thinking to add value to the Group.

To ensure continued effectiveness, the Board regularly assesses the skills, knowledge, and experience represented on the Board against those required to achieve the Group's strategic objectives. Efforts are ongoing to diversify the Board's skill set and gender representation. The Nominations Committee is tasked with prioritizing these considerations in the selection of new Board members.

The current composition of the Board reflects this commitment to strategic alignment, diversity, and excellence. Details of the Board composition are as follows:

Name	Date of Appointment	Areas of Expertise	Gender	Non-Executive/ Executive	Independence
Dr. Joseph Kinyua	24 March 2023	Public administration, economics, financial services and corporate governance	Male	Non-executive Chairman	Independent
C. S. National Treasury (Alternate - Geoffrey Malombe)	Institutional	Financial services, public sector.	Male	Non-executive	Non-independent
Lawrence Njiru	7 August 2018	Business strategy, finance, audit and accounting.	Male	Non-executive	Independent
Ahmed Mohamoud	12 August 2020	Corporate and commercial law, financing transactions and Islamic finance.	Male	Non-executive	Independent
Alice Kirenge	10 November 2021	Strategic marketing, customer service, insurance and financial services.	Female	Non-executive	Independent
Anuja Pandit	16 August 2022	Banking, business advisory and management, finance and financial advisory	Female	Non-executive	Independent
Agnes Lutukai	1 March 2024	Finance, audit and accounting, quality assurance and business advisory.	Female	Non-executive	Independent
William Asiko	26 September 2024	International development advisory, public sector, private sector investment and law.	Male	Non-executive	Independent
Paul Russo	25 May 2023	Business advisory and management, strategy development, financial accounting and financial advisory.	Male	Group Chief Executive Officer	Non-independent
Lawrence Kimathi	1 May 2015	Financial advisory, financial accounting, business management	Male	Group Finance Director	Non-independent

Appointment, Re-election and Tenure of Directors

The Board is committed to ensuring an orderly and transparent succession process that fosters diversity in geography, background, approach, and gender. Succession planning is an ongoing priority, with regular and robust discussions to maintain an effective and dynamic Board.

The nomination and appointment of Directors follow a structured process outlined in the **Nomination & Appointment Policy.** This policy entrusts the Nominations Committee with the responsibility of overseeing the selection and appointment of Board members.

Role of the Board Chair and Nominations Committee

- **Leadership & Collaboration:** The Board Chair, working closely with the Nominations Committee, oversees the process of selecting and appointing new Directors, ensuring a transparent and competency-based approach.
- **Selection Procedure:** In alignment with the organization's strategic goals, the Chair and Committee recommend a clear, structured method for identifying qualified individuals.
- **Candidate Criteria:** The Committee also proposes key attributes for Board candidates—encompassing skills, knowledge, experience, and tenure—ensuring the Board's collective expertise remains robust and well-balanced.
- **Shortlisting:** Candidates who best meet these criteria are shortlisted for consideration, allowing the Board to evaluate and select those who will most effectively contribute to the Group's objectives.
- **Professional Support:** To further strengthen and expand the talent pool, the Board may engage an external intermediary to assist in identifying and assessing potential Directors, thereby enhancing the objectivity and depth of the selection process.

Competency Framework for Non-Executive Directors

The selection of non-executive Directors is informed by a well-defined competency framework that identifies the key skills, expertise, and attributes required to enhance the Board's collective capabilities.

This framework ensures that each appointed Director contributes strategic insights, robust governance expertise, and the diverse perspectives necessary to guide the Group toward achieving its objectives.

The competencies outlined in the table below are designed to align with the Group's current and future needs, fostering effective oversight and decision-making.

Demonstrable business acumen	Special technical skills or expertise
Directors should possess substantial business experience, with a proven track record of understanding corporate and business processes. This expertise must be demonstrated through significant professional achievements and a strong reputation within the business community.	Directors are expected to bring significant knowledge and expertise in areas critical to the Group's operations, such as business, finance, audit, law, technology, governance, strategy, or management. The collective experience of the Board should reflect a balanced mix of these competencies to ensure well-rounded governance and decision-making.
Integrity	**Time commitment**
High levels of integrity, professional and personal ethics, and values aligned with the KCB Group are essential. Directors must exhibit the ability to exercise independent judgment and act in the best interests of the Group and its stakeholders.	Directors must have the availability and willingness to dedicate sufficient time to fulfil their responsibilities effectively, ensuring they can contribute meaningfully to the Board's activities and deliberations.

Preferred candidates engage with the members of the Nominations Committee before a final decision is made. Following these discussions, the committee presents the shortlisted candidate to the full Board for consideration. Upon approval by the Board, the successful candidate is appointed as a Director.

Before confirmation of the appointment, all prospective Directors must meet the "Fit and Proper" requirements outlined in the Prudential Guidelines issued by the Central Bank of Kenya. Once appointed, new Directors receive formal letters of appointment that clearly outline the terms and conditions of their role, ensuring a comprehensive understanding of their duties and responsibilities.

As of 31 December 2024, the Board comprised of 10 Directors.

Mrs. Agnes Lutukai was appointed as a director on 1 March 2024.

Mr. William Asiko was appointed as a director on 26 September 2024.

A Director appointed by the Board to fill a casual vacancy is required to seek election at the next Annual General Meeting (AGM) following their appointment. Additionally, as stipulated in the Articles of Association, at least one-third of the non-executive Directors must retire at every AGM. Retiring Directors, if eligible, may stand for re-election, ensuring continuity while allowing shareholders the opportunity to assess and confirm Board composition regularly.

During the 53rd AGM of the Company held on 23 May 2024:

Mrs. Alice Kirenge, Mr. Lawrence Njiru and Ms. Anuja Pandit were re-elected to continue serving as directors on the board.

Mrs. Agnes Lutukai, having been appointed to fill in a casual vacancy on the board, retired in line with the requirement under the Articles of Association and was re-elected by the shareholders to continue serving as a director on the board.

In accordance with the provisions of guideline 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, Dr. Joseph Kinyua, having attained the age of 70, retired from the Board and being eligible and having expressed his willingness to continue serving as a director was re-elected by the shareholders to continue serving as a director on the board.

Each Non-Executive Director serves for a total non-renewable period of 6 years from the date of appointment, in compliance with the Capital Markets (Public Offers, Listings and Disclosures) Regulations 2023. However, as part of the transition to the current framework, some non-executive directors appointed before the 2023 amendments will serve their maximum tenure of eight (8) years. The Group Chairman is limited to a maximum term of five years in that role, reinforcing the commitment to effective governance and leadership renewal.

Appointment and equipping Directors to perform their role

Each Non-Executive Director enters into a formal agreement outlining their role and responsibilities. This agreement covers key aspects such as time commitments, induction, ongoing education, performance expectations, remuneration, and disclosure of outside interests. It also addresses independence, privacy, and confidentiality obligations.

The appointment letter, signed by each Director, includes provisions for access to information, insurance, indemnity, and arrangements for seeking independent professional advice, ensuring Directors are equipped to fulfil their duties effectively and in alignment with governance standards.

Induction and Training

Upon appointment, each Director undergoes a comprehensive induction program designed to familiarize them with the Group's business, strategy, and industry landscape. This program provides detailed information on the corporate governance framework, policies, organizational structures, and business activities, equipping Directors with the foundational knowledge needed to fulfil their responsibilities effectively.

The induction includes a series of structured meetings with fellow Directors, the Group Chief Executive Officer, and senior executives to build relationships and gain insights into key functions. Additionally, the Group Company Secretary provides comprehensive guidance on Directors' duties and liabilities, ensuring a clear understanding of legal and governance obligations.

Ongoing Professional Development

The Board recognizes the importance of continuous learning to maintain the skills and knowledge required for effective governance. Directors periodically review their professional development needs, both individually and collectively, to stay informed about the Group's operations, industry trends, market developments, and regulatory changes.

Professional development is facilitated through various initiatives, including:

- Personal training programs tailored to individual Directors.
- Engagements with industry and regulatory leaders to gain insights into emerging trends.
- Technical briefings and deep-dive discussions with Executives and senior management during Board meetings.
- Sessions with local and international experts on corporate governance and fields relevant to the Group's operations.

The Group Chairman plays a key role in reviewing the development needs of each Director and addressing feedback received through the Board evaluation process. This ensures that Directors are equipped to address emerging topics and adapt to evolving industry dynamics.

Through this robust and continuous education framework, the Board stays informed of global and local industry developments, enabling it to provide effective strategic oversight and governance leadership.

Training courses and Director development sessions undertaken in the year 2024 include the following:

- Chairman's caucus: annual caucus of subsidiary Chairpersons as a platform for knowledge-sharing, the dissemination of best practices and continuous governance enhancement.
- Effective risk management trainings covering the following areas:
  - Overview of Risk Management - Definition; Importance; An overview of the process.
  - Risk Management Cycle – Risk Identification and Assessment; Risk Mitigation; Monitoring and Reporting.
  - Regulatory Environment – Overview of banking regulations in East Africa; Role of Central Banks in Risk Management; Emerging Compliance Requirements.
  - Principal Risks in banking – Credit, Operational, Market, Liquidity, Compliance; AML & Cyber Risk; Emerging Risks – Climate Risk.
  - Data Protection – Data Protection Compliance and Regional Operations.
  - Role of the Board in Risk Management – Board's Responsibility in Risk Governance; Risk Culture and the Board's role in shaping it; Board's role in setting Risk Appetite and tolerance.

- Corporate governance training covering the following areas:
  - » Overview of Effective Corporate Governance.
  - » Artificial Intelligence: What does this mean for the future bank.
  - » Climate Conscious Boardroom: Understanding the Impact.
- Audit training covering the following areas:
  - » Governance.
  - » Emerging issues in internal audit.
  - » Enterprise risk management.
  - » Global banking trends and banking regulations.
  - » Tax and regulatory updates.
  - » Mergers and acquisitions.
  - » Financial and non-financial reporting oversight.
  - » Digital and cyber.
- Credit training covering the following areas:
  - » Introduction to Credit Risk Management end to end credit lifecycle.
  - » Role of the Board in Credit Risk Management - Board's Responsibility in Risk Governance; Risk Culture and the Board's role in shaping it; Board's role in setting Risk Appetite and Tolerance.
  - » Credit Origination & Credit Risk Analysis Key credit analysis metrics, Financial Statement analysis, Key financial ratios and metrics, Cashflow analysis.
  - » Risk Mitigation techniques Collateral management, Collections Optimization, Credit derivatives e.g., credit default swaps, credit enhancements.
  - » Credit Monitoring Portfolio monitoring, Covenant's monitoring.
  - » Credit Risk Emerging Themes Integration of ESG risk.
  - » IFRS 9 Emerging Trends.
  - » Regulatory Environment Overview of Prudential Guidelines in the Eastern Africa region, Emerging Compliance Requirements.
- Individualized director board training programs including:
  - » Women Directors Leadership programme: an incisive 8-month programme aimed at sharpening leadership ability and strengthening impact at board level.
  - » The Effective Director programme that covers the work of the board and seeks to add value to the contribution of individual directors. The programme addresses contemporary paramount issues on boards.
  - » The Effective Director Masterclass (TED Masterclass) Programme to take on a deeper dive into key aspects of oversight and monitoring that are required for the 21st century director.
  - » Emerging risks facing banks, regulatory environment and developments in financial reporting.
  - » Leading the Board programme for sitting chairpersons and vice-chairs.

Access to Information, Independent Advice and Resources

The Board and its committees have broad authority to access information and resources necessary for fulfilling their responsibilities effectively. They may seek information from any Group employee or external source, meet with employees and third parties independently of management, and request their attendance at Board or committee meetings when needed.

Procedures facilitated by the Chairman and the Company Secretary ensure Directors have access to all relevant Company information and executive management, enabling them to make informed decisions. Directors are also entitled to seek independent legal, accounting, or professional advice at the Company's expense when necessary. Similarly, the Board and its committees may commission investigations or retain professional services to fulfil their duties.

Committees have the authority to consult professional advisers or experts at the Company's expense, as deemed necessary for carrying out their responsibilities. Management and external auditors have direct access to relevant committees, ensuring open communication.

Specific Reporting Lines and Invitations

- The Group Internal Auditor and Group Chief Risk Officer report directly to the Audit & Risk Committee while maintaining an administrative reporting line to the Group Chief Executive Officer. They also have a standing invitation to attend all Audit & Risk Committee meetings.
- The external auditor has a standing invitation to attend Audit & Risk Committee meetings and may request to meet with the Committee, the Board, or the Committee Chair as required.

Confidentiality Obligations

Directors are expected to adhere strictly to statutory provisions governing the use and confidentiality of information, safeguarding the integrity and trust associated with their roles. This robust framework ensures that the Board and its committees have the tools and support necessary to maintain effective oversight and governance.

Performance Assessments of Board Directors and Board Committees

The Board reviews its performance, and the performance of individual Directors, every year. Every third year, this process is led by an external consultant, and in those years when a consultant is not engaged, the Chair leads the assessment of the Board and each Director. The process may involve the completion of questionnaires and meetings with individual Directors. The Chair provides feedback and conducts a session with the full Board to discuss feedback about the Board as a whole.

In February 2024, the Board undertook an assessment of its performance for the year 2023 through an external consultant where areas of strengths and focus were identified, and an action plan of continuous improvement agreed. Upon receipt of the external consultant report on the evaluation, the board considered that a follow-up by the external consultant be undertaken for the year 2024.

From January 2025 to March 2025, the external consultant undertook the board evaluation process for the year 2024. The report of the evaluation was presented to the Central Bank of Kenya in March 2025 in line with regulatory requirements.

Following an extremely comprehensive financial year 2024 Board evaluation, which was also facilitated by the same consultant, a condensed and progressive questionnaire tailored to the needs and circumstances of the Group was issued to the Board of Directors. The customized Board evaluation tool for the financial year 2024 totalled 22 questions and covered the essential functions and responsibilities of the governing body: strategic direction, policy, oversight and accountability.

The evaluation was undertaken using a rigorous framework of analysis involving Directors' participation in three key processes:

1. Completion of bespoke and comprehensive questionnaires provided separately to Directors of the Group Board and Subsidiary Boards on a confidential basis.
2. Participation by the consultant in confidential one-on-one interviews with the Directors of the Group and Subsidiary Boards. The interviews were held virtually.
3. Participation in special sessions for Board members, which will be convened to discuss preliminary results and build consensus on a way forward.

The findings of the consultant following the completion of the evaluation exercise were summarized as follows:

- **Commitment to Governance Excellence:** The Group has maintained a structured approach to governance, ensuring strategic oversight across its subsidiaries. This commitment has fostered a stable operating environment that aligns with industry best practices and reinforces stakeholder confidence. The Group's investment in Board effectiveness and oversight mechanisms will continue to strengthen governance and enhance decision-making across the Group.
- **Strengthening Board Capacity & Development:** Given the evolving regulatory and financial landscape, ongoing Director capacity development is critical to ensuring effective governance. The Group has taken positive steps in this area by providing structured learning initiatives for all Group and subsidiary Directors and is committed to ensuring that Directors remain well-equipped to provide strategic guidance and risk oversight.
- **Enhancing Information Flow & Strategic Alignment:** Efficient information-sharing mechanisms within the Group have played a key role in ensuring transparency, alignment and informed decision-making. To support more cohesive strategic alignment between the Group and its subsidiaries, the Directors would like the Board to continue strengthening its communication channels through more real-time digital updates and scheduled briefing sessions.
- **Customer-Centric Strategic Oversight:** Customer expectations continue to evolve rapidly, necessitating a proactive approach to customer-centricity at the Board level. By closely monitoring customer satisfaction metrics and aligning digital transformation efforts with customer needs, the Group maintains a competitive advantage and continues to drive long-term business sustainability.
- **Digital Transformation as a Strategic Priority:** The Directors expressed a desire for the Board to embed digital transformation as a standing agenda item, recognizing it as a critical strategic pillar in the organization. In addition, they would like the Board to regularly track, and review progress made in the area.
- **Resilience and Long-Term Stability:** The Group's ability to remain adaptable to regulatory changes, market shifts and operational challenges is critical for its long-term success. Continued focus on agility in decision-making, operational synergies across subsidiaries and strategic foresight have ensured that the Group remains a leader in the region's financial services sector.

The recommendations arising from this and previous evaluation exercises will continue to be actively implemented throughout 2025. This ongoing focus on skill enhancement and education underscores the Board's commitment to continuous improvement, fostering robust governance, and ensuring the Group is well-positioned to navigate a dynamic business environment.

Governance Audit

The Capital Markets Authority (CMA) Code requires issuers of securities to the public to undertake periodic governance audits. After extensive stakeholder consultations focusing on the frequency, cycle, cost, and scope of these audits, the CMA revised the requirement to mandate a governance audit at least once every two years. This frequency may be adjusted by the CMA using a risk-based approach.

In accordance with the CMA Code, the Company conducted a governance audit for the year ended 31 December 2023. The audit was conducted by C. S. Bernard Kiragu, who issued an unqualified report. This report affirmed that the Board maintains a robust governance framework, compliant with all relevant legal and regulatory standards and in alignment with global best practices, ultimately serving the interests of all stakeholders.

The next governance audit will be undertaken in December 2025.

Corporate Governance Self-Assessment Report

In 2024, the Capital Markets Authority (CMA) assessed the Company's implementation of the CMA Code for the year ended 31 December 2023. The review evaluated several critical areas, including the Company's commitment to good corporate governance, the effectiveness of board operations and control, the protection of shareholder rights, stakeholder relations, ethics and social responsibility, as well as accountability, risk management, internal control, transparency, and disclosure.

The Company achieved a rating of 80% (Leadership) compared to the 2022 reporting achievement of 87% (Leadership), and the 2021 reporting achievement score of 84% (Leadership) reporting (81% (Leadership) for the year 2020 reporting). CMA undertook the review of the 2023 governance reporting based on the provisions of the Capital Markets (Public Offers, Listing and Disclosures) Regulations, 2023 (the Regulations') which were gazetted on 15 December 2023.

CMA provided various recommendations on areas of continued improvement and further recommending that the board should strategize on how to continuously adopt standards beyond the minimum provided under the CMA Code.

Looking ahead, the Company remains committed to implementing the CMA's recommendations to further enhance compliance with the Code and strengthen its governance framework. This ongoing effort demonstrates the Board's focus on achieving excellence in corporate governance and fostering sustainable value for all stakeholders.

Director Independence

The Board places a high value on independent judgement and constructive debate for all matters under consideration. Each Director is expected to contribute views and decisions that are not unduly influenced by management or by any business relationship that could compromise their objective judgment, always prioritizing the best interests of the organization and its stakeholders.

The Board Charter, aligned with the Capital Markets Authority (CMA) Code and the Prudential Guidelines issued by the Central Bank of Kenya, stipulates that a majority of the Board should consist of independent Directors. In accordance with these guidelines, a Director is deemed independent if they are free from any management role or business relationship that might materially impact—or appear to impact—their ability to exercise independent judgment and act in the Company's or shareholders' best interests.

In 2024, all non-executive Directors of the Company, except for the Director representing the Cabinet Secretary National Treasury, were considered independent. This composition reinforces the Board's commitment to strong governance, objective decision-making, and accountability.

Conflict of Interest

The Company places great importance on maintaining the integrity of its governance by ensuring that Directors avoid any situations that could create a conflict between their personal interests and those of the Group. Directors are individually responsible for promptly notifying the Group Chairman and the Group Company Secretary of any actual or potential conflicts of interest as soon as they arise. The Company's Articles of Association allow the Board to authorize such conflicts, subject to conditions and limitations it deems appropriate, in line with the Companies Act, 2015, and the CMA Code.

To manage conflicts effectively, the Board has implemented formal procedures designed to ensure transparency and accountability. Directors are required to immediately declare any conflict of interest or material personal interest in matters concerning the Company. As a standard practice, declarations of conflicts of interest are addressed at the beginning of every Board and Committee meeting. In cases where a Director has a material personal interest in a matter under discussion, they are excluded from voting or participating in deliberations on that matter and are required to leave the meeting during its consideration.

Additionally, Directors must disclose, at the time of their appointment and annually thereafter, any circumstances that could potentially lead to a conflict of interest with their role as a Director.

In 2024, the board reviewed and considered that all non-executive Directors, apart from the directorship held by the Cabinet Secretary, National Treasury, were deemed independent. No instances of material conflict of interest involving any Director were identified during the year.

These measures reflect the Board's commitment to upholding the highest standards of integrity, fostering accountability, and ensuring that the interests of the Company and its stakeholders remain paramount.

SCRIBE Services

GOVERNANCE AUDITOR'S REPORT

STATEMENT OF THE RESPONSIBILITY OF DIRECTORS

The Board is responsible for putting in place governance structures and systems that support the practice of good governance in the organization. The responsibility includes planning, designing, and maintaining governance structures through policy formulation, which is necessary for efficient and effective governance of the organization. The Board is also responsible for ethical leadership, risk governance and internal control, transparency and disclosure, equitable protection and exercising of members' rights and obligations, compliance with laws and regulations, sustainability, performance management and strategy formulation and oversight.

The Board of Directors of KCB Group Plc ("the Company") is committed to the highest standards of Corporate Governance and strives for continuous improvement by identifying any loopholes and gaps in the Company's governance structures and processes. It is on this premise that the Board commissioned a governance audit, with the aim of ensuring that all processes necessary for directing and controlling the Company are in place.

The Directors have therefore ensured that the Company has undergone a governance audit for the year ended 31 December 2023, and obtained a report, which discloses the state of governance within the Company.

GOVERNANCE AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the existence and effectiveness of governance instruments, policies, structures, systems and practices in the organization, in accordance with the best governance practices as envisaged within the legal and regulatory framework. We conducted our audit in accordance with Institute of Certified Secretaries' Governance Audit Standards and Guidelines, which conform to global standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the organization's policies, systems, practices and processes. The audit involved obtaining audit evidence on a sample basis. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Being part of a continuous audit process, the Auditor has assessed the continual application of recommendations from previous audits and has ensured that the current recommendations are in line with the Group's vision and mission in order to ensure that the Board's goals, structure and operations are consistent with the latest developments in Corporate Governance. The structure of the report, findings and recommendations will therefore focus on providing a progressive approach following the seven steps of governance auditing.

OPINION

In our opinion, the Board has put in place a sound governance framework, which is in compliance with the legal and regulatory framework and in line with global best governance practices for the interest of stakeholders. In this regard, we issue an unqualified opinion.

CS. Bernard Kiragu, ICPSK GA. No 159

For: Scribe Services

Date: 30 April 2024

Subsidiary Boards

KCB Group PLC, as the majority shareholder in all its subsidiaries, holds the overall responsibility for ensuring robust corporate governance across the Group. This obligation aligns with the Prudential Guidelines issued by the Central Bank of Kenya, which emphasize the need for strong governance structures throughout the organization.

Each subsidiary operates as a distinct legal entity within its respective jurisdiction, with its own Board of Directors tasked with providing oversight and governance. These subsidiary Boards are composed predominantly of non-executive Directors, ensuring a high degree of independence and objectivity in their oversight functions.

The Group Board Charter mandates that subsidiary Boards adhere to the same governance principles as the parent company, ensuring consistency and alignment across the Group. While subsidiary Boards are accountable to their respective shareholders for the proper and effective administration of the subsidiaries, they are also responsible for ensuring alignment with the Group's overall strategic direction and policies. However, where local statutory requirements conflict with Group policies, local laws take precedence.

The Group Board's confidence in the governance and operations of its subsidiaries is strengthened by the adoption of uniform policies across the Group and the high calibre of Directors appointed to subsidiary Boards. Furthermore, to maintain close alignment and oversight, at least one member of the KCB Group PLC Board serves as a Director on each subsidiary Board.

This governance structure ensures that the Group's subsidiaries operate effectively and responsibly, balancing local autonomy with Group-wide strategic alignment, and adhering to the highest standards of corporate governance.

Respecting our Shareholders and Investors

KCB Group is deeply committed to providing shareholders with timely, accurate, and relevant information to enable them to exercise their rights effectively and make well-informed investment decisions. Equally, we prioritize transparent communication with the broader investment community, ensuring they have the insights needed to assess our performance and strategy.

To uphold this commitment, we use several channels to engage shareholders and the investment community. Regulatory announcements and media publications are made in compliance with the Capital Markets (Securities, Public Offers, Listing, and Disclosures) Regulations, 2002, and financial results are published quarterly in national publications. These measures ensure stakeholders have access to up-to-date and reliable information about the Group's financial performance.

Our Investor Relations page on the Group's website, www.kcbgroup.com, serves as a centralized platform for shareholders to access key materials, including investor presentations, financial reports, and details about the Annual General Meeting (AGM). The AGM itself is an important opportunity for shareholders to engage directly with the Board and management, ask questions, and exercise their voting rights.

The Group also has a dedicated investor relations team, reachable at investorrelations@kcbgroup.com, that actively engages with the investment community, effectively communicating our strategic vision and performance. We place great emphasis on the integrity of our financial and statutory reporting, which is discussed further in this statement.

To ensure shareholders' administrative needs are met, we have appointed **Image Registrars Limited** as our shares registrar. They handle queries related to share transfers, immobilization, and dividend payments, among others. Shareholders can contact the registrar via their offices at 5th Floor, Absa Plaza, Loita Street, Nairobi, through email at kcbshares@image.co.ke, or by calling **0709 170 000, 0724 699 667**, or **0735 565 666.**

KCB Group is unwavering in its commitment to transparency and accountability. We strive to provide shareholders with high-quality, relevant information and to maintain open channels for feedback, ensuring a constructive and ongoing dialogue with our stakeholders. This approach reflects our dedication to upholding the highest standards of corporate governance and fostering trust among our shareholders and the investment community.

Communication and Periodic Continuous Disclosure

KCB Group communicates with its shareholders through several key channels, including the Group's Annual Integrated Report, the Group Sustainability Report, and the release of full-year, half-year, and quarterly financial results. All material information is also made available on the Group's website, www.kcbgroup.com, where shareholders can find general information about the Group, review financial reports, and access results briefing presentations.

In line with disclosure requirements prescribed by the Capital Markets Act, the Banking Act, and the Prudential Guidelines — along with other relevant regulations — KCB Group also submits material information to the Capital Markets Authority, the Nairobi Securities Exchange, and the Central Bank of Kenya. Furthermore, as a cross-listed entity, material information is similarly shared with the securities exchanges in Tanzania, Uganda, and Rwanda.

This comprehensive approach to disclosure ensures transparency and helps shareholders stay informed about the Group's performance, strategy, and sustainability initiatives.

Annual General Meetings

The Annual General Meeting (AGM) serves as a vital opportunity for shareholders to engage with KCB Group. We actively encourage participation, allowing shareholders to ask questions and share feedback both before and during the meeting. At the AGM, shareholders are provided a reasonable opportunity to ask questions about, or comment on, the management of the Group and the business of the meeting.

The Board places significant importance on maintaining transparent and effective communication with shareholders, ensuring that their rights are always protected. Notices of meetings and all statutory information, including details on how to vote or submit questions, are communicated to shareholders at least 21 days before the meeting. These notices are published through print and digital channels, in compliance with the Articles of Association.

For shareholders unable to attend the AGM in person, the option to appoint a proxy ensures their participation. All resolutions are voted on via poll to promote fairness and accuracy.

2024 AGM: Virtual Engagement and Increased Participation

In May 2024, KCB Group held its AGM virtually, leveraging technology to enable broader shareholder participation regardless of geographic location. The virtual format resulted in a significant increase in attendance, with 16,574 shareholders participating and voting on resolutions, compared to 4,905 shareholders at the last physical AGM held in May 2019.

Shareholders were encouraged to submit written questions prior to the AGM and were able to actively participate in the live virtual session by voting and asking questions online. This approach ensured inclusivity and enhanced shareholder engagement.

All resolutions during the AGM were voted on through a poll, and the results were published in the local dailies within 24 hours of the meeting's conclusion.

Commitment to Shareholder Participation

KCB Group is deeply committed to fostering meaningful engagement with its shareholders by ensuring they receive timely, relevant information and ample opportunities to participate in the Group's governance and oversight. This commitment reflects the Group's core values of transparency, inclusivity, and recognition of the critical role shareholder feedback plays in shaping strategic direction.

Embracing digital innovation for Annual General Meetings (AGMs) is a clear demonstration of this commitment. By leveraging virtual platforms, KCB Group removes geographical barriers, enabling shareholders—regardless of their location—to actively join discussions, cast votes on resolutions, and share their perspectives.

Collectively, these efforts underscore KCB Group's dedication to building a connected, well-informed shareholder community while maintaining the highest standards of corporate governance.

Investment Community

KCB Group is resolutely committed to engaging with the investment community by sharing our story, clearly communicating our strategy, and fostering a culture of transparency. Our dedicated investor relations program serves as a cornerstone in cultivating strong, trust-based relationships with institutional investors, brokers, analysts, and rating agencies.

This program ensures that we consistently provide relevant updates, including presentations at the announcement of our annual results, keeping the investment community well-informed on the Group's financial performance and strategic direction. The investor relations team plays a central role in drafting critical market communications, orchestrating roadshows, and managing the flow of half-year and full-year results. Additionally, they act as a vital feedback channel, conveying market views and perceptions to management and the Board. By doing so, they facilitate informed, data-driven decision-making and help the Group stay attuned to the investment community's expectations and insights.

In collaboration with the Group Chief Executive Officer and the Group Finance Director, the investor relations team manages and develops the Group's external relationships with current and potential institutional equity investors. Through briefings, presentations, and regular engagement, the team ensures that stakeholders have a clear understanding of KCB Group's strategy, performance, and long-term vision.

This ongoing commitment to investor engagement reflects KCB Group's dedication to transparency, accountability, and building confidence within the investment community.

Policies and Codes of Conduct

KCB Group is unwavering in its commitment to upholding the highest standards of integrity and ethical conduct across all aspects of its operations. Our policies and codes of conduct go beyond merely meeting legal requirements, addressing the broader expectations of our stakeholders, including customers, employees, and the larger community. These standards apply uniformly across all employees, Directors, contractors, and consultants working on behalf of the Group, establishing a consistent level of conduct across all touchpoints.

The Group maintains a strict zero-tolerance policy toward corruption, bribery, and unethical business practices. This commitment is reinforced by a comprehensive framework of policies and procedures designed to foster a culture of compliance, honesty, and ethical behaviour.

Key initiatives include stringent anti-money laundering (AML) and counter-terrorism financing (CTF) measures, which safeguard the Group against financial crimes while ensuring full regulatory compliance. Additionally, KCB Group places a high priority on whistleblower protection, offering secure, confidential channels for employees and stakeholders to report unethical conduct or breaches of policies, without the fear of retaliation. We also manage conflicts of interest vigilantly, ensuring that decision-making processes remain transparent, unbiased, and aligned with the Group's values at every level.

These policies and initiatives are a testament to KCB Group's steadfast dedication to transparency, accountability, and ethical business practices. By embedding these principles into every element of our operations, we foster a sustainable culture that strengthens stakeholder trust and positions the Group for long-term success.

KCB Group remains unwavering in its commitment to the highest standards of integrity and ethical conduct. Our policies and codes of conduct go beyond mere legal compliance, reflecting the expectations of customers, employees, and the wider community. These standards apply equally to all employees, Directors, contractors, and consultants working on behalf of the Group, ensuring that ethical behaviour is upheld at every level.

Adopting a zero-tolerance stance on corruption, bribery, and unethical practices, KCB Group enforces a comprehensive framework of policies and procedures that foster a culture of compliance, honesty, and ethical accountability. Rigorous anti-money laundering (AML) and counter-terrorism financing (CTF) measures guard against financial crime, ensuring adherence to all relevant regulatory requirements.

Additionally, the Group prioritizes whistleblower protection, providing secure and confidential channels for reporting policy breaches or misconduct without fear of reprisal. Conflicts of interest are managed proactively to safeguard the integrity of decision-making processes throughout the organization.

By embedding these practices into all aspects of our operations, KCB Group reinforces its dedication to transparency, accountability, and stakeholder trust. This unwavering focus on ethical principles not only underpins our long-term sustainability but also ensures ongoing confidence from the communities we serve.

Our Code of Ethical Conduct

KCB Group's Code of Ethical Conduct establishes unambiguous standards for all employees, executives, and Board members, compelling them to operate lawfully, ethically, and respectfully in pursuit of fair and transparent outcomes for customers, colleagues, partners, and other stakeholders. Covering areas such as personal conduct, integrity, honesty, accountability, fairness, transparency, and anti-corruption, the Code provides a robust ethical framework underpinning every facet of the Group's operations.

Beyond simply setting rules, the Code serves as a practical guide, encouraging individuals to make thoughtful decisions by assessing the impact of their actions, adhering to Group policies, and seeking guidance when confronted with ethical dilemmas. By highlighting principled behaviour, it cultivates trust and respect, reinforcing the Group's integrity at every level.

The Code also outlines clear behavioural expectations and specifies consequences for non-compliance, ensuring that standards are not only articulated but enforced. To remain effective and relevant, it undergoes periodic reviews considering emerging ethical challenges. Further, ongoing training and awareness programs help employees fully understand and integrate these principles into their day-to-day responsibilities.

Through its Code of Ethical Conduct, KCB Group underscores its unwavering commitment to sustaining a culture of integrity, accountability, and mutual respect—cornerstones that solidify stakeholder confidence in the Group's ongoing endeavours.

Conflicts of Interest

The KCB Group Code of Ethical Conduct sets forth the principles for ensuring compliance with regulatory requirements and internal policies when navigating conflicts of interest, creating a transparent and integrity-focused framework for identifying, managing, and monitoring conflicts.

Through clear Conflict-of-Interest Procedures, Directors and employees receive guidance on how to recognize and address actual, perceived, or potential conflicts. These protocols help safeguard objectivity and uphold the Group's ethical standards, ensuring that any issues are dealt with swiftly and responsibly.

By adhering to these procedures, KCB Group demonstrates its unwavering commitment to fostering stakeholder trust and preserving the highest levels of corporate governance and ethical conduct.

Whistle-blower Programme

KCB Group upholds a strict zero-tolerance policy for fraud, corruption, bribery, unethical conduct, non-compliance, and questionable accounting or auditing activities—whether involving employees, Directors, customers, or contractors. This unwavering commitment fosters a culture of integrity and openness, encouraging individuals to speak out about any behaviour or issues that may compromise the Group's ethical standards.

Underpinning this commitment is the Group's Code of Ethical Conduct, which provides a clear, structured process for reporting potential misconduct, including financial irregularities, anti-bribery and corruption, and internal accounting or auditing concerns. The Code also outlines protections for those who raise such issues, ensuring fairness and shielding them from retaliation.

A cornerstone of this framework is KCB Group's whistleblower program, which offers secure, confidential, and anonymous channels – independently supported and monitored by **Deloitte** – allowing individuals to report concerns without fear of exposure. By reinforcing transparency, accountability, and ethical practices in every aspect of its operations, KCB Group safeguards the rights and well-being of those who step forward, bolstering trust and integrity across the organization.

Telephone Communication:

Toll free number: 0800 720 990 (Kenya)

Toll free number: 0800 110 025 (Tanzania)

International calls: +27 315 715 795 (Uganda, South Sudan, Rwanda and Burundi)

Email Communication: kcb@tip-offs.com

All stakeholders are encouraged to raise any issues involving illegal, unacceptable or inappropriate behaviour or any issue that would have a material impact on the organization's customers, reputation, profitability, governance or regulatory compliance.

KCB Group upholds a strict zero-tolerance policy for any actual or threatened act of reprisal against whistle-blowers. The Group is committed to taking all reasonable measures to protect individuals who disclose inappropriate behaviour, ensuring they can report concerns without fear of retaliation.

In cases where reprisal is identified, the Group takes decisive disciplinary action, which may include dismissal, against individuals responsible for such behaviour. This commitment reinforces the Group's dedication to fostering a safe and supportive environment for whistle-blowers, promoting transparency, accountability, and ethical conduct across the organization.

Insider Dealing Policy

KCB Group's Insider Dealing Policy enforces stringent restrictions on trading in the Group's securities by Directors, employees, contractors, and their associates who possess price-sensitive information. These individuals are not only prohibited from trading based on insider information but are also barred from sharing such information with others who might use it for trading.

To further ensure compliance and prevent insider trading, the Policy imposes specific blackout periods during which trading in the Group's securities is strictly prohibited. These periods include:

- From **1 January** until the announcement of the Group's annual results, inclusive of the announcement date and ending on the next business day.
- From **1 April, 1 July, and 1 October** until the announcement of quarterly results, inclusive of the announcement date and ending on the next business day.

In addition to these defined blackout periods, the Board retains the authority to impose additional trading restrictions as necessary to safeguard the integrity of the Group's securities and ensure compliance with regulatory and governance standards.

This Policy underscores KCB Group's commitment to maintaining the highest standards of transparency, ethical behaviour, and market integrity while fostering trust among investors and stakeholders.

Anti-bribery and Corruption

KCB Group upholds the highest standards of integrity, ethics, and conduct, fully aligning with relevant Anti-Bribery and Corruption legislation. The Group maintains a zero-tolerance approach to bribery and corruption, ensuring all employees, Directors, and third parties acting on its behalf adhere strictly to these principles.

- **No Bribes or Corrupt Practices:**

  Our employees, Directors and third parties acting on behalf of KCB Group are prohibited from directly or indirectly giving, offering, requesting, or accepting bribes. This includes any benefit, monetary or otherwise, offered as an inducement for illegal, unethical, or untrustworthy actions.

- **Rejection of Secret Commissions:**

  The Group does not tolerate the acceptance of secret commissions from third parties as a reward for deviating from internal policies, procedures, or legal obligations.

- **Prohibition on Political Donations:**

  Political donations can create perceptions of improper influence. As such, employees, Directors, and third parties acting on behalf of KCB Group are strictly prohibited from making any political donations on behalf of the Group.

This unwavering commitment to ethical behaviour reflects the Group's dedication to maintaining trust and credibility with its stakeholders while fostering a culture of accountability and compliance. These standards are integral to ensuring the Group's operations remain transparent, ethical, and in full alignment with its legal and regulatory obligations.

Integrity of Financial Reporting

KCB Group is firmly committed to cultivating and maintaining a robust risk management culture that empowers informed decision-making across all risk-taking activities. This commitment is central to the Group's corporate governance framework and is actively championed by the Board. Through its oversight, the Board promotes sound risk-taking, ensuring that emerging risks are promptly identified, assessed, escalated, and managed.

Key principles of the Group's risk management culture include striking an optimal balance between risk and reward, ensuring that risks undertaken generate commensurate returns. Comprehensive system controls are in place to monitor and manage risks effectively, and any breaches of established risk appetite thresholds are closely tracked and addressed. Integrity underpins every aspect of this culture, emphasizing ethical conduct, accountability, and transparency in all risk-related decisions and operations.

Financial Reporting

KCB Group upholds the highest standards of financial integrity through a robust governance framework designed to guarantee transparency, accuracy, and accountability in all financial disclosures. The Board bears ultimate responsibility for financial reporting, carefully monitoring compliance with regulatory requirements and ensuring alignment with stakeholder expectations.

To reinforce this oversight, the Audit & Risk Committee conducts thorough reviews of the financial reporting process, confirming adherence to relevant regulations and best practices. In addition, the Group's External Auditor provides independent, objective assessments, further validating the precision and reliability of financial statements and disclosures.

By integrating a proactive risk management culture with rigorous financial reporting protocols, KCB Group demonstrates an unwavering commitment to accountability, transparency, and the pursuit of sustainable value creation for all stakeholders.

Board

The Board holds ultimate accountability for affirming that the Group's financial statements and accompanying notes comply with the Companies Act, 2015, adhere to the relevant accounting standards, and accurately present the Group's financial position and performance.

By including a formal declaration in the annual financial report, the Directors underscore their commitment to integrity, ensuring the precision and dependability of the Group's financial disclosures.

Audit & Risk Committee

The Audit & Risk Committee is integral to reinforcing the Board's oversight of the Group's financial reporting processes and ensuring the accuracy and reliability of its financial statements.

In addition to tracking the performance and independence of the external auditor, the Committee discharges several key responsibilities:

- **Financial Report Review:** Conducts in-depth assessments of the Group's interim and annual financial reports, ultimately recommending them for Board approval.
- **Accounting Estimates & Judgments:** Evaluates significant accounting judgments and estimates applied in the preparation of financial statements, ensuring their appropriateness and alignment with best practices.
- **Policy Approval:** Reviews and approves any new or revised accounting policies, guaranteeing consistent application across the Group.
- **Regulatory Compliance:** Monitors shifts in statutory reporting, accounting standards, and disclosure requirements, ensuring timely adherence to evolving regulations.
- **Internal Control & Risk Management:** Regularly reviews the effectiveness of the Group's internal control and risk management frameworks, contributing to a culture of robust governance.

External Auditor

The external auditor provides an additional layer of assurance regarding the integrity of the financial statements. The Audit & Risk Committee oversees the external auditor's engagement, including reviewing and approving the audit plan and evaluating the auditor's performance.

While the Board is responsible for preparing the financial statements and presenting a balanced and accurate view of the Group's financial position, the external auditor examines the statements and provides an independent opinion on their reasonableness.

Maintaining the external auditor's independence is critical to the integrity of the audit process. To safeguard this, the external auditor is periodically invited to meet privately with the Audit & Risk Committee, without management or other parties present. Additionally, the external auditor reports directly to the Board during year-end Board meetings, offering independent insights and recommendations.

This governance framework ensures the integrity of the Group's financial reporting, strengthens accountability, and reinforces stakeholder confidence in the transparency and accuracy of the Group's disclosures.

Risk Management Governance

Risk is an inherent part of the KCB Group's business, and the effective management of risk is a fundamental enabler of our strategic plan. The strategy for managing risk is aimed towards customer protection and enabling sustained performance.

This is achieved through the Risk Management Framework of the Company. The Group is exposed to both financial and non-financial risks and is committed to having risk management policies, processes and practices that support a high standard of governance. This enables management to undertake prudent risk-taking activities.

The Board oversees the risk management strategy and framework considering the risk appetite, prudential capital requirements and strategic and business priorities of the Group. This includes setting and reviewing the risk appetite, monitoring the effectiveness of the risk management framework and making changes to it.

The following Board committees assist the Board in the oversight of risk:

- **Audit & Risk Committee:** In relation to financial reporting and taxation risk and further in relation to risk appetite and risk management strategy.
- **Human Resources & Governance Committee:** In relation to remuneration risk.

At subsidiary level, the Credit Committee reviews issues relating to credit risk appetite and credit risk management strategy.

The following management committees also assist in relation to risk management:

- Executive Committee
- Operational Risk Committee
- Asset and Liability Management Committee
- Management Credit Risk Committee

Risk Management Framework

At KCB Group, effective risk management is a cornerstone of our operations and a key driver of our strategic objectives. Our approach emphasizes informed decision-making and a long-term perspective, reinforcing the Group's commitment to sound governance and resilience. Recognizing that risk is intrinsic to our business activities, we are committed to managing it prudently to ensure sustainable performance and robust customer protection.

This framework is the foundation for identifying and mitigating both financial and non-financial risks. It encompasses policies, processes, and practices designed to uphold strong governance standards. By balancing risk-taking activities with the imperative for protection, the framework supports responsible growth and value creation across our operations.

Board Oversight

The Board provides strategic guidance and rigorous oversight of the Group's risk management approach. This includes defining and periodically reviewing our risk appetite, ensuring alignment with prudential capital requirements, and evaluating the effectiveness of the overall framework. By continuously adapting to address emerging risks and aligning with KCB Group's evolving strategic priorities, the Board ensures that risk management remains a proactive and integral part of our long-term success.

Board Committees Supporting Risk Oversight

To strengthen risk governance, the Board is supported by specialized committees:

- The Audit & Risk Committee oversees financial reporting, taxation risks, and the overall risk appetite and management strategy.
- The Human Resources & Governance Committee focuses on remuneration-related risks, ensuring policies and practices are aligned with governance standards and regulatory expectations.

Subsidiary-Level Oversight

At the subsidiary level, the Credit Committee is responsible for overseeing credit risk management. This includes defining the credit risk appetite and ensuring the credit risk management strategy aligns with the Group's overall objectives.

Management Committees Supporting Risk Management

A suite of management committees further enhances the Group's risk management framework:

- The Executive Committee (EXCO) ensures strategic alignment of risk management across the Group.
- The Operational Risk Committee identifies, mitigates, and monitors operational risks.
- The Asset and Liability Management Committee (ALCO) manages liquidity, market, and balance sheet risks to maintain financial stability.
- The Management Credit Risk Committee (MCRC) addresses credit risk and broader risk-related issues, ensuring alignment with the Group's strategic goals.

By integrating these governance structures and practices, KCB Group maintains a strong risk management culture. This approach not only supports sustainable growth but also reinforces stakeholder trust and ensures the highest standards of corporate governance.

Directors Remuneration

The Human Resources & Governance Committee of the Board is responsible for establishing and administering the remuneration policy for non-executive Directors. This policy is designed to ensure that remuneration is fair, transparent, and aligned with the responsibilities and contributions of the Directors to the Group's governance and strategic oversight.

Details of the aggregate emoluments paid to Directors for their services during the financial year 2024 are disclosed in Note 39 to the Financial Statements. These disclosures provide transparency and accountability regarding Directors' compensation.

Throughout the year and as of the financial year-end, there were no arrangements involving the Company under which Directors acquired benefits through the acquisition of the Company's shares. This reflects the Group's commitment to maintaining high standards of governance and avoiding conflicts of interest in relation to Directors' benefits.

Further information on Directors' remuneration is available in the Directors' Remuneration Report on page 133 of the Integrated Report. This report offers comprehensive insights into the Group's approach to Directors' remuneration, reinforcing our dedication to transparency and good governance practices.

Shareholding as at 31 December 2024

Directors Interests as at 31 December 2024

Name of Director	Number of Shares	% Shareholding
Cabinet Secretary to the Treasury of Kenya	635,001,947	19.761
Paul Russo	200,000	0.006
Dr. Joseph Kinyua	-	-
Lawrence Njiru	-	-
Ahmed Mohamoud	-	-
Alice Kirenge	15,100	0.000
Anuja Pandit	-	-
Agnes Lutukai	-	-
William Asiko	-	-
Lawrence Kimathi	-	-

Shareholders' Profile as at 31 December 2024	Number of Shareholders	Number of Shares Held	% Shareholding
Kenyan Individual Investors	185,937	831,335,858	25.87%
Kenyan Institutional Investors	6,458	1,749,906,338	54.46%
East African Individual Investors	259	2,982,231	0.09%
East African Institutional Investors	57	273,763,015	8.52%
Foreign Individual Investors	599	54,861,083	1.71%
Foreign Institutional Investors	64	300,614,290	9.35%
	193,374	**3,213,462,815**	**100.00%**

Summary of Totals

Shares Range	Shareholders	Number of Shares	% Shareholding
1 to 500	77,147	10,071,037	0.3%
501 to 1,000	15,136	10,769,818	0.3%
1,001 to 5,000	73,313	179,209,545	5.6%
5,001 to 10,000	17,461	114,796,387	3.6%
10,001 to 50,000	8,394	159,657,219	5.0%
50,001 to 100,000	767	52,979,473	1.7%
100,001 to 500,000	734	151,786,976	4.7%
500,001 to 1,000,000	162	110,753,011	3.5%
1,000,001 to 2,000,000,000	260	2,423,439,349	75.4%
	193,374	**3,213,462,815**	**100.0%**

Major Shareholders	Number of Shares Held	% Shareholding
Permanent Secretary to the Treasury of Kenya	635,001,947	19.76%
National Social Security Fund	321,734,192	10.01%
Stanbic Nominees Ltd A/C Nr3530153-1	141,905,400	4.42%
Kenya Commercial Bank Nominees Ltd A/C 927b	79,289,541	2.47%
Standard Chartered Kenya Nominees Ltd A/C Ke004667	61,384,600	1.91%
Babla, Sandip Kana Sinh; Babla, Alka Sandip	30,949,100	0.96%
Standard Chartered Nominees Non-Resd. A/C Ke3534	30,270,700	0.94%
Standard Chartered Nominees Non-Resd. A/C Ke10085	27,864,726	0.87%
Babla, Sandip Kanaksinh Karsandas	27,365,200	0.85%
Standard Chartered Nominees Non-Resd. A/C Ke3565	23,629,300	0.74%
	1,379,394,706	**42.93%**

Regulatory Changes in 2024 Impacting KCB Group Subsidiaries

COUNTRY: BURUNDI

Date of change	Legislation	Change	Impact to KCB
February 2024	Deposit Guarantee and Resolution Fund	• Introduction of a deposit guarantee fund for banks and microfinance institutions. Banks to contribute 0.2% of eligible deposits and 0.05% of non-performing loans. Compensation capped at BIF 300 million per depositor. First premium due by 31 March 2025.	• Increased compliance costs but enhances depositor confidence.
March 2024	Foreign Currency (FCY) Loan and Guarantee Conditions	• New conditions for granting FCY loans: financing must generate FCY income or import substitution, borrower must have FCY income of at least 150% of repayment and provide a 150% guarantee.	• Stricter lending criteria will limit foreign currency loan issuance, Increased due diligence on FCY borrowers.
March 2024	Minimum Cash Reserves Requirement (CRR) Regulations	• The minimum reserve maintenance period changed to two cycles per month. Banks required to maintain a 5% CRR on monthly average balances.	• Increased liquidity management obligations. The bank must adjust its treasury operations to comply with the two-cycle reserve requirement.
October 2024	Export Revenue Tracking Platform	• Online platform introduced for tracking export revenue repatriation, co-managed by BRB and OBR.	• Improved transparency and compliance with export transactions, aiding credit risk assessment for export-dependent clients.
October 2024	Lifting of FX Transfer Restrictions for Non-Banking Institutions	• BRB lifted restrictions on international transfers by non-banking institutions, increasing FX market competition.	• Increased competition in FX transfers, requiring KCB to review pricing and efficiency to retain customers.
October 2024	Suspension of Import Restrictions with DRC	• Burundi and DRC agreed to suspend import restrictions on 66 products which will facilitate trade.	• Potential growth in trade finance and FX transactions, but expected impact is limited to specific products.

COUNTRY: KENYA

Date of change	Legislation	Change	Impact to KCB
January 2024	The Land Registration (General) (Amendment) Regulations 2023	• The amendments reviewed the fees and charges payable for the registration of documents or instruments at the Lands Registry.	• Increases the cost of legal services related to land transactions, ultimately increasing the cost of obtaining credit.
March 2024	Social Health Insurance Act Regulations 2024	• The regulations operationalized the Social Health Insurance Act and provided the registration requirements and the monthly statutory deduction to the Social Health Insurance Fund at a rate of 2.75% of the gross salary or wage of the household.	• Compliance by deduction and submission of the contributions by the 9th day of each month. • Compliance by informing the Authority of any changes in the employment status of its employees within 30 days.
March 2024	Affordable Housing Act	• The Act provides the framework for development and access to affordable and institutional housing as well as imposition of the housing levy at 1.5% of the gross salary of employees which is matched by the employer.	• Increased staff costs through the employer's matching of the employee contribution towards the affordable housing. • Compliance to deduct 1.5% housing levy from employee's gross salary. • Compliance by remitting the deductions not later than the 9th working day after the end of the month.

COUNTRY: KENYA			
Date of change	Legislation	Change	Impact to KCB
April 2024	The Valuers (Forms and Fees) Amendment Rules 2024	• The Rules increased the fees for valuation of movable and immovable property	• This increased the cost of valuation services which will ultimately increase the cost of obtaining credit
May 2024	The Climate Change (Carbon Markets) Regulations 2024	• Provide the technical and regulatory oversight over participation in carbon markets in Kenya as well as the operations and functions of the National Carbon registry, the standards and approval processes for carbon projects and the prescribed methods for benefit sharing.	• The Bank has been in the forefront in enhancing sustainability and this is an opportunity for the Bank to enhance its portfolio and involvement in climate related initiatives
June 2024	The County Licensing (Uniform Procedures) Act 2024	• The Act seeks to prevent multiple licensing procedures and provides a mechanism for a person to make simultaneous application for more than one license	• This will streamline the process of acquiring annual licenses for the Bank.
June 2024	The Income Tax (Charitable Organisation and Donations Exemptions) Rules 2024	• The Rules revoked the 2007 Regulations and outline the requirements to be met by a charitable organisation to qualify for a tax exemption on their income and prescribe the procedure for determining the allowability of donations for income tax purposes.	• KCB Foundation has a 12-month transition period to comply with these Rules.
September 2024	Social Health Insurance (Amendment) Regulations, 2024	• The Regulations provided the effective date for the Social Health Insurance Act as 1 October 2024	• Imposed the effective date for operationalization of Social Health Insurance Act as well as deduction of the 2.75% Social Health Insurance Fund levy for employees.
December 2024	The Business Laws (Amendment) Act	• The Act amended the Banking Act by providing for the minimum core capital requirements for Banks and Mortgage Finance companies in a phased compliance plan starting with a minimum core capital of Ksh 1 billion by 31 December 2024 and culminating at Ksh 10 billion by 31 December 2029. • The Act also expanded the regulatory mandate of the Central Bank of Kenya to cover all non-deposit taking credit providers including digital lenders, peer to peer lender and credit guarantee businesses.	• KCB Bank's core capital exceeds this requirement and will not be impacted by the increase.
December 2024	Tax Laws (Amendment) Act	• The Act allows deductions for Affordable Housing and contributions to the post-retirement medical funds which addresses the issue of double taxation. The Act also increased the amount deductible for contributions to a registered pension or provident fund from the tax liability of individuals and employers to encourage a saving culture for retirement purposes • The Act also amended the Excise Duty Act to provide that excise duty is applicable to digital services provided by non-resident providers at the rate of 15% of the fee charged.	• The deductions will lower the taxable salary for employees. • This will result in increased costs to the Bank and subsidiaries operating in Kenya as the some of the non-resident suppliers such as software providers may opt to pass the cost to the companies.
December 2024	Tax Procedures (Amendment) Act	• The amendments mainly provide for the implementation of the Data Management and Reporting System. However, the Act exempted the Commissioner from requesting private and personal data held on behalf of customers.	• The Bank will be keen to ensure that any proposed implementation of the Data Management and Reporting System complies with the regulatory framework and protects customers' data.

COUNTRY: RWANDA			
Date of change	Legislation	Change	Impact to BPR Bank Rwanda
May 2024	Law No 044/2024 of 30/05/2024 Governing Banks	The new Banking Act was enacted to replace the repealed Banking Act and contains substantial updates to the existing framework. Key changes include: • An expanded definition of a "Bank" which enables companies, cooperatives and foreign bank branches to apply for banking licenses • Determining the authorization and operational requirements of a representative office of a foreign bank in Rwanda. It also determines procedures for supervision of a representative office of a foreign bank in Rwanda. • The Central Bank may require a bank to maintain a capital buffer to enable it to withstand future periods of distress. • A natural person including his or her related party, or a body corporate including its related party owned or controlled by one person must not directly or indirectly own or acquire more than 25% of the shares of a bank unless it is a reputable financial institution, a reputable public company, foreign government, international institution or any other person on conditions that they have been authorized by the Central Bank. • Any proposal of dividend declaration by the Board of Directors must be notified to the Central Bank in the manner that is prescribed by the Central Bank. • The Central Bank may use a third party to carry out a specific assignment related to its responsibilities. • A bank must inactivate a customer current account after realizing that no transaction was done on it within a period of six months. After this period, the bank does not charge the customer any account management fee. The account must be put in a dormant situation after one year unless the customer has requested its activation. • The following funds are not considered as deposits: ➤ Funds deposited by members of the Board of Directors, senior management or accountants as a guarantee of their management. ➤ Funds received in exchange for bonds or equity securities issued or invested with the public. ➤ Funds obtained through discount window or discounts on public or private securities or in the form of loans or advances from banks or other financial institutions.	BPR Bank Rwanda would be required to comply with the legislation including: • Maintenance of an appropriate capital buffer. • Seeking the central bank's approval prior to declaration of any dividend. • Deactivating customer accounts when they remain dormant for a period of 6 months.

COUNTRY: TANZANIA

Date of change	Legislation	Change	Impact to KCB
March 2024	Government Notice No. 141 made under Section 38 of The Social Security Act, Cap 135.	• The regulations allow social security benefits as part of collateral for home mortgage. The Regulation empowers the Minister to issue regulations on the use of social security benefits entitlements for collateral for home mortgage for a member who has not attained age of retirement.	• Upon implementation, this will ease homeownership and may increase the use of home mortgages as collateral.
June 2024	Bank of Tanzania Act No. 6 of 2006.	• Section 26 of the Bank of Tanzania Act with addition of subsection (2) which provides that save as otherwise prescribed by the Minister in the regulations, a person who transacts using any other currencies other than the legal tender issued by the Bank, commits an offence.	• The use of Tanzanian Shillings impacts the Bank since there are some vendors who use different currencies for provision of services.
July 2024	Banking and Financial Institutions Act	• The amendment allows the Bank and Financial Institutions to engage in trading for their own account or for the accounts of customers in exchange and interest, profit or return instruments as one of the permissible activities that a licensed Bank or financial Institution may engage in.	• This amendment supports market expansion and increased fees & commissions.
July 2024	Banking and Financial Institutions Act	• The Act under Section 46 provides that Banks and Financial Institutions must surrender abandoned properties to BOT at the end of each calendar year. The Act defines abandoned properties as bank accounts, securities and safety deposit boxes that are left inactive for a certain period. • Additionally, the abandonment period was amended from 15 years to 10 years.	• This amendment requires the Bank to track and manage abandoned properties within a shorter timeline to ensure compliance and customers must take timely action to retain their assets.
July 2024	Guidelines on Fees and Charges for Banks and Financial Institutions, 2024. Issued under Regulation 25(1) of the Bank of Tanzania Financial Consumer Protection Regulation, 2019.	• These guidelines provide guidance to Banks and Financial Institutions on imposition of fees and charges such as: ➤ Ensuring fair and equitable imposition of fees and charges. ➤ Deter from imposing unfair fees and charges. ➤ Promoting fair competition among Banks and Financial Institutions. ➤ Spurring innovation in provision of financial products and services.	• KCB Bank Tanzania would be required to ensure that the imposed fees are fair and equitable.
July 2024	Guidelines on fees and charges for banks and financial institutions for 2024.	• The regulations require the adoption of universal savings accounts which will not attract monthly fees and charges as well as disclosure of charges on platforms (ATM and digital channel) prior transacting	• The regulations require the Bank to have a Policy which governs fees and charges as well as having the Pricing Committee.

COUNTRY: TANZANIA

Date of change	Legislation	Change	Impact to KCB
Stakeholder Directives			
August 2024	Strengthening gender representation and inclusivity in leadership roles in banks on circular NO FA.130/170/01/579	• The circular requires financial institutions to adopt measures that will ensure at least one-third of board membership comprises women. • Board Charters of Financial Institutions should adopt guidelines for achieving and maintaining gender diversity and the talent management policy to include succession plans, recruitment and retention of senior management team and board member. • Financial institutions should set targets for female participation in executive positions and implement career development programs that support the advancement of women	• KCB Bank Tanzania will adopt measures to ensure gender diversity.
December 2024	Ref No. NC 53/235/01/171	• The Bank a Tanzania (BOT) has issued a directive prohibiting all banks and financial institutions operating within the country from imposing fees and charges on internal account transfers effective 1 January 2025.	• Reduces the cost of banking services for customers and promotes financial inclusion.
December 2024	Ref LA.53/449/01/1197 Prohibition of Surcharging on Card Payment.	• The Bank of Tanzania (BOT) reminded all banks, financial institutions and Payment Service Providers (PSPs) to ensure that merchants onboarded on their platforms do not impose surcharges on customers using cards for digital transactions at Point of Sale (POS) terminals.	• KCB Bank Tanzania will ensure that merchants onboarded on its platforms do not impose surcharges on customers using cards for digital transactions at POS terminals.

COUNTRY: SOUTH SUDAN

Date of change	Legislation	Change	Impact to KCB
November 2024	The South Sudan Financial Act, 2024/2025	• The Act introduces amendments to various tax laws including Business Profit Tax (BPT), Withholding Tax (WHT), Excise Tax, Customs Duties, other fees and charges imposed by various Government of the Republic of South Sudan (GRSS) institutions. • The changes affected monthly WHT and Excise Tax returns for the month of December 2024 onwards. They also impact the BPT return for the Fiscal Year (FY) 2024.	• The financial sector has not been impacted by the tax changes. BPT, Personal Income Tax, sales tax and WHT have largely remained as they were in 2024 • From the business front the scaleup of BPT instalment tax from 2% to 4% will strain business operations. • Excise duty on various products has been scaled down except for alcohol and tobacco hence expected to increase business activities for SMEs and Retail.

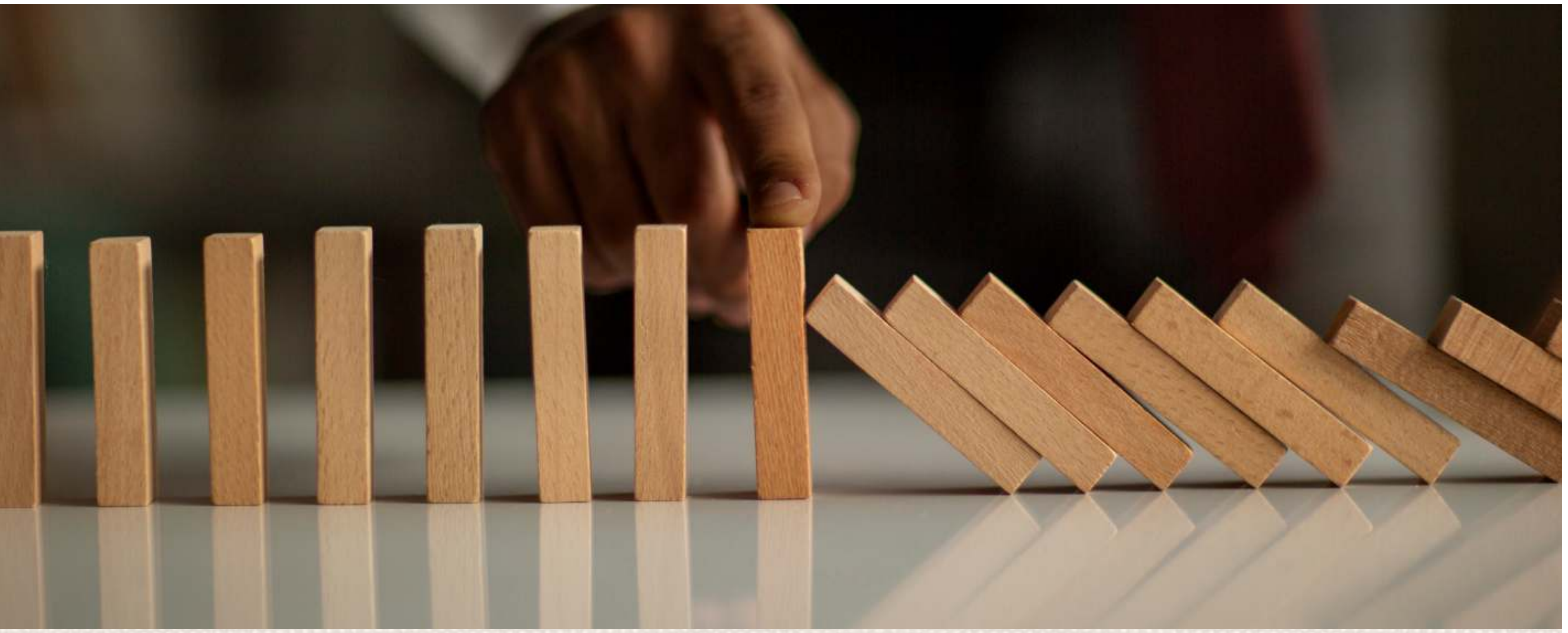
COUNTRY: UGANDA

Date of change	Legislation	Change	Impact to KCB
February 2024	Anti Competition Act, 2023	• The Act prohibits anti-competitive practices and agreements to promote and sustain fair competition in markets in Uganda.	• KCB Bank Uganda shall ensure it does not undertake any anti-competitive practices.
July 2024	The Companies (Fees) Regulations, 2024.	• Revokes the Companies Fees (No. 2) Regulations of 2023. • The Regulations increased the filing fees for company documents and forms at Uganda Registration Services Bureau e.g., fees for filing a board resolution are increased from UGX 20,000 to UGX 35,000	• Increase in perfection costs for facilities taken by companies. This generally increases the cost of borrowing. • The Bank will incur additional costs while filing company documents.
July 2024	The Business Names Registration (Amendment) Rules, 2024.	• Provides that every firm or individual registered as a business name shall at the end of every year file a statement confirming that the business is still carrying on with business under the registered name. • Where the firm or individual fails to file the statement of business continuity for three consecutive years, the registrar shall commence the process of removing the business name from the register. • The law also increases the fees for filing documents with URSB relating to business names.	• As part of the KYC policies, the bank effective 1 July 2024 was required to request individuals or firms registered as business names to avail the Statement of Business Continuity.
July 2024	Partnerships (Fees) Regulations	• Generally, it provides fees for filing documents of a firm and forms at URSB.	• Increase in perfection costs for facilities taken by Partnerships. • Increase in the cost of registering and managing a partnership registered under the Act.
July 2024	Insolvency (Fees) Regulations	• Provides fees for filing documents and proceedings relating to insolvency. • The law also provides for revised fees for filing insolvency related documents.	• The fees would be applicable if the Bank chose to recover from a defaulting borrower through winding up/insolvency proceedings. • The Bank ought to adhere to the filing fees provided for in these rules while undertaking insolvency procedures.
July 2024	Income Tax (Amendment) Act, 2024	• Section 10 of the amendment inserts into Section 118I in the principal Act the following provision which states that a person who pays a commission to a payment service provider shall withhold tax on the commission paid to the payment service provider at the rate prescribed in Part XIV of the Third Schedule. • For avoidance of doubt, this section shall apply to commission paid to the banking agents or any other agent offering financial services. • The withholding rate is 10%.	• The Bank ought to deduct 10% from all commission payments made to its Agents engaging in Agent Banking Business.

COUNTRY: UGANDA

Date of change	Legislation	Change	Impact to KCB
August 2024	The Registration of Persons (Amendment) Regulations, 2024.	• The Regulations adjust the validity time of National Identification cards by amending Regulation 19 of the Registration of Persons Regulations by providing that a national identification card shall be valid for eleven years from the date of issue and shall be renewable in accordance with these Regulations. • Initially, a national ID that was issued on 1 January 2015 ought to expire on 1 January 2025, given the 10-year validity period provided for under the old Regulations.	• The Bank ought to accept customers expired National IDs with a ten (10) year validity period if they are being presented within 11 years from the date of issue or 1 year from the date of expiry. • Customers who present National IDs on dates that are beyond the 11 years provided for under the amendment must be advised to renew them before being attended to.
September 2024	The Non-Government Organizations (Amendment) Act, 2024	• The National Bureau of Non-Governmental Organizations (NGO Bureau) that had been previously responsible for registering and overseeing NGOs was replaced with the Ministry of Internal Affairs.	• All licenses, permits, certificates, authorizations and certified documents of NGOs presented to the Bank after 29 September 2024 should originate from the Ministry of Internal Affairs. • The Bank should look out for the date of issue and the body which issued such license, permit, certificate, authorizations and certified documents.
September 2024	The Financial Institutions (Corporate Governance) Regulations, 2024.	• Revokes the Financial (Corporate Governance) Regulations of 2005. • Generally, it provides for the structure of financial institution, the roles and the regulatory requirements.	• KCB Bank Uganda shall ensure compliance with the corporate governance regulations, 2024.
October 2024	**URA PUBLIC NOTICE.**	Section 16(5) of the Tax Procedure Code Act: Any person with an annual turnover of UGX 500,000,000/= (Ugandan Shillings Five Hundred Million Only) or more to submit their annual income tax return with a copy of audited financial statements prepared by a registered member of the Institute of Certified Public Accountants of Uganda effective 1 September 2024.	• The Bank should furnish its audited financial statements prepared by a registered member of the Institute of Certified Public Accountants of Uganda while furnishing its tax returns to URA. • The Bank should enforce this requirement as it is a way of determining a tax compliant customer. The customer whose annual turnover is UGX 500,000,000/= according to his/her/its financial statements must provide proof of submitting the same to URA. • The strict enforcement of this requirement should commence after 30 December 2024 since it is when the obligation to file tax returns for the year ended 31 June 2024 falls due.

Risk Management



KCB Group maintains a robust and comprehensive Risk Management Framework to strengthen its capacity to recognize and address risks. Backed by an independent Risk Function, the Board oversees all facets of risk management. The Group's risk management approach is shaped by our business objectives and risk capacity, appetite, and tolerance statements. Policies, sound practices, and the minimum regulatory requirements per principal risk type inform risk management practices. Our risk management approach is forward-looking supported by technology, data, and insights to embed controls within our processes. Our robust risk management approach allows us to make considered and sustainable decisions, ensuring we conduct our operations, and deliver products and services safely and responsibly.

To meet the increasingly complex operating environment, we continuously enhance our Enterprise-Wide Risk Management Framework (ERMF) to develop and embed our risk culture and broaden our risk management analytical tools to manage increasingly volatile markets in support of our business objectives. The framework employs the three lines of defense model, with the business responsible for owning and managing the organisation's risk, whereas the second line risk function provides second-line oversight and challenges risk management activities performed by the First Line of Defense. The third-line audit function provides independent assurance on the effectiveness of controls and processes.

As part of continuous improvement towards enhancing risk maturity, and to ensure that the ERMF is aligned to support the achievement of the Group's strategic objectives, the Group contracted a consultant to validate our ERMF against best practices and applicable regulations in Q2 2024.

Risk Philosophy

Our philosophy is that risk management is a collective responsibility of all KCB employees. The prevailing financial and non-financial risks, regulatory compliance, and reputation are considered when making decisions in our day-to-day operations.

Risk Appetite

The risk appetite statement aligns business decisions with approved risk dimensions. Board-approved policies guide actions across departments, with Executive Committees providing specific instructions. The risk department vets new initiatives to manage potential risks.

Risk Management and Culture

Our risk management framework drives the proactive identification of inherent and emerging risks for the Group. Significant risks are regularly reported to senior management and the board.

The board and senior management establish the tone at the top with the risk management function spearheading the risk culture integration across the business.

1 Risk Appetite

The Bank's Enterprise Risk Management and Risk Appetite Framework articulates the risk appetite, and drills down the same into a limit framework for various risk categories under which various business lines operate. It is expressed through quantitative measures and qualitative statements that provide direction to all business areas and set clear tolerances for activities that are both within and outside risk appetite. The appetite limits are monitored using a range of key indicators to ensure the business is managed within a limit structure for each risk category. In the event that our desired risk appetite is breached, a predefined escalation governance matrix is applied so that these breaches are highlighted to senior management for remediation. Reports on our risk profile against our risk appetite and strategy and our monitoring thereof are presented quarterly to the board.

The board reviews and approves our risk appetite annually or whenever there is a significant change to our strategy, operating environment, or regulatory requirements. Any changes to the enterprise risk appetite statement, risk appetite, and/or risk tolerance limits are approved by the Board.

The Bank continuously reviews the operating environment and closely monitors significant risks that could impact business. Further, detailed and periodic reviews are conducted at various Board Committees on the portfolios and operations of the Bank.

2 Risk Governance Framework

The Board has the ultimate responsibility for the overall governance of the Bank, including the Bank's risk management and internal control systems. The board determines the strategy for managing risk and approves the Bank's risk appetite. It takes the lead in setting a strong risk management culture across the Bank and oversees the governance structures through which the Bank's risk management strategy is implemented.

The Board receives and reviews risk-related information, while management committees are responsible for ensuring that the risk and control environment is established and maintained in the day-to-day decision-making and that individual decisions are made in line with the established risk appetite.

The Risk function is responsible for assessing the adequacy and effectiveness of the first line of defense risk governance and control activities. They ensure that risk limits are set at appropriate levels to keep aggregate risks within risk appetite and that the aggregate forward-looking risk profile relative to risk appetite is effectively monitored and reported to Board Committees.

Our subsidiaries manage their risks according to policies formulated by each subsidiary's board of directors. The subsidiaries are instructed to manage risks based on the strategy and policy of the Group, with adjustments according to the country-specific circumstances and/or regulations, which are reported to the parent company.

Governance is maintained through delegation of authority from the Board to individuals through the management hierarchy. Senior Executives are supported where required by a committee-based structure which is designed to support an effective information escalation path and effective decision-making. The interaction of the Board and Senior Management governance structures relies upon a culture of transparency and openness that is encouraged across the Group by both the Board and Senior Management. This ensures that escalated issues are promptly addressed, and remediation plans are initiated where required.

The Risk Division operates several management committees, chaired by the Group's Chief Executive Officer:

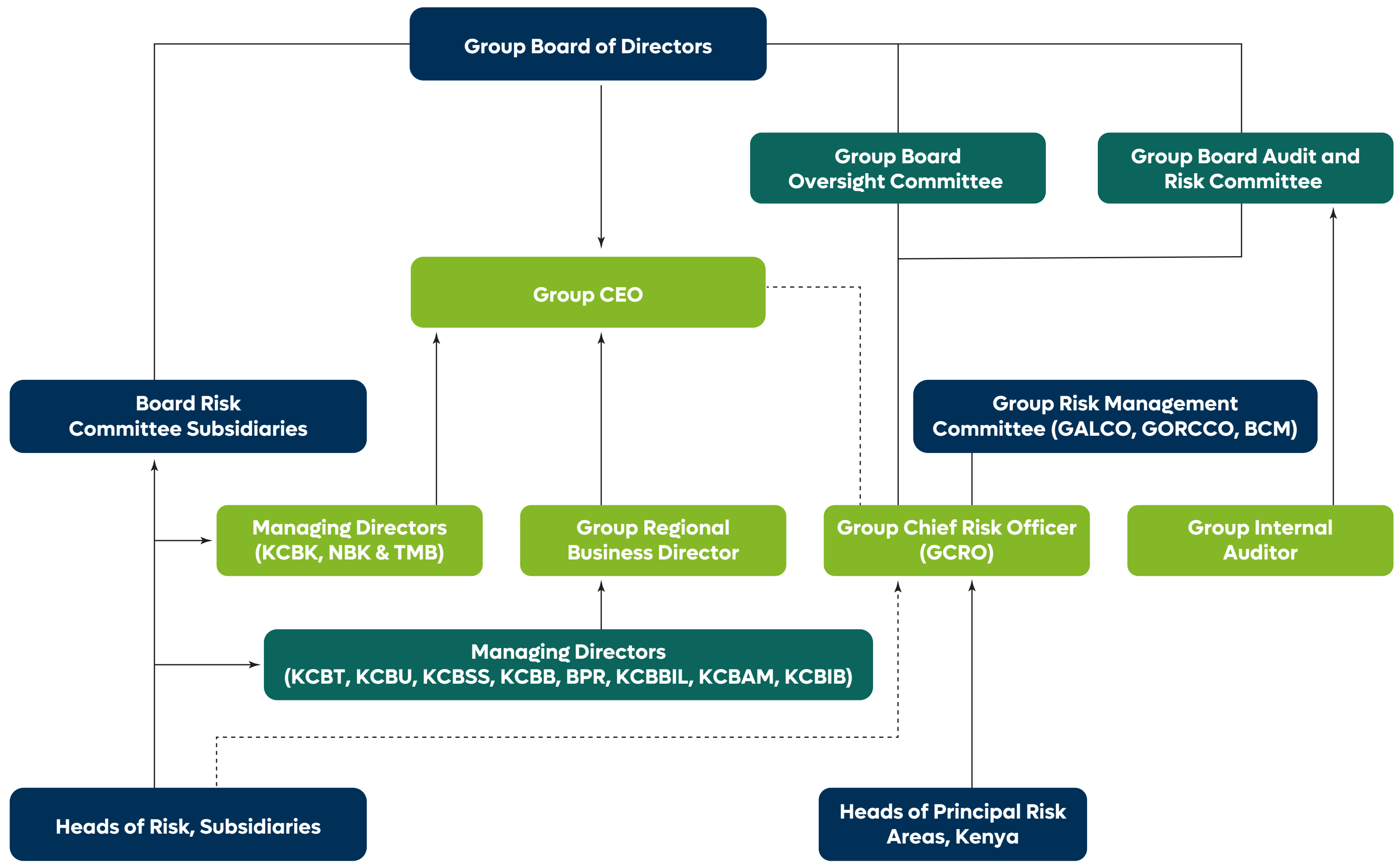
Group Operation Risk and Compliance Committee (GORCCO) – responsible for reviewing risk and compliance issues to ensure all material risks inherent in the activities of the Group are identified and managed within the risk appetite.

Group Assets and Liabilities Committee (GALCO) – reviews pricing of assets and liabilities to ensure loan mix and yields are optimized, and funding costs minimized, while keeping the balance sheet structure consistent with the current asset-liability strategy of the Group.

Group Business Continuity Management Committee – is a cross-functional team of key stakeholders which includes senior managers with key support roles and the appropriate Business owners of critical functions, who together have the responsibility for the overall management of the business continuity function on a day-to-day basis.

Group Risk Management Organisational Structure

The diagram below depicts the Group Risk management structure.



Three lines of defense model

Our risk and control structure is based on the three lines of defense model. Each line has a specific role and defined responsibilities. The three lines work closely together to identify, assess, and mitigate risks.

1. The **first line** of defense includes the business units including support and operational divisions, that create or take risks, as well as the internal control units within the divisions that provide internal control over the risk creators and risk takers.
2. The **second line** of defense consists of the control units at the Risk Management function, which is independent of the business divisions. This line is responsible for developing, implementing, and maintaining risk management frameworks and policies. Keeping abreast with the regulatory landscape and ensuring appropriate mitigating actions.
3. The **third line** of defense consists of Internal Audit, which operates independently and objectively. Its goals include independent assurance of the risk management framework and practices.

3 Enterprise Risk Management process

I. Risk Identification, Assessment, and Management

Risk identification is forward-looking and seeks to identify material risks to which the Group may become exposed to while conducting its day-to-day operations. A Risk and Control Self-Assessment (RCSA) is undertaken for each key business function. All key controls are recorded and assessed regularly, in response to triggers. Control assessments consider both the control design adequacy and operating effectiveness. Where a control is not effective, the root cause is established, and action plans are implemented to improve control design or performance.

Risk quantification and measurement are performed consistently at all operating entities in the Group, to the extent possible based on appropriate, accepted methods and models. Where set limits are breached, clear mitigating actions are put in place including timelines to resolve the breaches to bring such risks within acceptable tolerance levels.

II. Risk Monitoring and Reporting

The Group actively monitors the risk control measures by tracking the trends of the risks and their risk levels. Risk reporting provides the board and senior management with the information they need to respond to and manage risks.

4 Risk and Compliance Culture

A strong culture of responsibility is essential in maintaining the trust that our stakeholders have placed in us. We are committed to having a positive impact on our stakeholders or the environment, and to respecting the highest ethical standards.

Through our Risk Appetite Framework (RAF), strategy and risk are managed in an integrated manner to achieve optimal risk and return through appropriate risk-taking and risk control. Achieving appropriate risk-taking and risk control requires a strong risk culture across the business. This starts with the board setting the tone from the top of the organization to influence the risk consciousness of all employees as they conduct their daily activities and pursue business objectives. Our risk culture ensures that all business functions and employees consider risk management and consult appropriately with the Risk function during the development of new products, procedures, policies, and systems.

KCB maintains a comprehensive risk management structure ensuring all employees regardless of their positions, functions, or locations familiarize themselves with risk management policies relevant to their responsibilities, know how to escalate actual or potential risk issues, and have a role-appropriate level of awareness of the risk management process as defined by the ERMF. The Group Chief Executive Officer works with the Executive Management to embed a strong risk culture within the Group regarding the identification, escalation, and management of risk matters in line with the ERMF.

The Group undertakes annual enterprise risk management surveys across all its entities to gauge risk awareness and identify any opportunities for improvement. The outcome of the 2024 survey continues to demonstrate a strong awareness of risk culture and a positive view and understanding of what is required of staff regarding risk culture and risk management.

5 Stress Testing

KCB Group implements a set of internal stress tests, updated regularly, to assess the resilience of the balance sheet and capital adequacy, while providing insights into how key elements of the bank portfolio may behave during a crisis. KCB undertakes scenario analysis at various levels under a forward-looking approach that helps anticipate potential impacts on the financial robustness of the Group, taking into consideration the existing balance sheet, business plans, current economic conditions, and outlook. Where indicators of the stress test fall below the acceptable level, the Group revises its appetite and business plans. Stress testing is also a key element of KCB's recovery planning, ensuring its liquidity and capital are well protected while enhancing the Group's financial stability under various scenarios.

Our objectives for stress testing include:

- Inform the setting of risk appetite by assessing the underlying risks under stress conditions.
- Identification of risk concentrations and potential weaknesses in the Bank's portfolio.
- Integration in the planning process and examination of the effects of the business plan on potential exposures.
- Examination of the financial robustness of the Bank and evaluation of the potential damage that may be caused by extreme events of various types.
- Analysis of the sensitivity of the Bank to shocks or exceptional but possible events.
- Assessment of the materiality of the various risks.
- Examination of the Bank's compliance with its risk appetite and risk capacity.
- Support for the ICAAP and the formulation of contingency plans to minimize the damage of extreme events.
- Ensure the Group's compliance with all of the regulatory and internal limits.

Our Current Key Risk Priorities

This section describes the specific risks within our material risk types where the Board and the Executive Leadership team are focusing their efforts. It includes a mix of existing and emerging risks that could materially impact our ability to serve our customers or deliver our strategy. Regarding the material risks, the Risk Committee of the Board of Directors, and management bodies receive reports, and multifaceted discussions are held to ensure appropriate risk control measures and risk responses are put in place.

Key Risks	Risk Mitigations
I. Cybersecurity The growing threat of cyberattacks coupled with the increasing digitization of banking products and services could expose the Bank to cybersecurity risks. Further, the Bank also leverages partnerships with third parties, which could also be a source of information security risks.	• Regular system security assessments such as RedTeam assessments. • 'Defense-in-Depth' strategy providing multiple lines of defense. • Monitoring, detection, and analysis of potential cybersecurity intrusions using Security Information and Event Management (SIEM) tools and Security Operations Centre (SOC) and proactive threat analysis. • Distributed Denial of Service (DDOS) mitigation. • Response to confirmed cybersecurity incidents by coordinating resources and directing the use of timely and appropriate countermeasures. • Providing situational awareness and reporting on cybersecurity status, incidents, and trends in adversary behavior. • Implementation of a Data Protection and Privacy policy including a data management program focusing on strengthening our Data Management Framework across the Group. • We also collaborate with a range of government, community, and industry bodies to strengthen system-level resilience and to reduce the possibility of cyber-attacks and the impact of fraud and scams on the community. • Provision of regular training to all staff, including rolling out mandatory cybersecurity training courses, and awareness initiatives on digital channels to help customers stay safe online. • Cybersecurity Incident Response Plan that ensures it is prepared to manage cyber incidents effectively and efficiently.
II. Data Protection Data protection forms an essential part of KCB's risk resilience and plays a critical role in ensuring the delivery of innovation with embedded regulatory compliance. KCB Group reaffirms its dedication to responsibly handling personal data and ensuring the rights of data subjects are upheld across all its operations. There has been an increase in the data protection regulatory footprint with the promulgation of data protection legislation in Tanzania and Rwanda, in addition to the Kenyan and Ugandan legislations that had previously been passed in the East African region. The General Data Protection Regulations from the European Union also form a compliance guide due to the extra-jurisdictional application of the law.	• We have in place a Data Protection department to ensure continuous compliance with the prevailing laws across the countries of operation. • Enhanced capacity of our data protection department with the refinement of operations to ensure technological and operational compliance. • Mandatory data protection training with the inclusion of role-based training for the upskilling of KCB Group's stakeholders on data protection. • Automation of data protection compliance. • KCB Group shall endeavor to continuously enhance its risk frameworks to ensure compliance in line with the KCB Group Data Protection & Privacy Policy, which is a key guide in ensuring compliance standards throughout the Group.
III. Regulatory Compliance and Ethical Behaviour There has been a continued supervisory and regulatory focus on Anti-Money Laundering, Combating Financing of Terrorism, and Countering Proliferation Financing (AML/CFT/CPF) and scrutiny from international financial partners, as well as on overall compliance in the industry within the Region. With four KCB countries of operation in the region currently on the FATF grey list (Kenya, Tanzania, South Sudan, DRC), the Group continues to uphold and enhance its AML/CFT/CFP Risk Assessments and control actions.	• We closely monitor regulatory developments to ensure new regulatory requirements, laws, or regulations are embedded in our policies and implemented promptly • We scan our local, regional, and global environment to keep abreast of emerging regulatory issues and ensure appropriate response. • We continue to invest significant resources to improve our compliance systems, and control and enhance capabilities to continually comply with new requirements. • We continuously assess and promote compliance and desired behaviors through ongoing monitoring and assessments. • Regular compliance programs with remedial actions applied where any gaps are noted. • We continue to ensure that regulatory ratios and limits are adhered to. • We continuously embed a strong compliance culture through continuous training and awareness (through both physical engagements and e-learning platforms) to both internal and external service stakeholders as appropriate.

Management of Principal Risks

Principal Risk	Mitigation Measures
Capital **Internal Capital Adequacy Assessment Process (ICAAP)** The bank is required to maintain sufficient capital to undertake its activities, including in stressed environments.	KCB prepares the ICAAP report annually, which informs the Board's ongoing assessment of the Group's processes for managing the sources and uses of capital and compliance with supervisory expectations for capital planning and capital adequacy. A detailed framework for stress testing is employed, evaluating the impact on capital and liquidity funding based on potential adverse macroeconomic and internal shocks. The Group submitted its ICAAP document for 2023 to the Central Bank of Kenya in April 2024. All banking subsidiaries continue to prepare their ICAAP reports annually, in line with global guidance and their local regulatory requirements. Capital management is performed routinely, as an integral part of the Group's strategic and financial plan. Capital planning for the Group is based on the work plan of the Group and on regulatory directives, which are translated into risk-adjusted assets and changes in the various tiers of capital while maintaining safety margins. Various sensitivity tests are applied within the planning of capital and capital ratios.
Credit Risk The credit portfolio is a major component of the asset portfolio of the Group, therefore, deterioration in the stability of the various borrowers may have a significant adverse effect on the Group's asset value and profitability.	Actions implemented to manage credit risks include: • Having in place the Credit Policy, Credit Risk Appetite, and related governing guidelines. The goal of credit risk management is to ensure the Group operates within the risk appetite defined in accordance with the policies and strategic objectives in the area of credit, from a single transaction to credit portfolio level. • The Bank's credit risk management framework and policy are based on diversification of the credit portfolio and controlled management of risks. Risk diversification is reflected by the distribution of the Bank's credit portfolio across different sectors of the economy, many borrowers, different linkage segments, and different geographical regions. For this purpose, the Group conducts industry-level economic feasibility studies to evaluate the risk and business potential related to activity in the various economic sectors. • The identification of credit risk in existing products is based on risk management, measurement, and control processes at the various lines of defense, on the other hand, the identification of risk in new credit products is guided by the new products and initiatives risk assessment policy which specifies the processes to be followed for each new product at the Bank to identify all risks inherent in the product, assess the extent and materiality of such risk, and provide solutions for the measurement, control, and hedging of the risk.
Market Risk Market Risk is the risk of loss arising from potential adverse changes in the value of the Bank's assets and liabilities due to fluctuations in market risk factors such as interest (IRR) and foreign exchange rates (FX risk). Liquidity Risk is the risk that the Bank is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor, and composition of funding and liquidity to support its assets.	• Market Risk exposures arising from the trading book are managed by the Treasury department whilst those arising from the non-trading activities are managed through Asset and Liability Management (ALM) and ICAAP processes. Oversight of market and liquidity risk is provided by the Group Asset Liability Committee (GALCO). • Market and Liquidity Risk measurement, limit setting, reporting, and oversight are conducted by the Market Risk department under the Group Chief Risk Officer. • The Market Risk Framework defines the policies that govern KCB's strategy and objectives for Market, Liquidity and Country Risk management and the approach and processes by which KCB achieves those objectives. It establishes Risk Management Processes that result in the identification, assessment, measurement, monitoring and control / mitigation of market, liquidity, and country risks in a consistent manner across KCB Group. It also outlines the risk governance structure and relevant roles and responsibilities, with the ALCO providing key oversight at the management level. • KCB expresses its acceptable level of market, liquidity and country risk through risk appetite statements and setting the respective risk limits. The Group monitors risk through various limits including but not limited to exposure risk (PV01) and stop loss limits. The Group has a limit approval matrix that allows the Business units to take risk in a controlled manner. The respective limits are monitored on a daily/ weekly/ monthly/ quarterly basis, keeping a record for all breaches as well as the breach authorization. Any limit breaches are required to be reported in a timely manner to limit approvers to determine the suitable course of action required to return the applicable positions to compliance. • Liquidity risk is monitored through the Liquidity and Loan to Deposit Ratio limits as well as the review of the funding analysis looking at interbank borrowing and deposit concentration. The bank maintains a Contingency Funding Plan and a Capital and Liquidity recovery plan which details the actions that can be taken to recover from a liquidity stress event.

Principal Risk	Mitigation Measures
Operational Risk This is the risk of an adverse outcome resulting from inadequate or failed internal processes, people, and systems or external events or legal risk.	• The Bank implements an Operational Risk Management (ORM) Policy to proactively manage operational risks efficiently. The policy involves assessing and measuring risks, monitoring them closely, and implementing mitigating measures through a structured governance framework. All business functions are required to maintain an RCSA analysis every quarter. This acts as a specific control through which management validates that all significant risks are identified, assessed, assigned to owners, and appropriately managed through the application of controls. To ensure the effective management of this process, KCB pursued the implementation of an operational risk management system in 2024 to automate operational risk management tools so as to ensure holistic visibility of risks and prompt responses to mitigate the prevailing risks. • All new products, processes, and changes undergo thorough risk evaluation by the Operational Risk team, overseen by the Product Management and Change Management Committees. • Outsourcing arrangements are scrutinised and approved by the sourcing Committees, with input from the Risk team. The Bank has in place a framework and policy on managing third-party risks which serves to ensure that there is an alignment of the third-party arrangements with the Bank's business objectives, potential risks are addressed, responsibilities are clearly understood, and regulatory requirements complied with. • The Business Continuity Management Committee (BCMC) oversees the implementation of the board-approved Business Continuity Management (BCM) framework, ensuring service continuity for our extensive customer base. The BCM framework is rigorously tested for critical internal processes, enabling readiness for diverse contingency scenarios. Learnings from these exercises are used to refine the framework. To ensure that the Group maintains a robust resilience posture, a Crisis Management Team simulation exercise is conducted annually. This exercise which incorporated a scenario based on a plethora of crisis situations that could impact the Bank as a result of a cyber-attack was undertaken in November 2024 facilitated by an external BCM consultant. The objectives of the simulation exercise were to facilitate the Crisis Management Team to practice their roles in managing a real crisis should one occur.
Information Technology Risk Technology risks arise from inadequate information technology/systems, inadequate ICT policy and strategy, or inadequate use of the Group's information and communication technology.	• KCB maintains an Information Risk Policy which governs the protection of KCB's information assets from all threats, whether internal or external, deliberate, or accidental, to ensure business continuity, minimize business damage, and maximize return on investments and business opportunities. The objective of the policy is to protect the Group, its staff, customers, and other third parties from information risks where the likelihood of occurrence and the consequences are significant. The policy also provides a consistent risk management framework in which information risks are identified, considered, and addressed. In addition, the Information Security Policy governs the management and security of data and the information systems that handle these data. KCB understands that Information is an important business asset and should be suitably protected from a growing variety of threats and vulnerabilities to ensure business continuity, minimize business risk, and maximize return on investments and business opportunities.
Fraud Risk Fraud includes all those activities involving dishonesty and deception that can drain value from the business, directly or indirectly, whether or not there is personal benefit.	• The Group Fraud Risk Policy and framework covers both internal and external frauds and aims to reinforce the KCB values of honesty, integrity, and ethics and in this regard has a zero tolerance approach to fraud and corruption, as detailed in the Group Code of Ethical Conduct. KCB is committed to ensuring that a fraud-free environment exists, and high ethical standards are upheld in the organization. The strategy employed in the management of fraud entails detection, prevention, response, and pursuit of recoveries. • We continue employing a broad fraud management strategy, to minimize exposure from fraud losses whose main drivers in the year 2024 were staff complicity, system challenges, and traditional fraud typologies. This is achieved inter alia using the Fraud Management System, to facilitate automated detection of fraud across banking systems by enabling the identification of unusual behavior and increasing operational efficiency by augmenting fraud investigation efforts. The Bank also undertakes training and awareness sessions, underpinned by zero tolerance to fraud culture agenda and fraud risk assessments on key products or processes being rolled out to the market, to identify opportunities for fraud, and take timely remedial measures, including improvement of controls. • At KCB, it is everybody's responsibility to prevent and report fraud, misappropriations, and other inappropriate conduct within their knowledge. To detect potentially inappropriate activities, the Group also has in place a whistleblowing platform available to both internal and external stakeholders for reporting such issues. Further, there is a management-level Disciplinary Committee that reviews fraud cases and applies the consequence management framework. Additionally, fraud cases are escalated to various law enforcement agencies, for investigations and appropriate prosecutorial action against the perpetrators.

Principal Risk	Mitigation Measures
Compliance Risk This includes policies, procedures, processes, monitoring and testing programs, regarding compliance with all applicable laws and regulations.	• The Group holds that Compliance is not just the responsibility of specialist compliance staff, but it is a part of the culture of the Group and an integral element of the bank's entire scope of activities. It is therefore the responsibility of every business and support function, and every member of staff to conduct business in compliance with all applicable requirements. • The Group is committed to transparent management that emphasizes accountability, disclosure, and compliance with all relevant laws, regulations, and standards of practice, including the industry charters. KCB recognizes and affirms that Compliance starts at the top, and that it concerns everyone within the Bank. We hold that Compliance is an integral part of the Bank's entire scope of activities, and it is therefore the responsibility of every member of staff to conduct their business in compliance with all applicable requirements. • In line with its commitment to Compliance, the Group takes proactive steps to ensure compliance with the ever-changing regulatory environment and applicable standards and supports its business growth by adequately monitoring and addressing compliance risks. • The Compliance Function identifies, assesses, advises on, monitors, and reports on the Bank's compliance risk, that is, the risk of legal or regulatory sanctions, financial loss, or loss of reputation that the Group may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice applicable in all the jurisdictions it operates in, as well as failure to conform to internal compliance policies and standards of operation, and with the highest ethical standards. • KCB Group minimises compliance uncertainty by ensuring that the activities of the Group and its staff are conducted in accordance with all laws, regulations, codes of conduct, and standards of good practice applicable in all the jurisdictions it operates in, as well as conforming to internal policies and standards of operation, and with the highest ethical standard. This is achieved through a compliance and ethics framework that supports a robust compliance culture that is based on the highest standards of ethical business practice. • The Compliance Function reports to the Group's Chief Risk Officer. In KCB Bank Kenya, the function is led by the Head of Compliance & Ethics who reports to the Group Chief Risk Officer, who maintains oversight of Compliance across all Subsidiaries. The Compliance Office provides Group Shared Services support on policies and fit-for-purpose functional maintenance of the systems used. Heads of Risk and Compliance in KCB Banking Subsidiaries oversight Compliance and Ethics in each Subsidiary.
AML/CFT/CPF Compliance Potential exposures from noncompliance with international rules and standards on Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT).	• The Group remains committed to strictly upholding and complying with international rules and standards on Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), and the new focus area of Combating Proliferation Financing (CPF). The Group, through its AML, KYC, and Sanctions policies has implemented a robust AML/CFT/CPF compliance program aligned to international best-practice. The program is deployed across all branches and subsidiaries. Each Subsidiary maintains an independent Money Laundering Reporting Officer (MLRO). A common standards approach is upheld through Group AML Policies and in the deployed AML/CFT system which is supported by the Compliance Group Shared Service Centre in alignment to requirements in all jurisdictions. • The Group has incorporated monitoring of the new focus area of Combating Proliferation Financing. • The Group's AML/CFT/CPF Program is benchmarked to the best international practices while maintaining compliance with the Regulatory requirements in countries of operation.
Reputational Risk This is the possibility that our reputation will be harmed, which can negatively impact on our financial performance.	• The Group values its good reputation and protects its Brand through monitoring reputational risks and their drivers, as well as through continuous media monitoring. All staff and other parties working for or on behalf of the Group are called upon to uphold ethical business conduct in all their business dealings. • In addition, annual ethics training is provided to all staff, and employees are encouraged to freely raise any ethical concerns through established channels, either internally, or anonymously through external channels.

Principal Risk	Mitigation Measures
Strategic Risk Strategic risk is the material present or future risk to profits, capital, reputation, or status that may be caused by changes in the business environment; faulty business decisions; improper implementation of strategy or business decisions; or failure to respond to changes in the industry (e.g., competitors' actions), the economy, or technology. Strategic risk is a function of the congruence of the organization's strategic objectives with its environment, adaptation of the business plans that it develops to achieve these objectives, resource allocation, and quality of implementation.	• The strategic plan of the Group is a three-year plan approved by the Board of Directors and examined and adjusted annually to the prevailing changes in the business environment in the region and globally, changes in the Bank's competitive environment, and changes in the Bank's objectives. • The implementation of the Group Strategic Plan is acknowledged to be impacted by external and internal factors that may act as either catalysts or challenges to achieving strategic objectives. Strategic Objectives implementation risk assessments are carried out to assess these factors to advise Senior Management and the Board to facilitate appropriate decision-making on response actions or strategic objectives re-alignments as may be called for. • The process of formulating the strategic plan encompasses an examination of the bank's business, the relevant strategic risks, and a comprehensive planning process. • Goals and metrics are established for each map (at the process level and at the level of business results), derived from the strategy. This allows strategy to be translated into measurable steps for the various units, making it possible to identify the extent of the Bank's exposure to strategic risk. • Concurrently with the Strategy development process, the Risk function carries out a well-structured pre-and-post-approval review of the risks to the achievement of strategic objectives, which supports the decision-making process and any necessary course corrections. • The Strategy team and Senior Management continuously assess the external outlook with the deliberate development of strategic reassessments to respond to emergent issues on top strategic risk areas.
Conduct Risk Conduct risk is the risk of creating harm to a customer, counterparty, or market arising from inappropriate behavior by KCB or its partners in the execution of business activities.	• Maintaining an ethical culture that promotes good business practices and reinforces appropriate behaviors aligned with the Group's values. • Policies and procedures in place to ensure appropriate controls and processes that deliver fair customer outcomes, and support market integrity and competition requirements. • Customer needs are considered through customer plans, with integral risk assessments for all new products and initiatives before rollout. • Enhanced product governance framework to ensure products continue to offer customers fair value and consistently meet their needs throughout their product life cycle. • Effective complaints management and escalation mechanisms when required. • Ongoing engagement with third parties involved in serving the Group's customers to ensure consistent delivery. • Ensuring that communications with customers are clear, fair, and not misleading.
Climate Risk Climate risks are divided into 2 risks broadly: **Transition Risks:** Risks stemming from various factors such as policy and regulation changes, advancements in technology, and shifts in consumer preferences. **Physical Risks:** It encompasses both chronic and acute impacts of climate change which include changes in temperature, precipitation patterns, agricultural productivity, sea levels, heatwaves, floods, cyclones, and wildfires.	• KCB is committed to a net zero future and recognises that our planet urgently needs drastic and lasting action to protect communities, businesses, and the natural environment from the damaging effects of climate change. • The Group's climate action agenda has driven efforts towards setting the net zero target of 2050 and joining the Net Zero Banking Alliance (NZBA), a global alliance of financial institutions with the common goal of achieving net zero by 2050. By joining the NZBA, KCB became part of other global banks representing over 40% of global banking assets while also aligning its lending portfolio to achieve net zero carbon emissions by 2050. As part of accelerating its climate commitment and increasing climate flows, KCB has committed to direct 25% of the total loan portfolio to green investments by 2025. • To curb the effects of its lending on the environment, the Group has established an elaborate Social Environment Management System that guides the identification, avoidance, and management of possible environmental and social risks. KCB also monitors its carbon footprint and has now set a plan to determine its Scope 3 emissions and to set targets on the same. This allows KCB to elaborate and extend its climate ambitions and support a shift in its operations and portfolio to transition to the green economy and generate savings while positively impacting the environment. • The Group continues to work on developing its management and reporting capabilities and shall engage third party expertise to strengthen its technical capacity in carbon management and climate risk. This shall support the alignment of its Net Zero strategy with international best practices and taxonomies.

Looking Ahead

Mindful of the tension between the US and China, the continued war in Ukraine, the escalation of tensions in the Middle East, conflicts in the Democratic Republic of Congo, tensions in South Sudan, and the escalation of trade tensions following the implementation of trade tariffs by the United States, the Bank remains alert to geopolitical risks. The potential impacts on the Group's risk profile are broad, which include asset price shocks that may cause increased financial risk to the Bank's balance sheet, while operational impacts might stem from cyber and physical security threats. Such sources of risk are being closely monitored.

Artificial Intelligence (AI) and machine learning techniques are evolving rapidly presenting both opportunities and challenges of safe and practical use of AI tools. This requires the establishment of appropriate governance frameworks and procedures to ensure adequate management of the associated risks.

Heightened supervisory and policy actions with emphasis being placed on data protection, cybersecurity, ESG, conduct risk, digital transformation, operational resilience, and financial crime including money laundering, terrorism financing, and proliferation financing. The Group will continue enhancing its governance frameworks to ensure the expectations of the regulators are continuously met.

The Group proactively performs horizon scanning to identify emerging issues and implement appropriate controls to adapt, adequately mitigate potential exposures, and ensure compliance with new regulatory actions. Further, we will also continue to enhance our risk management frameworks as and when required to ensure resilience as well as remain relevant and effective in the dynamic operating environment.

Internal Controls

1 Positioning

Guiding Principles

The internal audit function adheres to the mandatory elements of the Institute of Internal Auditors' (IIA) International Professional Practices Framework. The Group Internal Auditor reports at least annually to Senior Management and the Group Audit and Risk Committee (GARC) regarding the Internal Audit Division's conformance to the IIA Code of Ethics and the Standards.

Internal Audit Charter

The purpose, authority and responsibilities of the Group internal audit function is defined through the internal audit charter. The charter provides a clear framework for internal audit activities, ensuring the function's independence and objectivity. The charter further outlines the scope of audit activities, reporting structure and standards to be followed. This helps align internal audit with the Group's goals and regulatory requirements thereby enhancing its effectiveness and credibility.

Risk Management Oversight

The day-to-day responsibility for managing risk and maintaining the Group's system of internal controls is collectively assumed by the Executive Committee (EXCO). Internal audit assists EXCO in accomplishing this task by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal control through provision of independent, objective, reliable, valued and timely assurance and advisory services.

Internal Audit Strategy

The internal audit strategy provides a structured approach for the internal audit function to achieve its objectives effectively and efficiently. It outlines the long-term goals, priorities, and resource allocation for the internal audit activity, ensuring alignment with the Group's overall strategy and risk management framework. The current internal audit strategy was reviewed and approved in 2024 to align with the KCB Group 2024 – 2026 "Transforming Today Together" Strategy.

Independence of the Internal Audit Function

The independence of the internal audit function is upheld through functional reporting lines to the GARC ensuring that auditors operate without influence from operational management. The audit function's budget is approved independently by the respective Board Audit Committees, safeguarding the resources necessary for effective audit activities. Furthermore, auditors annually affirm their objectivity through a formal declaration of independence, reinforcing their commitment to unbiased evaluations.

External Audit Tenure/Rotation, Qualifications, Assessment, Independence and Policy on Non-Audit Services

We are committed to maintaining the highest standards of audit quality and independence through stringent policies on external audit tenure and rotation. Our external auditors are carefully chosen by the GARC, approved by the Board, and appointed by shareholders based on their exceptional expertise, experience, and adherence to professional standards.

In line with Central Bank of Kenya regulations, we ensure the external audit partner rotates out of the assignment every five years, bringing fresh perspectives and maintaining objectivity. Regular performance assessments are conducted to guarantee compliance with regulatory requirements.

To further safeguard auditor independence and prevent conflicts of interest, we enforce a strict policy on non-audit services. Any non-audit services are thoroughly reviewed and discussed with the external auditors to confirm their independence, ensuring our commitment to transparency and integrity remains unwavering.

2 Process

Annual Internal Audit Plan

The 2025 audit plan is aligned with the Group's strategic priorities, emerging risks and regulatory expectations and requirements. The plan is dynamic and agile in nature to effectively respond to external and internal changes and evolving risks in the environment. Audit coverage is risk based and is designed to prioritize assurance activity on areas of greatest risk to the attainment of the Group's objectives.

As our operating environment grows increasingly complex, we are leveraging continuous auditing solutions and data analytics to ensure efficient and effective audit delivery. We remain committed to driving innovation and advancing our digital transformation across the entire audit lifecycle.

By offering objective insights and recommendations, internal audit function help identify and mitigate risks, improve compliance, and optimize business processes. We aim to enhance and expand this advisory role in line with IIA standards to support strategic decision-making and foster a culture of continuous improvement, ultimately building stakeholder confidence and ensuring the Group navigates complex environments effectively.

Internal Audit Methodology Manual

The Internal Audit Methodology Manual serves as a comprehensive guide for conducting internal audits within the Group. The manual ensures consistency, reliability, and adherence to best practices in the auditing process. By providing clear procedures, standards, and guidelines, the manual helps the Group's auditors perform their duties effectively and efficiently.

Internal Audit Quality Assurance and Improvement Program

The KCB Group internal audit function maintains a quality assurance and improvement program that covers all aspects of the function. The program includes an evaluation of the internal audit's conformance with the Standards and an evaluation of whether internal auditors apply the IIA Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit division and identify opportunities for improvement.

The KCB Group Internal Audit quality assurance and improvement program, includes internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Group.

In 2024, Independent External Quality Assurance assessments were conducted separately for KCB Kenya, KCB Uganda, KCB Tanzania, KCB Burundi and KCB South Sudan. All the assessments determined that the Internal Audit functions in these entities *Generally Conform* with the IIA Standards. Further, the relevant structures, policies, and procedures of the Internal Audit functions in these entities, as well as the processes by which they are applied, comply with the requirements of the individual standards and elements of the IIA Code of Ethics in all material respects.

At the time of this report, the assessment for BPR was ongoing.

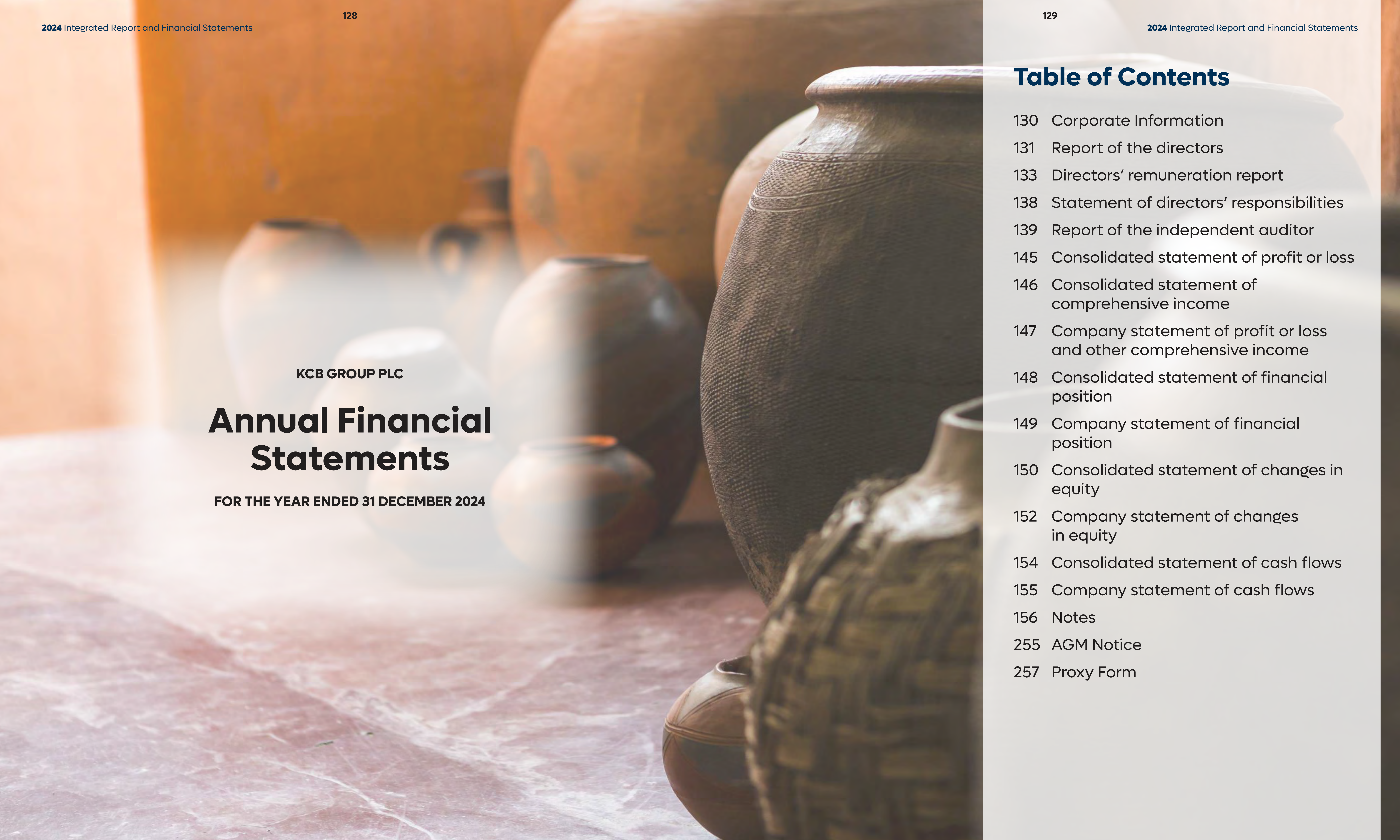
Audit Issue Remediation – Tracking and Follow Up of Audit Issues

We achieved a 94% closure rate of audit issues identified in 2024, reflecting the Group's proactive approach to addressing control deficiencies and enhancing the effectiveness of internal controls. Through collaborative efforts between management and the internal audit function, we successfully resolved most audit issues within established timelines, demonstrating our commitment to continuous improvement and accountability. Some of the remedial actions implemented included enhancing control frameworks, implementing process improvements, and providing additional training and resources to staff members.

3 People

The internal audit team is composed of skilled and experienced professionals with diverse competencies, ensuring a comprehensive approach to auditing. The Group's Internal Audit Competency Framework is modelled on the IIA's Internal Audit Competency Framework and defines the competencies needed to meet the requirements for the success of the internal audit profession in the Group. The framework also serves as an effective onboarding tool or a multi-year training plan that helps to continuously identify and fill skill gaps within the Audit function.

Each team member holds certifications from esteemed professional bodies such as the Institute of Certified Public Accountants in the respective countries that we operate in, Institute of Internal Auditors (IIA), and the Information Systems Audit and Control Association (ISACA). Their expertise spans various domains, including banking operations, risk management, compliance, financial auditing, Information Systems auditing and cyber security. Committed to maintaining the highest standards of professional excellence, the team members diligently attain their required Continuous Professional Education (CPE) hours annually. This dedication to ongoing learning and development ensures they stay abreast of the latest industry trends, regulations, and best practices, enabling them to provide valuable insights and recommendations to the organisation.



KCB GROUP PLC

Annual Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2024

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KCB Group Plc
Corporate information
For the year ended 31 December 2024

Directors

Dr. Joseph Kinyua	–	Chairman
Mr. Paul Russo	–	Group Chief Executive Officer
C. S. National Treasury	–	Alternate Geoffrey Malombe
Ms. Alice M. Kirenge		
Mr. Ahmed Mohamed		
Mr. Lawrence Njiru		
Mrs. Agnes Lutukai	–	Appointed 1 March 2024
Ms. Anuja Pandit		
Mr. William Asiko	–	Appointed 26 September 2024
Mr. Lawrence Kimathi	–	Group Finance Director

Company secretary

Bonnie Okumu
PO Box 48400 – 00100
Nairobi, Kenya

Auditor

PricewaterhouseCoopers LLP
PwC Tower
Waiyaki Way / Chiromo Road
PO Box 43963 – 00100
Nairobi, Kenya

Registered offices and principal places of business

KCB Group Plc
Kencom House
Moi Avenue
PO Box 48400 – 00100
Nairobi, Kenya

KCB Bank South Sudan Limited
KCB Plaza
Ministry Road
PO Box 47
Juba, South Sudan

BPR Bank Rwanda Plc
KN 67 Street, 2
PO Box 1348
Kigali, Rwanda

KCB Bank Kenya Limited
Kencom House
Moi Avenue
PO Box 48400 – 00100
Nairobi, Kenya

National Bank of Kenya Limited
National Bank Building
18 Harambee Avenue
PO Box 72866 – 00200
Nairobi, Kenya

KCB Bank Tanzania Limited
Harambee Plaza
Ali Hassan Mwinyi Road/Kaunda Road Junction
PO Box 804
Dar es Salaam, Tanzania

KCB Bank Uganda Limited
Lohana Towers
Plot 56, Lugogo Bypass
PO Box 7399
Kampala, Uganda

KCB Bank Burundi Limited
Boulevard Patrice Lumumba
PO Box 6119
Bujumbura, Burundi

KCB Bank Kenya (Ethiopia Representative Office)
Morning Star Mall 4th floor
Bole Medhanialem
Addis Ababa, Ethiopia.

Trust Merchant Bank SA
PO Box 72866 -0200
Lubumbashi, Democratic Republic of Congo

Trust Merchant Bank (Brussels Representative Office)
78, rue Defacqz Box 9, 4th floor
B- 1060 Brussels

Principal lawyers

Iseme Kamau & Maema Advocates
P.O Box 11866-00400
Nairobi, Kenya

Oraro & Company Advocates
P.O Box 51236-00100
Nairobi, Kenya

MMC Asafo LLP
P.O Box 75362-00200
Nairobi, Kenya

Triple OKLaw Advocates
P.O Box 11866-00400
Nairobi, Kenya

The full list of the Group lawyers is available at Kencom House, the principal place of business of the Group.

KCB Group Plc
Report of the Directors
For the year ended 31 December 2024

Principal activities

The company is licensed as a non-operating holding company under the Banking Act (Cap 488). The principal activities of its main subsidiaries are provision of corporate, investment and retail banking services.

Results

The results of the Group and the Company are set out on pages 145 to 147.

Dividend

An interim dividend of KShs 1.5 per ordinary share (2023: Nil) amounting to KShs 4,820 million was paid during the year (2023: Nil). The directors have proposed payment of a final dividend in respect of the year 31 December 2024 of KShs 1.5 per ordinary share (2023: Nil) amounting to KShs 4,820 million (2023: Nil), which together with the interim dividend brings the total dividends for the year to KShs 3 per ordinary share amounting to KShs 9,640 million (2023: Nil).

Directors

The Directors who served during the year and up to the date of this report are set out on page 130. All the Directors are non-executive other than the Group Chief Executive Officer and the Group Finance Director.

Business review and financial performance

The Group consolidation includes the results of the entities owned by KCB Group Plc. The entities operate in Kenya, Tanzania, South Sudan, Rwanda, Uganda, Burundi, and the Democratic Republic of Congo mainly undertaking retail and corporate banking business in the domicile countries. Our subsidiaries, KCB Bank Kenya and Trust Merchant Bank have representative offices in Ethiopia and Brussels respectively.

As indicated under note 49, KCB Group Plc entered into a binding agreement for the sale of its entire stake in National Bank of Kenya. The disposal was yet to be completed as at 31 December 2024. As a result the assets and liabilities have been accounted for as disposal group as required by IFRS 5.

Interest income recorded a 24.3% increase from KShs 181.7 billion to KShs 225.8 billion. This is mainly due to the growth in interest income from government securities and interest income on loans and advances. This resulted from an increase in government securities to KShs 409 billion from KShs 397 billion despite a moderate decrease in loans and advances from customers from KShs 1,096 billion to KShs 990 billion, from the appreciation of the Kshs currency and transfers to assets held for sale respectively.

The net fees and commission income increased by 14.1% from KShs 27.0 billion to KShs 30.8 billion due to increased customer transactions and impact of the Group's digital banking strategy.

The Group's net credit impairment losses increased by 8.3% from KShs 27.4 billion in 2023 to Kshs 29.7 billion mainly impacted by increase in non-performing loans The profit for the year recorded an 64.5% growth from KShs 37.5 billion to KShs 61.8 billion mainly driven by increase in net interest income and increase in foreign exchange gains from dealings.

The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk, market risks and operational risks. The Group's overall risk management framework focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group.

This is entrenched in the Group's governance structure. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board of Directors of the Group has established various committees including Audit and Risk, Human Resources and Governance, Nomination, Oversight and Strategy and Information Technology committees, which are tasked with developing and continuous monitoring of the Group risk management policies in their specified areas. The detailed description and analysis of the key risks is set out on note 4 of the financial statements.

Employees' Welfare

Our leadership believes in creating an environment where high performing individuals care about each other and work towards achieving the success of the organization. Our leaders passionately drive clarity and direction allowing our employees to connect to each other as they are bound by a common mission and vision.

The Group's management focuses on building the right culture as a strategic human resource priority by ensuring that the Group's culture is embedded across all levels and the same is driven across the entire workforce.

Having the right culture is an essential element for the Group's future development as we transform towards creating the digital era banking. Amongst the key components in this development is ensuring that our leaders are charged by the major roles of fostering strong leadership capabilities, talent management, enhancing employee relationship and development.

Environmental Footprint

At KCB Group, we believe that taking care of the ecological environment is a solemn responsibility for every human being. As a corporate citizen we have embraced a culture of responsible living, with the ultimate intention of building a sustainable work environment that has minimal or nil adverse effects on the environment.

KCB Group Plc
Report of the Directors
For the year ended 31 December 2024

Statement as to disclosure to the Group and Company's auditor

The directors confirm that with respect to each director at the time of approval of this report:

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

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

Terms of appointment of the auditor

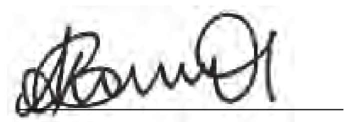
PricewaterhouseCoopers LLP continues in office in accordance with the Company's Articles of Association and Section 719 of the Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

Events after the reporting period

There has been no event after the reporting date that requires adjustment or disclosure to these financial statements.

By Order of the Board



Bonnie Okumu

Company Secretary
Nairobi

12 March 2025

KCB Group Plc
Directors' remuneration report
For the year ended 31 December 2024

Information not subject to audit

The KCB Group Plc. approach towards reward and recognition is to ensure that individuals are adequately compensated and recognized for their role towards the overall success of the Group's business.

KCB Group Plc. presents the Directors' Remuneration report for the year ended 31 December 2024 in line with The Capital Markets Authority *Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015* which provides guidelines on Director's remuneration and in line with the provisions of The Companies Act, 2015.

During the year ended 31 December 2024, the Board of Directors consisted of:

(a) Two Executive Directors:
  (i) Paul Russo – Group Chief Executive Officer
  (ii) Lawrence Kimathi – Group Finance Director

(b) One Non-Executive Director:
  (i) Cabinet Secretary - National Treasury (Alternate: Mr. Geoffrey Malombe)

(c) Seven independent Non-Executive Directors:
  1. Joseph Kinyua (Chairman)
  2. Lawrence Mark Njiru
  3. Ahmed Mohamed
  4. Alice Kirenge
  5. Anuja Pandit
  6. Agnes Lutukai (Appointed 1 March 2024)
  7. William Asiko (Appointed 26 September 2024)

1. Directors Emoluments

For the financial year ended 31 December 2024, the total Non-executive Directors remuneration was KShs. 82.6 million (2023 - KShs. 103.2 million).

The total amount of emoluments paid to Directors for services rendered during the Year ended 31 December 2024 is disclosed on page 135.

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, under which Directors acquired benefits by means of acquisition of the Company's shares.

2. Non-Executive Directors Remuneration and Privileges Policy

The Group has put in place a policy that adequately defines the remuneration and related privileges received by the Non-Executive Directors of the Company.

All the remuneration and privileges accorded to the Non-executive Directors and enumerated under the policy are competitive and reviewed according to the prevailing market trends for companies of a similar size and complexity of the Company.

The Board has in place a formal process of reviewing its performance and that of its committees and individual directors. Evaluation of the board is externally facilitated after every two years. Each director completes a detailed questionnaire designed to obtain feedback on the board's performance on the following areas:

— Strategic objectives.
— Risk governance.
— Board composition and skills.
— Board meetings and preparation.
— Board interaction and support.
— Performance of governance functions.
— Performance of Chairman, respective committees, and individual directors.

Each Non-Executive Director serves for a total non-renewable period of 6 years from the date of appointment, in compliance with the Capital Markets (Public Offers, Listings and Disclosures) Regulations 2023. However, as part of the transition to the current framework, some non-executive directors appointed before the 2023 amendments will serve their maximum tenure of eight (8) years.

Additionally, in accordance with the Articles of Association of the Company, one-third of the Non-executive Directors are required to resign and may offer themselves for reappointment to continue serving on the Board. No Director is entitled to any compensation upon the termination or end of their tenure as a member of the board.

The details of the tenure of the current Non-executive Directors is as follows:

Name	Appointment Date	Retirement Date
Dr. Joseph Kinyua (Chairman)	24 March 2023	24 March 2028
C. S. National Treasury (Alternate: Geoffrey Malombe)	27 September 2022*	-
Mr. Lawrence Njiru	7 August 2018	6 August 2026
Mr. Ahmed Mohamed	12 July 2020	11 July 2028
Ms. Alice Kirenge	10 November 2021	31 August 2025
Ms. Anuja Pandit	16 August 2022	14 February 2030
Mrs. Agnes Lutukai	1 March 2024	2 March 2030
Mr. William Asiko	26 September 2024	25 September 2030

*Appointment date of alternate. The C. S National Treasury is an institutional director.

KCB Group Plc
Directors' remuneration report
For the year ended 31 December 2024

2. Non-Executive Directors Remuneration and privileges policy (continued)

The Human Resources & Governance Committee of the Board is responsible for setting and administering the Non-executive Directors remuneration policy.

The Human Resources & Governance Committee continuously reviews the entitlements under the policy to ensure these are aligned to the market.

The following components are provided to the Non-executive Directors:

Monthly fees

These are paid to the Non-Executive Directors taking into account their responsibility as a Director of the Company. These are paid monthly.

Sitting allowance

A sitting allowance is paid to each Non-Executive Directors for attending a duly convened and constituted meeting of the Board or of any of the Committees.

Duty day allowance

An allowance paid to a Non-Executive Director for any day away his regular station in order to attend to duties of the Company.

Telephone allowance

Non-Executive Directors are entitled to a telephone allowance paid monthly.

Club membership

Non-Executive Directors are entitled to paid membership to a social or fitness club.

Medical insurance cover

Provided to all Non-Executive Directors for their individual medical requirements covering both outpatient and in-patient requirements.

Professional Indemnity Cover

This is provided in line with best market practice to protect the Non-Executive Directors in undertaking their duties in such capacity.

3. Executive Directors Remuneration

The remuneration for Executive Directors is as per the negotiated employment contracts. Each Executive Director is employed on a fixed-term basis. The fixed term contracts run for a period not exceeding 5 years. The contracts are renewable.

Executive Directors' performance is measured based on a Balanced Score Card. Annual business performance targets are derived from the KCB Group three-year (2024-2026) strategic plan. The key pillars under the strategic plan are as follows:

— Building customer-centered value propositions.
— Leveraging Group capabilities to build sufficient scale.
— Digital leadership.
— Optimizing data and analytics.

The achievement of the pillars under the strategic plan are supported by the following enablers:

— Execution excellence: Fostering a culture of innovation and execution.
— Technology evolution: Building future-ready capabilities.
— Risk resilience: Managing emerging threats.
— Sustainable citizenship: integrating priority Sustainable Development Goals.

Key performance measures under the Balances Score Card cover areas around:

— Financial performance.
— Customer and stakeholder satisfaction.
— Human capital, culture, learning and growth.
— Efficiency in internal business processes.

Executive Directors are entitled to the following remuneration:

Consolidated Basic Pay

This is the consolidated base salary paid to the Executive Director that includes an element of housing.

Bonus

Executive Directors are entitled to a performance-based bonus pay. Part of the bonus is deferred for payment in the future.

Allowances

Allowances paid include a house allowance, a car allowance, a telephone allowance, and an allowance related to loan benefit adjustment.

Gratuity

This is paid to Executive Directors at the rate of 30% of the annual gross basic salary.

Club Membership

Executive Directors are entitled to paid membership to a social or fitness club.

Medical Insurance Cover

As provided to all employees, Executive Directors are entitled to medical insurance cover for their individual and family medical requirements covering both outpatient and in-patient requirements.

Professional Indemnity Cover

This is provided in line with best market practice to provide protection for the Executive Directors in undertaking their duties in such capacity.

The details of the contracts for the Executive Directors are as follows:

Name	Commencement Date	Duration	Unexpired term*	Termination Notice
Paul Russo	25 May 2022	5 years	2 years 5 months	3 months
Lawrence Kimathi	21 December 2022	5 years	3 years	3 months

* As at 31 December 2024

KCB Group Plc
Directors' remuneration report
For the year ended 31 December 2024

AUDITABLE PORTION

Consolidated Basic Pay

I. NON-EXECUTIVE DIRECTORS' FEES, ALLOWANCES AND OTHER BENEFITS FOR THE YEAR ENDED 31 DECEMBER 2024

Director's Name	Directors' fees KShs. '000'	Sitting allowance KShs. '000'	Other allowances (1) KShs. '000'	Non-cash benefit (2) KShs. '000'	Total KShs. '000'
Dr. Joseph Kinyua	8,923	4,000	720	239	**13,882**
CS National Treasury	3,200	-	-	-	**3,200**
Mr. Geoffrey Malombe	1,440	11,373	418	239	**13,470**
Mr. Lawrence Njiru	5,139	7,088	293	239	**12,759**
Mr. Ahmed Mohamoud	5,465	6,891	360	682	**13,398**
Mrs. Alice Kirenge	4,505	6,402	180	338	**11,425**
Ms. Anuja Pandit	3,065	3,773	688	239	**7,765**
Mrs. Agnes Lutukai(3)	1,354	2,681	1,024	239	**5,298**
Mr. William Asiko(4)	429	974	45	-	**1,448**
GRAND TOTAL (5)	**33,520**	**43,182**	**3,728**	**2,215**	**82,645**

Notes:

(1) Other allowances include the telephone allowance, a meal allowance, and the duty day allowance.

(2) Non-cash benefits include medical insurance cover cost and entitlement; club membership and professional indemnity cover cost.

(3) Appointed 1 March 2024.

(4) Appointed 26 September 2024.

(5) The amount includes fees, allowances, and other benefits in respect of KCB Bank Kenya Limited, National Bank of Kenya Limited, KCB Bank Tanzania Limited, KCB Bank South Sudan Limited, KCB Bank Uganda Limited, BPR Bank Rwanda PLC, KCB Bank Burundi Limited, KCB Investment Bank Limited, KCB Bancassurance Intermediary Limited and KCB Foundation. The Group Board nominates at least one member to sit on each subsidiary board.

KCB Group Plc
Directors' remuneration report
For the year ended 31 December 2024

II. NON-EXECUTIVE DIRECTORS FEES, ALLOWANCES AND OTHER BENEFITS FOR THE YEAR ENDED 31 DECEMBER 2023

Director's Name	Directors' fees KShs. '000'	Sitting allowance KShs. '000'	Other allowances [1] KShs. '000'	Non-cash benefit [2] KShs. '000'	Total KShs. '000'
Dr. Joseph Kinyua [3]	5,632	3,768	847	208	**10,455**
Mr. Andrew Kairu [4]	3,598	2,400	2,890	208	**9,096**
CS National Treasury	3,200	-	-	-	**3,200**
Mr. Geoffrey Malombe	480	9,624	537	208	**10,849**
Eng. Stanley Kamau [5]	126	223	16	208	**573**
Mr. Lawrence Njiru	7,914	8,808	444	208	**17,374**
Mrs. Anne Eriksson [6]	731	2,540	86	208	**3,565**
Mr. Ahmed Mohamoud	5,225	7,209	651	208	**13,293**
Mr. Obuya Bagaka [7]	3,729	7,624	740	242	**12,335**
Mrs. Alice Kirenge	5,465	6,959	264	307	**12,995**
Ms. Anuja Pandit	3,065	5,355	360	731	**9,511**
GRAND TOTAL [8]	**39,165**	**54,510**	**6,835**	**2,736**	**103,246**

Notes:

(1) Other allowances include the telephone allowance, a meal allowance, and the duty day allowance.
(2) Non-cash benefits include medical insurance cover cost and entitlement, club membership and professional indemnity cover cost.
(3) Appointed 24 March 2023.
(4) Retired 26 May 2023.
(5) Retired 16 January 2023.
(6) Resigned 20 March 2023.
(7) Retired 26 May 2023.
(8) The amount includes fees, allowances, and other benefits in respect of KCB Bank Kenya Limited, National Bank of Kenya Limited, KCB Bank Tanzania Limited, KCB Bank South Sudan Limited, KCB Bank Uganda Limited, BPR Bank Rwanda PLC, KCB Bank Burundi Limited, KCB Investment Bank Limited, KCB Bancassurance Intermediary Limited and KCB Foundation. The Group Board nominates at least one member to sit on each subsidiary board.

KCB Group Plc
Directors' remuneration report
For the year ended 31 December 2024

iii. EXECUTIVE DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2024

Director's Name	Salary KShs'000	Bonus: Cash KShs'000	Bonus: Deferred KShs'000	Allowances KShs'000	Gratuity KShs'000	Non-cash benefit [1] KShs'000	Total KShs'000
Mr. Paul Russo	80,301	98,770	32,923	9,600	24,090	4,491	**250,175**
Mr. Lawrence Kimathi	52,481	42,509	14,169	2,413	15,744	177	**127,493**

Note:

(1) Non-cash benefits include medical insurance cover, club membership and professional indemnity cover.

iv. EXECUTIVE DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2023

Director's Name	Salary KShs'000	Bonus: Cash KShs'000	Bonus: Deferred KShs'000	Allowances KShs'000	Gratuity KShs'000	Non-cash benefit [1] KShs'000	Total KShs'000
Mr. Paul Russo	75,048	51,783	17,261	9,600	22,514	1,445	**177,651**
Mr. Lawrence Kimathi	48,593	25,147	8,382	-	14,578	1,439	**98,139**

Note:

(1) Non-cash benefits include medical insurance cover, club membership and professional indemnity cover.

BY ORDER OF THE BOARD

Alice Kirenge

Chairman, Human Resources & Governance Committee
Date: 12 March 2025

KCB Group Plc
Statement of Directors' Responsibility
For the year ended 31 December 2024

The 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 Company as at the end of the financial year and of their profit or loss for that year. The directors are responsible for ensuring that the Group and Company keep proper accounting records that are sufficient to show and explain the transactions of the Group and Company; disclose with reasonable accuracy at any time the financial position of the Group and Company; and that enables them to prepare financial statements of the Group and Company that comply with prescribed financial reporting standards and the requirements of the Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and Company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i. designing, implementing, and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.
ii. selecting suitable accounting policies and then apply them consistently; and
iii. making judgements and accounting estimates that are reasonable in the circumstances.

Having assessed the Group's and Company'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 and Company's ability to continue as a going concern.

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

Approved by the board of directors on 12 March 2025 and signed on its behalf by:

FCS Dr. Joseph Kinyua, EGH
Chairman

Paul Russo
Chief Executive Officer

Agnes Lutukai
Director

Bonnie Okumu
Company Secretary

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Report of the independent auditor to the shareholders of KCB Group Plc
Report on the financial statements

Opinion

We have audited the accompanying financial statements of KCB Group Plc (the Company) and its subsidiaries (together, the Group) set out on pages 145 to 254 which comprise the consolidated statement of financial position at 31 December 2024 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2024, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2024 and of their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

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

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

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

Key audit matters

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

PricewaterhouseCoopers LLP. PwC Tower, Waiyaki Way/Chiromo Road, Westlands
P O Box 43963 – 00100 Nairobi, Kenya
T: +254 (20)285 5000 F: +254 (20)285 5001 www.pwc.com/ke
Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu R Njoroge S O Nobert's B Okundi K Saiti

Report of the independent auditor to the shareholders of KCB Group Plc (continued)
Report on the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Credit risk assessment and determination of expected credit losses on loans and advances at amortised cost As explained in Note 2 (j) and 4 (a) of the financial statements, determining expected credit losses on loans and advances is complex, judgmental and involves significant estimation uncertainty. IFRS 9, Financial Instruments, requires the directors to measure expected credit losses on a forward-looking basis reflecting a range of future economic conditions. The standard adopts a 3-stage model approach where the loans and advances are categorised in stage 1, 2 and 3 depending on whether the facilities are performing, have experienced significant increase in credit risk or are in default. Changes to the assumptions and estimates used by management could generate significant fluctuations in the Group's financial results and materially impact the valuation of the portfolio of loans and advances. The calculation of the expected credit losses involves complex mathematical models that are prone to data integrity or configuration errors, or mathematical formulaic errors. This is an area of focus because of significant impact on the calculation of the expected credit losses: • the judgments made to determine the categorisation (staging) of individual loans and advances accounts in line with IFRS 9. In particular, the identification of Significant Increase in Credit Risk ("SICR") and Default requires consideration of quantitative and qualitative criteria. This is a key area of judgement as this determines whether a 12-month or lifetime PD is used; • the assumptions applied in deriving the probabilities of default (PDs), loss given default (LGD) and exposures at default (EAD) for the various segments of loans and advances. • the appropriateness of forward-looking information used in the models; and • the mathematical logic, appropriateness and accuracy of the expected credit losses models used by the entities in the Group.	We evaluated the Group's methodology for determining expected credit losses, including enhancements in the year, against the requirements of IFRS 9. Tested how the individual entities applied the system extracts of 'days past due (DPD)' report in categorising the loan book into the three stages required by IFRS 9. For a sample of loans, we recalculated the DPD applied in the model and agreed these to the DPD reports from the IT systems and the respective customer files. Reviewed judgments applied in the staging of loans and advances. Tested the completeness of restructured loans listing and, on a sample basis, assessed the rationale for the restructures and the appropriateness of their subsequent measurement in accordance with IFRS 9 requirements. Obtained an understanding of the basis used to determine the probabilities of default (PDs), loss given default (LGD) and exposures at default (EAD), including the cure rates and post write-off recovery rates for unsecured facilities. Tested the completeness and accuracy of the historical data used in derivation of PDs, LGDs and EADs, and re-calculated the outcomes on a sample basis. For LGD, we tested the assumptions on the timing of the cash flows based on historical empirical evidence. In addition, for secured facilities, we agreed the collateral values used in the ECL model to external valuers' reports. On a sample basis, we recomputed the EADs for both on and off-balance sheet exposures to check their reasonableness, including applying cash conversion factors. We also reviewed judgments applied in the staging of loans and advances. Corroborated the assumptions used for determination of forward-looking information (FLI) in the models using publicly available information. Assessed the adequacy of the disclosures in the financial statements on the key judgements and assumptions in accordance with the requirement of IFRS 9.

Report of the independent auditor to the shareholders of KCB Group Plc (continued)
Report on the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Reliance on Information & Communications Technology (ICT) systems and applications for financial control and reporting The Group's financial control, accounting and reporting processes are heavily dependent on complex information & communications technology systems and applications. Specifically, the calculation, recording and financial reporting of financial transactions and balances are significantly dependent on automated processes. Weaknesses in the design and operating effectiveness of the automated accounting procedures and related IT dependent manual controls could result in material errors in the financial information, which makes this an area of focus. Our audit focus on information & communications technology systems and applications and controls over financial reporting included the following areas: • management of logical access to critical systems including privileged access and developer access to production environment. • controls over changes of programs and systems developments. • automated application controls relating to processing of transactions, accounting and financial reporting; and • interfaces between the core financial reporting systems to banking systems and applications, including any manual adjustments to the financial information.	Assessed and tested the design and operating effectiveness of the controls over the integrity of information technology (IT) systems and applications that are relevant for financial accounting and reporting. Tested controls over programs development and changes, access to programs and data and IT operations including compensating controls where necessary. We also tested certain aspects of the security of the IT systems including logical access management and segregation of duties. Where, either design or operating effectiveness control deficiencies were identified, we altered our audit approach to test the compensating controls or increased the level of our tests of detail. These additional procedures mitigated the deficiencies or provided the additional audit comfort. Validated any manual adjustments to information generated by the IT systems and applications and assessed the appropriateness of the adjustments. Reperformed automated controls and calculations by the core banking systems and other significant applications to ensure that the applications are working accurately and as designed. This included recomputation of interest income, interest expense, fees and commission income and trading income.

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Report of the independent auditor to the shareholders of KCB Group Plc (continued)
Report on the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Provision for contingent liabilities As disclosed in note 47 of the financial statements, the group entities had several unresolved tax claims and legal matters arising in the ordinary course of business. The directors use the best available information to assess the likely outcome of the unresolved matters for purposes of estimating any potential liabilities to be recorded or determining the level of disclosures in the financial statements. The future outcome of these claims and legal proceedings could be materially different from the directors' judgements at the year end.	Our audit focused on assessing the reasonableness of the directors' judgements in relation to the unresolved tax claims and legal proceedings. Our procedures included: - obtaining legal confirmations from the individual entities' lawyers to assess the completeness and accuracy of management's register of unresolved tax claims and legal proceedings - detailed understanding of the significant unresolved tax claims and legal matters through discussions with the internal legal counsel and other senior management. - challenging management analysis of the matters and the potential financial exposures; and - where applicable, review of the independent external legal opinions obtained by the directors. We assessed the reasonableness of the estimates and judgements by the directors for financial reporting at the year end based on the best information available to them. We evaluated whether the disclosures in the financial statements appropriately reflect the significant uncertainties involved in the unresolved matters.

Other information

The other information comprises Corporate Information, Report of the directors, Directors' remuneration report and Statement of directors' responsibilities which we obtained prior to the date of this auditor's report, and the rest of the other information in the 2024 Integrated Report and Financial Statements which are expected to be made available to us after that date but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received 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. When we read the rest of the other information in the 2024 Integrated Report and Financial Statements and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Report of the independent auditor to the shareholders of KCB Group Plc (continued)
Report on the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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Report of the independent auditor to the shareholders of KCB Group Plc (continued)
Report on the financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the Report of the directors on pages 131 and 132 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 135 to 137 has been properly prepared in accordance with the Companies Act, 2015

FCPA Michael Mugasa, Practicing Certificate Number 1478
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi
12 March 2025

KCB Group Plc
Financial Statements
For the Year Ended 31 December 2024

Consolidated statement of profit or loss

	Note	2024 Kshs million	2023 Kshs million
Interest income	8	225,807	181,653
Interest expense	8	(76,056)	(60,841)
Net interest income		**149,751**	**120,812**
Fees and commission income	9	36,624	31,828
Fees and commission expense	9	(5,852)	(4,862)
Net fees and commission income		**30,772**	**26,966**
Net foreign exchange gain	10	17,541	6,969
Other operating income	11	4,845	4,598
Total income		**202,909**	**159,345**
Allowance for expected credit losses	12	(29,694)	(27,415)
Net gain / (loss) from financial assets at fair value through profit or loss	13	1,456	(472)
		(28,238)	**(27,887)**
Net operating income		**174,671**	**131,458**
Employee benefits	14	(40,255)	(38,469)
Depreciation and amortisation	15	(9,747)	(9,329)
Other operating expenses	16	(40,609)	(35,351)
Loss on monetary position	18	(2,333)	-
Share of net profit from associates accounted for using equity method	24	246	144
Profit before income tax		**81,973**	**48,453**
Income tax expense	19	(20,198)	(10,991)
Profit for the year		**61,775**	**37,462**
Profit is attributable to :			
Equity holders of the company		60,090	36,176
Non-controlling interest		1,685	1,286
		61,775	**37,462**
Earnings per share (KShs)	20		
Basic earnings per share		18.70	11.26
Diluted earnings per share		18.70	11.26

KCB Group Plc
Financial Statements
For the Year Ended 31 December 2024

Consolidated statement of comprehensive income

	Note	2024 Kshs million	2023 Kshs million
Profit for the year		**61,775**	**37,462**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of post-employment obligation	48	8	84
Income tax expense thereon	34	(2)	(25)
		6	**59**
Items that may be reclassified subsequently to profit or loss			
Currency translation differences on foreign operations		(17,102)	1,957
Gain/(loss) from fair value re-measurement of financial assets through other comprehensive income		10,800	(9,974)
Income tax expense/ (credit) thereon	34	(3,240)	2,992
		(9,542)	**(5,025)**
Other comprehensive loss for the year net of income tax		**(9,536)**	**(4,966)**
Total comprehensive income for the year		**52,239**	**32,496**
Total comprehensive income for the year is attributable to			
Equity holders of the company		**52,186**	**30,534**
Non-controlling interest		**53**	**1,962**
Total comprehensive income for the year		**52,239**	**32,496**

KCB Group Plc
Financial Statements
For the Year Ended 31 December 2024

Company statement of profit or loss and other comprehensive income

	Note	2024 Kshs million	2023 Kshs million
Dividend income	11	7,115	1,091
Interest income	8	379	252
Net foreign exchange (loss) / gain	10	(80)	31
Other operating income	11	1,167	1,329
Total income		**8,581**	**2,703**
Interest expense	8	(310)	(218)
Employee benefits	14	(1,073)	(907)
Depreciation and amortisation	15	(21)	(20)
Other operating expenses	16	(1,088)	(756)
Profit before income tax	17	**6,089**	**802**
Income tax expense	19	(113)	(34)
Profit for the year		**5,976**	**768**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		**5,976**	**768**
Earnings per share (KShs)	20		
Basic		**1.86**	**0.24**
Diluted		**1.86**	**0.24**

KCB Group Plc
Financial Statements
As at 31 December 2024

Consolidated statement of financial position

	Note	2024 Kshs million	2023 Kshs million
ASSETS			
Cash and balances with Central Bank	21	114,420	136,111
Loans and advances to banks	22	168,352	370,399
Assets classified as held for sale	49	148,805	-
Financial assets at fair value through other comprehensive income	23	165,310	200,275
Financial assets at fair value through profit or loss	28	19,438	69
Financial assets at amortised cost	27	224,147	196,859
Other assets and prepayments	25	42,906	65,653
Loans and advances to customers at amortised cost	26	987,552	1,094,289
Loans and advances at fair value through profit and loss	26	2,861	1,655
Investment accounted for using equity method	24	837	1,580
Property and equipment	29	22,036	23,910
Investment property	30	14,436	19,191
Right-of-use assets	31	2,547	3,095
Intangible assets	32	14,944	19,324
Deferred income tax	34	33,729	38,464
TOTAL ASSETS		**1,962,320**	**2,170,874**
LIABILITIES AND EQUITY			
Liabilities			
Deposits from banks	35	43,017	87,809
Deposits from customers	36	1,381,975	1,690,909
Liabilities relating to assets held for sale	49	135,588	-
Payables and accrued expenses	37	36,476	54,413
Lease liabilities	38	3,896	5,797
Current income tax	19	6,455	3,668
Retirement benefits obligation	48	664	601
Borrowings	40	69,273	88,658
Deferred income tax	34	1,997	3,459
Total liabilities		**1,679,341**	**1,935,314**
Equity			
Share capital	41	3,213	3,213
Share premium		27,690	27,690
Statutory credit risk reserve	42	20,687	17,152
Other reserves	42	(24,588)	(16,684)
Proposed dividends		4,820	-
Retained earnings		243,066	196,151
Attributable to equity holders of the company		274,888	227,522
Non-controlling interest		8,091	8,038
Total equity		**282,979**	**235,560**
TOTAL LIABILITIES AND EQUITY		**1,962,320**	**2,170,874**

The financial statements set out on pages 145 to 254 were approved and authorised for issue by the Board of Directors on 12 March 2025 and were signed on its behalf by:

FCS Dr. Joseph Kinyua, EGH
Chairman

Paul Russo
Chief Executive Officer

Agnes Lutukai
Director

Bonnie Okumu
Company Secretary

KCB Group Plc
Financial Statements
As at 31 December 2024

Company statement of financial position

	Note	2024 Kshs million	2023 Kshs million
ASSETS			
Cash and bank balances	21	1,389	927
Other assets and prepayments	25	379	89
Receivables from related parties	39	4,775	5,969
Loans and advances at fair value through profit or loss	26	1,062	-
Current income tax	19	52	114
Investment in subsidiaries	33	114,280	114,280
Deferred income tax	34	33	78
Intangible assets	32	9	1
Property and equipment	29	853	841
TOTAL ASSETS		**122,832**	**122,299**
LIABILITIES AND EQUITY			
Liabilities			
Payables and accrued expenses	37	900	625
Due to related parties	39	10,272	11,170
Total liabilities		**11,172**	**11,795**
Equity			
Share capital	41	3,213	3,213
Share premium		27,690	27,690
Proposed dividends	43	4,820	-
Retained earnings		75,937	79,601
Total equity		111,660	110,504
TOTAL LIABILITIES AND EQUITY		**122,832**	**122,299**

The financial statements set out on pages 145 to 254 were approved and authorised for issue by the Board of Directors on 12 March 2025 and were signed on its behalf by:

FCS Dr. Joseph Kinyua, EGH
Chairman

Paul Russo
Chief Executive Officer

Agnes Lutukai
Director

Bonnie Okumu
Company Secretary

KCB Group Plc
Financial Statements
For the year ended 31 December 2024

Consolidated statement of changes in equity

	Share capital Ksh millions	Share premium Ksh millions	Statutory credit risk reserve Ksh millions	Other reserves Ksh millions	Retained earnings Ksh millions	Proposed dividends Ksh millions	Total Ksh millions	Non-controlling interest Ksh millions	Total equity Ksh millions
At 1 January 2024	3,213	27,690	17,152	(16,684)	196,151	-	227,522	8,038	235,560
Profit for the year	-	-	-	-	60,090	-	60,090	1,685	61,775
Other comprehensive income (net of taxes)									
Foreign currency translation differences for foreign operations	-	-	-	(15,470)	-	-	(15,470)	(1,632)	(17,102)
Net gain on fair value of financial assets at fair value through other comprehensive income (net of tax)	-	-	-	7,560	-	-	7,560	-	7,560
Transfer to statutory credit risk reserve	-	-	3,535	-	(3,535)	-	-	-	-
Re-measurement of post-employment benefit obligation (net of taxes)	-	-	-	6	-	-	6	-	6
Total comprehensive income	**-**	**-**	**3,535**	**(7,904)**	**(3,535)**	**-**	**(7,904)**	**(1,632)**	**(9,536)**
Transactions with owners recorded directly in equity									
Interim dividend paid in 2024	-	-	-	-	(4,820)	-	(4,820)	-	(4,820)
Final dividend proposed	-	-	-	-	(4,820)	4,820	-	-	-
Total contributions and distributions	**-**	**-**	**-**	**-**	**(9,640)**	**4,820**	**(4,820)**	**-**	**(4,820)**
At 31 December 2024	**3,213**	**27,690**	**20,687**	**(24,588)**	**243,066**	**4,820**	**274,888**	**8,091**	**282,979**

KCB Group Plc
Financial Statements
For the year ended 31 December 2024

Consolidated statement of changes in equity

	Share capital Ksh millions	Share premium Ksh millions	Statutory credit risk reserve Ksh millions	Other reserves Ksh millions	Retained earnings Ksh millions	Total Ksh millions	Non-controlling interest Ksh millions	Total equity Ksh millions
At 1 January 2023	3,213	27,690	26,707	(11,042)	153,633	200,201	6,076	206,277
Profit for the year	-	-	-	-	36,176	36,176	1,286	37,462
Other comprehensive income (net of taxes)								
Foreign currency translation differences for foreign operations	-	-	-	1,281	-	1,281	676	1,957
Net gain on fair value of financial assets at fair value through other comprehensive income (net of tax)	-	-	-	(6,982)	-	(6,982)	-	(6,982)
Transfer from statutory credit risk reserve	-	-	(9,555)	-	9,555	-	-	-
Re-measurement of post-employment benefit obligation (net of taxes)	-	-	-	59	-	59	-	59
Total comprehensive income	**-**	**-**	**(9,555)**	**(5,642)**	**9,555**	**(5,642)**	**676**	**(4,966)**
Final dividend- 2022	-	-	-	-	(3,213)	(3,213)	-	(3,213)
Total contributions and distributions	**-**	**-**	**-**	**-**	**(3,213)**	**(3,213)**	**-**	**(3,213)**
31 December 2023	**3,213**	**27,690**	**17,152**	**(16,684)**	**196,151**	**227,522**	**8,038**	**235,560**

KCB Group Plc
Financial Statements
For the year ended 31 December 2024

Company statement of changes in equity

	Share capital	Share premium	Retained earnings	Proposed dividends	Total
	Ksh Millions	Ksh Millions	Ksh Millions	Ksh Millions	Ksh Millions
At 1 January 2024	3,213	27,690	79,601	-	110,504
Profit for the year	-	-	5,976	-	5,976
Other comprehensive income (net of taxes)					
Net gain on fair value of financial assets at fair value through other comprehensive income (net of tax)	-	-	-	-	
Total comprehensive income	**-**	**-**	**5,976**	**-**	**5,976**
Transactions with owners recorded directly in equity					
Interim dividend paid	-	-	(4,820)	-	(4,820)
Final dividend proposed	-	-	(4,820)	4,820	-
Total contributions and distributions	**-**	**-**	**(9,640)**	**4,820**	**(4,820)**
At 31 December 2024	**3,213**	**27,690**	**75,937**	**4,820**	**111,660**

KCB Group Plc
Financial Statements
For the year ended 31 December 2024

Company statement of changes in equity

	Share capital	Share premium	Retained earnings	Proposed Dividends	Total
	Ksh Millions	Ksh Millions	Ksh Millions	Kshs Millions	Ksh Millions
At 1 January 2023	3,213	27,690	82,046	-	112,949
Profit for the year	-	-	768	-	768
Other comprehensive income (net of taxes)					
Net gain on fair value of financial assets at fair value through other comprehensive income(net of tax)	-	-	-		-
Total comprehensive income	**-**	**-**	**768**	**-**	**768**
Transactions with owners recorded directly in equity					
Dividend paid in 2022	-	-	(3,213)	-	(3,213)
Total contributions and distributions	**-**	**-**	**(3,213)**	**-**	**(3,213)**
At 31 December 2023	**3,213**	**27,690**	**79,601**	**-**	**110,504**

KCB Group Plc
Financial Statements
For the year ended 31 December 2024

Consolidated statement of cashflows

	Note	2024 Kshs million	2023 Kshs million
Net cash flows generated from operating activities	44	**(131,189)**	**249,445**
Investing activities			
Proceeds from disposal of property and equipment		79	35
Purchase of intangible assets	32	(3,883)	(2,400)
Purchase of property and equipment	29	(6,252)	(1,726)
Net cash flows from investing activities		**(10,056)**	**(4,091)**
Financing activities			
Proceeds from borrowings	40	18,645	17,043
Payment of principal portion of borrowings	40	(11,292)	(6,629)
Payment of interest portion of borrowings	40	(5,004)	(5,303)
Payments of standby letters of credit	40	(12,400)	-
Payment of principal portion of lease liabilities	38	(2,380)	(497)
Dividends paid		(4,820)	(3,213)
Net cash flows used in financing activities		**(17,251)**	**1,401**
(Decrease)/ Increase in cash and cash equivalents		(158,496)	246,755
Cash and cash equivalents at start of year		459,637	212,073
Effects of foreign currency translation		(1,857)	809
Cash and cash equivalents at end of year	44	**299,284**	**459,637**

KCB Group Plc
Financial Statements
For the year ended 31 December 2024

Company statement of cashflows

	Note	2024 Kshs million	2023 Kshs million
Net cash flows from operating activities	44	**(1,791)**	**3,428**
Investing activities			
Purchase of property and equipment		(33)	(33)
Purchase of intangible assets		(9)	-
Investment in subsidiaries		-	(10)
Dividends from subsidiaries		7,115	1,091
Net cash flows from investing activities		**7,073**	**1,048**
Financing activities			
Dividends paid		(4,820)	(3,213)
Net cash flows from financing activities		**(4,820)**	**(3,213)**
Increase in cash and cash equivalents		462	215
Cash and cash equivalents at the beginning of the year		927	712
Cash and cash equivalents at the end of the year	44	**1,389**	**927**

Notes

1. Reporting entity

KCB Group Plc is incorporated in Kenya under the Kenyan Companies Act, 2015 and has subsidiaries in Kenya, South Sudan, Tanzania, Uganda, Rwanda, Burundi and the Democratic Republic of Congo. The consolidated financial statements of the Company as at and for the year ended 31 December 2024 comprise the Group and its subsidiaries (together referred to as the "Group" and individually referred to as the "Company") and the Group's interest in associates. The address of its registered office is as follows:

Kencom House
Moi Avenue
PO Box 48400 - 00100
Nairobi, Kenya

The Company has a 100% ownership in KCB Bank Kenya Limited, Kenya Commercial Finance Company Limited, Savings & Loan Kenya Limited, Kenya Commercial Bank Nominees Limited, Kencom House Limited, KCB Bank Tanzania Limited, KCB Bank South Sudan Limited, KCB Bank Uganda Limited, KCB Bank Burundi Limited, KCB Bancassurance Intermediary Limited, KCB Investment Bank, National Bank of Kenya, 87.6% ownership in BPR Rwanda, 85% ownership in Trust Merchant Bank SA (TMB), 20% ownership in Kenya Mortgage Refinance Company (KMRC) and a 45% ownership in United Finance Limited.

The shares of the Company are listed on the Nairobi Securities Exchange, Uganda Securities Exchange, Dar-es-Salaam Stock Exchange and Rwanda Stock Exchange.

2. Material accounting policies

(a) Compliance with IFRS Accounting Standards

The financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS Accounting Standards. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

For purposes of the Companies Act, 2015 reporting, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and the statement of other comprehensive income in these financial statements.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for the following:

- Financial assets at fair value through profit or loss are measured at fair value.
- Financial assets at fair value through other comprehensive income are measured at fair value.
- Property and equipment, intangible assets and right of use assets are measured at historical cost less accumulated depreciation/amortisation.
- Investment property is measured at fair value; and,
- 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 cost and unrecognised actuarial losses.

(c) Changes in accounting policies and disclosures

The accounting policies set out below have been applied consistently to all years presented on these financial statements and have been applied consistently by the Group.

(i) New standards, amendments and interpretations effective and adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024. These standards and amendments did not have a material impact on the financial statements of the Group.

Title	Effective date	Key requirements
Amendment to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The below new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. This includes standards and amendments that would be effective based on new standards or amendments, but local endorsement has resulted in a later effective date.

Notes (Continued)

2. Material accounting policies (continued)

c) Changes in accounting policies and disclosures (continued)

(ii) New standards, amendments and interpretations issued not yet effective

The following are IFRS sustainability standards effective 1 January 2024.

Title	Effective date	Key requirements
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	Annual periods beginning on or after 1 January 2024 subject to lendorsement of the by local jurisdictions (Published June 2023)	IFRS S1 provides guidance on identifying sustainability-related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability-related risks and opportunities.
IFRS S2 Amendments to Climate-related Disclosures	Annual periods beginning on or after 1 January 2024 subject to lendorsement of the by local jurisdictions (Published June 2023)	IFRS S2 requires an entity to identify and disclose climate-related risks and opportunities that could affect the entity's prospects over the short, medium and long term. It also requires entities to consider specified industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor and manage the identified material climate-related risks and opportunities.

In Kenya, the local regulators have set an effective date of 1 January 2027 for adoption of IFRS S1 and IFRS S2.

Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. This amendment will not have an impact on the Group.
IFRS 18 Presentation and Disclosure in Financial Statements	Annual periods beginning on or after 1 January 2027 (Published April 2024)	IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.
Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7	Annual periods beginning on or after 1 January 2026 (Published May 2024)	The Amendments include: A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Group is assessing the likely impact of the new standards and amendments not yet effective in its financial statements.

Notes (Continued)

2. Material accounting policies (continued)

d) Basis of consolidation

(i) Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group '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 entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The subsidiaries are shown in Note 33.

(iii) Non-controlling interest (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

e) Presentation currency

(i) Presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which each subsidiary company operates ('the functional currency'). The functional currency for the Company is Kenyan Shillings. The financial statements are presented in Kenyan Shillings (KShs), which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within net foreign exchange gain. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other income' or 'other expenses.

f) Use of estimates and judgement

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Notes (Continued)

2. Material accounting policies (continued)

g) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for differences arising on translation of non-monetary financial assets carried at fair value through other comprehensive income, which are recognised in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or costs". All other foreign exchange gains and losses are presented in the statement of profit or loss for the year within "other gains/losses-net".

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security.

Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

(ii) Group Companies

The results and financial position of all the group entities (one of which has the currency of a hyper-inflationary economy as at 31 December 2024) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities of foreign subsidiaries are translated into Kenya Shillings at the rate of exchange ruling at the reporting date;

(ii) income and expenses for each statement of comprehensive income are translated at the weighted average exchange rates for the period; and

(iii) exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity in the translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

h) Recognition of income and expenses

(i) Interest income and expenses

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly 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 the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate.

Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised because of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, 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.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

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Financial Statements
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Notes (Continued)

2. Material accounting policies (continued)

h) Recognition of income and expenses (continued)

(i) Interest income and expenses (continued)

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at fair value through other comprehensive income.

Interest expense presented in the statement of profit or loss and other comprehensive income includes financial liabilities measured at amortised cost.

Interest income and expense on other financial assets and financial liabilities at fair value through profit or loss (FVTPL) are presented in net income from other financial instruments at FVTPL.

(ii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iii) Risk premium

Risk premium fees are charged on unsecured loans issued to customers and members of staff and is meant to mitigate against risk of default arising from permanent death or disability. The net fees, minus any claims or other costs incurred, are recognised upfront as a liability and are armotised into the profit or loss over the tenure of the loan.

(iv) Fees and commission income and expenses

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

(v) Rental income

Rental income in respect of operating leases is accounted for on a straight-line basis over the lease terms on ongoing leases.

(vi) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities and includes all realised and unrealised fair value changes, interest and foreign exchange differences.

i) Income Tax

(i) Current income Tax

Current income tax expense comprises current income tax and change in deferred income tax. Income tax expense is recognized in profit or loss except to the extent that it related to items recognized directly in equity or other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. The amount of tax payable or recoverable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

(ii) Deferred Income Tax

Deferred income tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination, and which affects neither accounting nor taxable profit. It is also not recognised for temporary differences related to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future and the investor is able to control the timing of the reversal of the temporary difference.

Deferred income tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis, or their tax assets and liabilities will be realized simultaneously.

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

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Financial Statements
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Notes (Continued)

2. Material accounting policies (continued)

j) Financial assets and liabilities

(i) Recognition and measurement

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e., day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e., day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

(ii) Classification and subsequent measurement of financial instruments

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL.

Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss. For all financial assets, the amount presented on the statement of financial position represent all amounts receivable including interest accruals.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

IFRS 9 specifically requires:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI);

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset- by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income; and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g., if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset.

The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument; therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

Notes (Continued)

2. Material accounting policies (continued)

j) Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement of financial instruments (Continued)

Debt instruments at amortised cost or at FVTOCI (Continued)

The Group has more than one business model for managing its financial instruments which reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios.

The Group considers all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g., whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Non-recourse loans

Non-recourse loan is a type of loan secured by collateral, which is usually property. If the borrower defaults, the Group can seize the collateral but cannot seek out the borrower for any further compensation, even if the collateral does not cover the full value of the defaulted amount.

In some cases, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

The guidelines/procedures on dealing with non-recourse loans as detailed in the Non-Performing Debts Management manual which summarily states that:

a) It is not the Group's policy to "nurse" or warehouse properties until the market picks up but to dispose them into the market quickly and at the best price. Disposal methods should be reviewed continuously to ensure the most effective method is being used.
b) While assets are awaiting disposal, the Group should make sure that proper administration is undertaken on these assets to protect their value.
c) Asset disposal should start immediately when the asset becomes ready for sale. This is specifically defined as the time when:
   i. The client surrenders voluntarily the asset or has agreed for the Group to sell the property.
   ii. The Group is awarded possession of the property by legal or other means. As the case may be, titles and ownership documents have been transferred to the Group's name and registered with the appropriate Land Registry.

Repossessed Collateral

The Group makes arrangement to dispose repossessed collateral to the market quickly and at the best price. Disposal processes commences immediately when the asset becomes ready for sale. While assets are not being disposed of, the Group endeavors to keep costs relative to the upkeep and maintenance of the assets to a minimum. Possessed moveable assets are stored at reputable storage yards approved by the Group or within Group premises.

Converting/lliquidating the assets in the Group's possession now is still better than holding the assets for a projected upturn in market price in the future which often do not materialize.

The Group is not in asset and property trading/ management, and thus does not take positions on the market trends.

Notes (Continued)

2. Material accounting policies (continued)

j) Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement of financial instruments (Continued)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/ and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.
- derivative financial assets

These assets are measured at fair value, with any gains/ losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 5- Fair value of financial instruments.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

Impairment of financial assets

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- loans and advances to banks;
- loans and advances to customers;
- debt investment securities;
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments.

Except for Purchased Originated Credit Impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).
- A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided in note 3.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and
- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

More information on measurement of ECLs is provided in note 4, including details on how instruments are ranked when they are assessed on a collective basis.

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

Notes (Continued)

2. Material accounting policies (continued)

j) Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement of financial instruments (Continued)

Credit impaired financial assets (Continued)

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Purchased or originated credit impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see note 3).

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

This definition of default is used by the Group for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending.

Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

More details are provided in note 3. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore, credit impaired assets will include defaulted assets, but will also include other non-defaulted assets given the definition of credit impaired is broader than the definition of default.

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. See note 3 for more details about forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think- tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail, lending forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour.

Notes (Continued)

2. Material accounting policies (continued)

j) Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement of financial instruments (Continued)

Significant increase in credit risk (Continued)

The Group allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL (please refer to Note 4).

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending the Group considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit-impairment the assets are at stage 3 of the impairment model.

More information about significant increase in credit risk is provided in Note 4.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Group has an established forbearance policy which applies for corporate and retail lending.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or when rights to cash flows between the original counterparties expire because a new debtor replaces the original debtor (unless both debtors are under common control), the extent of change in interest rates, and maturity.

If these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Group considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition.

The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated- credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par-amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

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For the year ended 31 December 2024

Notes (Continued)

2. Material accounting policies (continued)

j) Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement of financial instruments (Continued)

Modification and derecognition of financial assets (Continued)

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL.

If a forborne loan is credit impaired due to the existence of evidence of credit impairment (see above), the Group performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit impaired. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses for financial assets are included in the profit or loss account in 'Losses on modification of financial assets'. Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss.

A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised based on the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains, which will be presented in 'net impairment loss on financial assets' in the statement of profit or loss.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment's revaluation reserve;
- for loan commitments and financial guarantee contracts: as a provision; and

KCB Group Plc
Financial Statements
For the year ended 31 December 2024

Notes (Continued)

2. Material accounting policies (continued)

j) Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement of financial instruments (Continued)

Presentation of allowance for ECL in the statement of financial position (Continued)

- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Financial liabilities

Fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. For all financial liabilities, the amount presented on the statement of financial position represent all amounts payable including interest accruals. Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the ranking is provided internally on that basis; or
- it forms part of a hybrid (combined) contract, containing one or more embedded derivatives that significantly modifies the cash flows of the contract, or it is clear with little or no analysis that separation of the embedded derivative is not prohibited.

Financial liabilities at fair value through profit and loss (FVTPL) are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in the profit or loss account.

However, for non-derivative financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss.

Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

For issued loan commitments and financial guarantee contracts that are designated as at FVTPL all gains, and losses are recognised in profit or loss.

Fair value is determined in the manner described in note 5.

Other financial liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR see the "interest income and expenses section" above.

Modification and derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. To determine if the modified terms of a liability are substantially different to the original terms a similar process with modification of financial assets is followed. The modification is assessed at first on a qualitative basis, factors such as a change in currency or the introduction of a non-closely related embedded derivative that significantly modifies the cash flows are regarded as substantially different. If it is not clear from the qualitative assessment that a modification has resulted in a substantial change in a financial liability, a quantitative assessment is applied.

KCB Group Plc
Financial Statements
For the year ended 31 December 2024

Notes (Continued)

2. Material accounting policies (continued)

j) Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement of financial instruments (Continued)

Modification and derecognition of financial liabilities (Continued)

It is assumed that the terms of the financial liability are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the Group recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Group recognises any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification. The financial liability modification gain/loss is not significant for the Group. Modification gains are presented in 'other income' and modification losses are presented in 'other expenses' in the profit or loss account.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

k) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Costs include expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Right of use assets are recognized at the commencement of the lease contract and is measured at cost less accumulated depreciation and accumulated impairment.

Property and equipment are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset or at the expiration of a lease contract for right of use assets. Gains and losses arising on disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the item and are recognised net within 'other operating income' in profit or loss.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each class of property and equipment. The annual depreciation rates in use are:

Freehold land	Nil
Lease premises and leasehold improvements	Rates based on the shorter of the lease term or estimated useful lives
Motor vehicles	25%
Furniture and fittings	10%
Office equipment	20%
Computers	20%

The residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each reporting date. Changes in the expected useful life, residual values or methods of depreciation are accounted for as changes in accounting estimates.

(iii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that future economic benefits of the expenditure will flow to the Group. Recurring repairs and maintenance costs are expensed as incurred.

l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized on a straight-line basis in profit or loss over their estimated useful economic lives, from the date that they are available for use.

The amortisation method, useful life and the residual value are reviewed at each reporting date and adjusted if appropriate. Changes in the expected useful life, residual value or amortisation method are accounted for as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

The useful lives of intangible assets are assessed to be either finite or indefinite. Costs associated with maintaining computer software programme are recognised as an expense as incurred. However, expenditure that enhances or extends the benefits of computer software programme beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortized using the straight-line method over a period of five years.

Intangible assets arising from business combinations include brands, customer relationships, and core deposits. Details of how these assets are determined are described in note 32.

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Financial Statements
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Notes (Continued)

2. Material accounting policies (continued)

m) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group leases several retail network premises (branches) and vehicles. The branch leases typically run for a period of 6 years, with an option to renew the lease after that date. Lease payments are renegotiated after the expiry of the lease to reflect market rental values. Some leases provide for additional rent payments that are based on changes in local price indices. Leases for the vehicles typically run for a period of two years with no renewal options.

(i) Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Practical expedients applied

In applying IFRS 16, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- accounting for operating leases with a remaining lease term of less than 12 months as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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 IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

Notes (Continued)

2. Material accounting policies (continued)

m) Leases (Continued)

(ii) Group as a lessor (Continued)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in IFRS 16 to the net investment in the lease (see Note 31). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

n) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

o) Employee benefits

The Group operates both a defined contribution plan and defined benefit plan.

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as staff costs in profit or loss in the periods during which related services are rendered. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group also contributes to the statutory defined contribution in the various countries in which it operates. The Group's contribution to these schemes is charged to the income statement.

The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of the economic benefits available in the form of any refunds from the plan or deductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which compromise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income.

(ii) Defined benefit plans

The Group determines the net interest (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during a period as a result of contributions and benefit payments.

Net interest expense and other expenses related to the defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that employees have earned in return for their service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on settlement of a defined benefit plan when the settlement occurs.

(iii) Other post – employment obligations

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the periods in which they arise.

(iv) Short-term benefits

Short-term benefits consist of salaries, bonuses and any non-monetary benefits such as medical aid contributions and free services. They exclude equity-based benefits and termination benefits.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

(v) 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 end of the reporting period, then they are discounted.

Notes (Continued)

2. Material accounting policies (continued)

p) Fiduciary assets

When the Group acts in a fiduciary capacity such as a nominee or agent, assets and income arising thereon with related undertakings to return such assets to customers are excluded from these financial statements.

q) Contingent liabilities and loan commitments

Letters of credit, acceptances, guarantees and performance bonds are disclosed as contingent liabilities. Estimates of the outcome and the financial effect of contingent liabilities is made by management based on the information available up to the date that the financial statements are approved for issue by the Directors.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

r) Earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. Refer to note 20.

s) Dividends

Dividends are recognised as a liability in the period in which they are declared and approved.

t) Sale and repurchase agreements

Securities sold under sale and repurchased agreements (Repos) are retained in the financial statements with the counterparty liability included in amounts due to banking institutions. Securities purchased from the Central Bank of Kenya under agreement to resell (reverse Repos), are disclosed as treasury bills as they are held to maturity after which they are repurchased and are not negotiable or discounted during the tenure.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

u) Related parties

This relates to transactions entered into between groups entities at arms-length.

v) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

w) Share capital and reserves

Ordinary shares are classified as share capital in equity. Any premium received over and above the par value of the shares is classified as share premium.

x) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, 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 the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

y) Fair value measurements

IFRS 13, Fair Value Measurement, defines fair value as 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 (i.e. an exit price). That definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement.

When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk.

As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value. The standard explains that a fair value measurement requires an entity to determine the following:

- the particular asset or liability being measured;
- for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis;
- the market in which an orderly transaction would take place for the asset or liability; and
- the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximise the use of relevant observable inputs and minimise unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

z) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

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Notes (Continued)

2. Material accounting policies (continued)

aa) Investment property

Investment property relate to collateral (mainly properties) transferred to the bank to extinguish outstanding loan balances which are in default. The Group holds these properties for a considerable period of time in expectation of capital appreciation.

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. The gain or loss on disposal of investment property is recognised in profit or loss. The fair value of investment property is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

ab) Investment in associates

Associates are all entities over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. This is generally the case where the Group holds between 20% and less than 50% of the voting rights of the entity. In assessing existence of significant influence, the Group considers among other parameters whether there is:

- Representation on the board of directors or equivalent governing body of the investee;
- Participation in the policy-making process and material transactions between the investor and the investee;
- Interchange of managerial personnel between the investor and the investee; and
- Provision of essential technical information by the investor to the investee

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividend received or receivable from associates are recognised as a reduction in the carrying amount of the investment. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

In certain instances, the requirement that significant influence arises from a 20% or more in investments can be invalidated where an entity can demonstrate that it does not have significant influence, or there is demonstrable presence of significant influence in an investment of less than 20% based on the above assessment criteria.

Investments in associates are accounted for using the equity method of accounting. The initial investment is recognised at cost of acquisition and any share of profit or loss from the investment is reflected as changes in the value of the investment.

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

ac) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell except for those assets and liabilities that are not within the scope of the measurement requirements of IFRS 5.

ad) Comparatives

Except otherwise required, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year..

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Notes (Continued)

3. Critical judgements in applying the Group's accounting policies

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(a) Judgments

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Business model assessment: Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets and liabilities sections of note 1). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase of credit risk: As explained in note 1, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 4(a) for more details.

Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are ranked on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets.

This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See note 1 and note 4 for more details on ECL and note 7 for more details on fair value measurement.

Internal governance and controls were put in place in order to monitor the post-model adjustments based on the economic performance in the midst of the pandemic.

(b) Assumptions and estimation uncertainties

The information relating to assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the financial statements are set out below.

(i) Impairment losses on loans and advances

The estimation of potential credit losses is inherently uncertain and depends upon many factors, including general economic conditions, changes in individual customers' circumstances, structural changes within industries that alter competitive positions and other external factors such as legal and regulatory requirements.

Impairment is measured for all accounts that are identified as non-performing. All relevant considerations that have a bearing on the expected future cash flows are taken into account which include but not limited to future business prospects for the customer, realizable value of securities, the Group's position relative to other claimants and the existence of any court injunctions placed by the borrower. Subjective judgments are made in this process of cash flow determination both in value and timing and may vary from one person to another and team to team. Judgments may also change with time as new information becomes available.

The Group reviews its loans and advances at each reporting date to assess whether an allowance for impairment should be recognized in profit or loss. In particular, judgment by the Directors is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the allowance.

The Group also makes a collective impairment measurement for exposures which, although not specifically identified as non-performing, have an inherent risk of default. The portfolio constitutes a large number of loan and advances accounts cutting across various industries. Assets with similar risk characteristics are ranked together for the purpose of determining the collective impairment in the Group.

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Notes (Continued)

3. Critical judgements in applying the Group's accounting policies (continued)

(b) Assumptions and estimation uncertainties (Continued)

(i) Impairment losses on loans and advances (Continued)

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

a) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario.

b) When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 3 for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward-looking information.

c) Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See note 3 for more details, including analysis of the sensitivity of the reported ECL.

d) Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. See note 3 for more details, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.

e) Fair value measurement and valuation process: In estimating the fair value of a financial asset or a liability, the Group uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the Group uses valuation models to determine the fair value of its financial instruments. Refer to note 5 for more details on fair value measurement.

f) When measuring ECL for government securities, management uses external credit ratings as proxies to infer approximate PDs. The securities are held by institutions that are highly rated and therefore considered low risk.

(ii) Impairment losses on financial assets measured at amortized cost and FVOCI

In accordance with IFRS 9, the Group recognizes impairment losses on a forward-looking basis, using the Expected Credit Loss (ECL) model. Government securities are classified as financial assets measured at amortized cost or at fair value through other comprehensive income (FVOCI). The Group applies the general approach for recognizing impairment and the ECL is measured as the probability-weighted estimate of credit losses over the expected life of the financial instrument.

Key assumptions adopted in the determination of the ECL are:

- Default likelihood: The Group relies on sovereign and corporate rating-based default studies conducted by S&P Global. The 12-month likelihood of default is determined from the global average issuer rated default transitions over a 1-year period. The Group considers these assets to be of investment grade based on the fact that there has been no historical instance of default as such the estimated probabilities of default are considered very low.
- Recovery: The recovery assumption adopted is directly linked to market perception and liquidity characteristics of government securities. At current market conditions, the bank holds the view that these assets are marketable and can be sold and disposed in the secondary market without any material difficulty.

The carrying amount of government securities is adjusted for the impairment losses recognized

(iii) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

All financial instruments are initially recognized at fair value, which is normally the transaction price. Subsequent to initial recognition, some of the Group's financial instruments are carried at fair value. The fair values of quoted financial instruments in active markets are based on current prices with no subjective judgments. If the market for a financial instrument does not exist or is not active including for unlisted securities, the Group establishes fair value by using valuation techniques.

These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Where representative prices are unreliable because of illiquid markets, the determination of fair value may require estimation of certain parameters, which are calibrated against industry standards and observable market data, or the use of valuation models that are based on observable market data.

The fair value for the majority of the Group's financial instruments is based on observable market prices or derived from observable market parameters. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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Notes (Continued)

3. Critical judgements in applying the Group's accounting policies (continued)

(iv) Retirement benefits

The cost of the defined benefit pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty and a change in any of the assumptions will alter the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Refer to note 47 for more information including sensitivity analysis on key parameters.

(v) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where

the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax balances and deferred tax provisions in the period in which such determination is made. The group has applied the exemption not to recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

(vi) Non-current assets and disposal groups held for sale

Management has applied judgement in determining whether the IFRS 5 held for sale criteria are met, including whether a sale is highly probable and expected to complete within one year of classification. The exercise of judgement will normally consider the likelihood of successfully securing any necessary regulatory or governmental approvals, which are almost always required for sales of banking businesses, and sanctions risk.

Once classified as held for sale, judgement is required to be applied on a continuous basis to ensure that classification remains appropriate in future accounting periods. See further disclosures under note 49.

4. Financial risk management

The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk, market risks and operational risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors of the Group has established the Credit, Audit, Risk, Human Resources and Procurement and Information Technology committees, which are responsible for developing and monitoring the Group risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Risk Committee is responsible for monitoring compliance with the Group's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee is assisted in these functions by a Risk and Compliance department which undertake reviews of risk management controls and procedures, the results of which are reported to the Risk Committee.

(a) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan or credit card facilities), investments in debt securities and derivatives that are an asset position. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

The Board of Directors has delegated responsibility for the management of credit risk to the Executive Credit Committee, which is responsible for oversight of the Group's credit risk, including:

- *Formulating credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers. Larger facilities require approval by the Management Credit Committee or the Board Credit Committee as appropriate.
- *Reviewing and assessing credit risk.* The Credit department assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- *Limiting concentrations of exposure* to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

- *Developing and maintaining the Group's risk gradings* in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures.
- The current risk grading framework consists of eight grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by the Board Credit Committee.
- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the credit department on the credit quality of local portfolios and appropriate corrective action is taken.
- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Group in the management of credit risk

Significant increase in credit risk

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Internal credit risk ratings

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises five categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure. The following data are typically used to monitor the Group's exposures:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of Bank bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed..

The table below provides a mapping of the Group's internal credit risk grades.

Group's credit risk grades	Description	IFRS 9 Classification
10	Normal risk	Stage 1
20	Watch risk	Stage 2
30	Substandard risk	Stage 3
40	Doubtful risk	
50	Loss	

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as GDP growth, unemployment, benchmark interest rates and house prices. The Group generates a 'base case' scenario of the future direction of relevant economic variables for each region as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative. The table below summarizes per type of asset the range above which an increase in lifetime PD is determined to be significant, as well as some indicative qualitative indicators assessed.

Corporate exposures	Retail exposures	All exposures
• Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes. • Data from credit reference agencies, press articles, changes in external credit ratings. • Quoted bond and credit default swap (CDS) prices for the borrower where available. • Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.	• Internally collected data on customer behaviour – e.g. utilisation of credit card facilities. • Affordability metrics. • External data from credit reference agencies, including industry-standard credit scores.	• Payment record – this includes overdue status as well as a range of variables about payment ratios. • Utilisation of the granted limit. • Requests for and granting of forbearance. • Existing and forecast changes in business, financial and economic conditions.

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

The table below provides an indicative mapping of how the Group's internal credit risk grades relate to PD and, for the wholesale portfolio, to external credit ratings of Moody's and S&P.

The risk ratings are composed of a combination of the risk factors below. Each Risk factor has parameters which are assessed and the total score in each is mapped onto a rating

Risk Factor	Description	Weight
Financial Risk	Is the assessment of entity's assets & liabilities structure (i.e. the mix of long- and short-term debt, maturity structure, interest rates, collateralization and other elements), cash flows and P&L in the light of current financing conditions.	50%
Company	Is the assessment of the size and scope of the rated entity, which often drives its diversification in terms of products, customers and geography	10%
Management	Is the assessment of the quality and experience of the management team as well as its strategic objectives in light of the sector specifics.	10%
Banking Relationship	Is the assessment of the current and historical behaviour of the entity's with bank products	20%
Industry	Is the assessment of entity's future market, regulatory environment and industry environment with insights into competition, entry barriers and trends .	10%

Corporate

The corporate portfolio of the Group is comprised of loans and advances to banks, public sector entities, sovereigns, corporates and other businesses.

Staging	12-month weighted-average PD	Internal risk rating	Days past due
Grade 10	0.98%	AAA to A	0 - 30 days
Grade 20	33.00%	B- to C	31 – 89 days
Grade 30 – Grade 50	100%	Default	90 days and above

Retail & mortgage

The retail portfolios are comprised of mortgage lending, personal loans and credit cards.

Staging	12-month weighted-average PD	12-month weighted-average PD
	Personal loans	Mortgage loans
Grade 10	46%	8%
Grade 20	72%	42%
Grade 30 – Grade 50	100%	100%

Loan commitments are assessed along with the category of loan the Group is committed to provide, i.e. commitments to provide mortgages are assessed using similar criteria to mortgage loans, while commitments to provide a corporate loan are assessed using similar criteria to corporate loans.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The Group performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Relationship between the Group's internal credit ratings and external ratings

The Group's rating method comprises 2 rating levels for instruments not in default (Stage 1 & 2) and one default class (stage 3). The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of observed default trends. The Group's quantitative credit quality grading as compared to Central Bank of Kenya's prudential guidelines grading is summarised in the table below;

Staging	CBK grading	Days past due	Credit quality
Stage 1	Normal	Up to date within contractual terms or has less than 30 days arrears	Performing
Stage 2	Watch	31 to 90 days	Under-performing
Stage 3	Substandard	91 to 180 days	In default
	Doubtful	181 to 360 days	
	Loss	above 360 days	

In addition to the standard credit ratings above, the Group also utilises other qualitative information relating to counterparties to determine their internal credit grading.

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not made changes in the estimation techniques or significant assumptions made during the reporting period.

The key, identified macroeconomic drivers for credit risk for the Group are :-

Corporate Portfolio	Consumer price index inflation, 2010=100, eop	Lending rate, %, average	Nominal GDP per capita, USD
Retail Portfolio	Total debt service per capita, USD	Nominal GDP per capita, LCU	Private final consumption per capita, USD
Mortgage Portfolio	Consumer price index inflation, 2010=100, average	Goods and services imports, LCU	Lending rate, %, eop

The tables below summarises the principal macroeconomic indicators included in the economic scenarios used at 31 December 2024 for the years 2024 to 2028, for Kenya, Tanzania, Uganda, Rwanda, South Sudan, DRC Congo and Burundi which are the countries where the Group operates and therefore is the country that has a material impact in ECLs.

Kenya

Corporate

Macro-economic factor	2024	2025	2026	2027	2028
Consumer price index inflation, 2010=100, EoP	267.0	284.3	299.0	316.0	333.8
Consumer price index inflation, average, % change y-o-y	5.0	6	6	6	5.5
Fixed capital formation, LCU	3,356.3	3,811.6	4,284.5	4,789.2	5,353.4
Lending rate, %, average	14.0	11.3	11.0	11.0	10.9
Real effective exchange rate index	13.0	9.6	9.0	8.0	7.1

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Incorporation of forward-looking information (continued)
Kenya (continued)

Retail

Macro-economic factor	2024	2025	2026	2027	2028
Budget balance, LCU (bn)					
Central bank policy rate , EOP	8.0	8.0	8.0	8.0	7.8
Government domestic debt,% of GDP	31.0	29.3	28.0	26.0	24.8
Import cover months	4.0	4.6	5.0	5.0	5.0
Lending rate, %, AVE	14.0	11.3	11.0	11.0	10.9
Short term external debt per capita, USD chg y-o-y	7.0	8.4	8.0	8.0	7.4
Mortgage					
Macro-economic factor					
Central bank policy rate , eop	8.0	8.0	8.0	8.0	7.8
Consumer price index inflation, 2010=100, ave	271	287	303	320	337
Import cover months	4.0	4.6	5.0	5.0	5.0
Lending rate, %, ave	14.0	11.3	11.0	11.0	10.9
Real effective exchange rate index	13.0	9.6	9.0	8.0	7.1

The following are probability weightings applied in the forward - looking scenario analysis

	Upside	Base	Downside
Corporate	25%	40%	35%
Retail	35%	40%	25%
Mortgage	25%	50%	25%

Regional Subsidiaries

Uganda

Corporate & Mortgage	2025	2026	2027	2028	2029	2030
Real estate nominal GVA, % of GDP	6.47	6.45	6.43	6.40	6.37	6.35
Utilities nominal GVA, USD, % chg y-o-y	13.99	10.96	10.12	9.17	8.91	8.76
Retail (Personal & SME)	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Private final consumption per capita, LCU, % chg y-o-y	7.43	7.46	7.18	7.21	7.26	7.32
Other services nominal GVA, USD, % chg y-o-y	11.61	8.57	7.88	7.09	7.01	7.04
Lending rate, %, ave	13.38	12.50	11.75	11.50	11.50	11.50
Real effective exchange rate index, % chg y-o-y	-44.49	-25.25	-10.82	-9.93	-9.80	-9.95
Net exports of goods & services per capita, USD	-54.37	-38.55	-35.42	-37.60	-39.95	-42.48
M3, % of GDP	19.54	19.55	19.59	19.64	19.68	19.712

Probability weights	Base	Upside	Downside
Corporate & Mortgage	40%	20%	40%
Retail (Personal & SME)	50%	25%	25%

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Notes (Continued)

4. Financial risk managemen (continued) t

(a) Credit risk (Continued)

Burundi

Corporate	2025	2026	2027	2028	2029	2030
M3, % of GDP	56.82	58.16	60.45	62.88	66.24	70.66
Real effective exchange rate index, % change y-o-y	(25.09)	(16.05)	(6.80)	(5.61)	(6.59)	(7.48)
Total debt service, % of exports of G&S	5.88	5.99	5.78	5.10	4.55	3.88
Retail (Personal & SME)	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
M3, % of GDP	56.82	58.16	60.45	62.88	66.24	70.65
Nominal Effective Exchange Rate, % change y-o-y	(2.41)	(1.87)	(1.51)	(1.48)	(1.50)	(1.33)
Total government debt per capita, USD, % change y-o-y	6.27	4.88	3.07	2.49	1.69	1.26
Net exports of goods & services, pp contribution to real growth	1.56	0.63	0.81	0.82	0.39	0.69
Manufacturing nominal GVA, % of GDP	12.23	12.02	11.94	11.87	11.89	11.99
Real lending rate, %, average	5.9	8.85	10	10	11	12

Probability weights	Base	Upside	Downside
Corporate	30%	35%	35%
Retail (Personal & SME)	40%	30%	30%

Rwanda

Agriculture	2025	2026	2027	2028	2029	2030
Net exports of goods & services real growth, % y-o-y	7.96	7.54	6.50	5.46	4.96	3.90
Lending rate, %, average	14.06	14.06	14.06	14.06	14.06	14.06
Capital expenditure, USD, % change y-o-y	4.38	4.26	5.30	9.05	9.01	7.31
Consumer	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Government final consumption per capita, LCU, % change y-o-y	7.49	7.24	7.22	6.83	6.86	6.90
Industry GVA, % of GDP	20.05	19.77	19.56	19.38	19.23	19.10
Balance of goods and services, USD, % change y-o-y	0	4.20	2.32	3.12	3.46	3.31
Mortgage	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Construction nominal GVA, EUR, % change y-o-y	-3.79	-2.66	-1.256	-0.116	0.517	1.21
Secondary sector nominal GVA, EUR, % change y-o-y	8.11	7.36	8.16	8.37	8.17	8.24
Transport & communications nominal GVA, EUR	959.4	1016.1	1084.9	1163.4	1247.9	1341.0
Services	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Goods exports, % of GDP	19.03	19.28	19.54	19.63	19.59	19.50
External Liquidity Ratio	1.19	1.19	1.18	1.17	1.17	1.16
General government interest payments (% of revenue) - Sovereign Scorecard	6.25	6.1	5.95	5.8	5.65	5.5
Trade	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Trade nominal GVA, % of GDP	9.58	9.79	9.948	10.07	10.18	10.27
Capital expenditure, % of fiscal year GDP	9.71	9.41	9.26	9.41	9.52	9.45
Goods exports, % of exports of G&S	74.57	76.18	77.63	78.89	80.08	81.21

Probability weights	Base	Upside	Downside
Agriculture	35%	35%	30%
Consumer	30%	35%	35%
Mortgage	40%	30%	30%
Services	50%	25%	25%
Trade	50%	25%	25%

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Tanzania

Corporate	2025	2026	2027	2028	2029	2030
M2, % of GDP	16.82	17.02	16.95	16.78	16.84	16.88
Principal payments, % of exports of G&S	9.49	9.96	10.01	9.78	10.12	10.42
Mortgage	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Mining nominal GVA, USD, % chg y-o-y	12.28	15.38	15.79	15.63	14.81	13.98
Construction nominal GVA, LCU (trillion)	24.96	25.32	25.83	26.49	27.30	28.26
Finance & real estate nominal GVA, USD, % chg y-o-y	0.93	4.40	5.65	6.32	6.29	6.23
Real lending rate, %, ave	12.55	12.34	11.8	11.38	11.22	11.1
Personal	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Finance, public administration, education and human health nominal GVA, % of GDP	18.44	18.44	18.43	18.42	18.39	18.34
M1, % of GDP	10.61	10.76	10.65	10.56	10.61	10.64
Lending rate, %, ave	16.05	16.04	16.05	15.88	15.72	15.6
Current expenditure, LCU (trillion)	25.53	26.58	29.86	32.89	35.69	39.17
SME	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Exports of goods and services, USD (bn)	14.1	14.7	15.3	15.7	16.3	16.9
Savings, % of investment	92.4	92.0	91.9	91.8	91.9	92.0
Nominal Effective Exchange Rate Index	68.37	66.29	65.2	64.4	63.52	62.77
Capital expenditure, % of total fiscal expenditure	34.97	37.49	37.60	37.72	38.28	38.43
Goods exports, USD (bn)	8.6	8.9	9.3	9.5	9.9	10.3

Probability weights	Base	Upside	Downside
Corporate	50%	25%	25%
Mortgage	40%	35%	25%
Personal	40%	30%	30%
SME	80%	10%	10%

South Sudan

Corporate	2025	2026	2027	2028	2029	2030
Mining nominal GVA, USD Mn	4272.38	5685.34	5590.08	5980.17	6148.65	6233.53
Consumer price index inflation, average, % change y-o-y	55	22	15.5	18	18.5	18
Long-term external debt stock, % of FX reserves	5434.48	4483.78	3969.05	3453.33	2795.65	2039.13
Retail (Personal & SME)	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Mining nominal GVA, USD Mn	4272.38	5685.34	5590.08	5980.17	6148.65	6233.53
Transport & communications nominal GVA, LCU, % change y-o-y	81.80	51.08	40.26	39.43	35.36	31.28
Consumer price index inflation, average, % change y-o-y	55	22	15.5	18	18.5	18
Nominal Effective Exchange Rate, % change y-o-y	1.91	0.61	0.59	0.61	0.60	0.58

Probability weights	Base	Upside	Downside
Corporate	40%	30%	30%
Retail	30%	35%	35%

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

TMB (DRC)

Macro-economic factor	2025	2026	2027	2028	2029	2030
GDP Growth	2.90%	4.04%	3.44%	4.17%	3.30%	3.40%
CPI (Base: 2010=100)	367.6	447.3	523.9	600.6	677.2	733.9
FX Rate (USD/CDF)	2,880.4	3,010.5	3,140.7	3,270.8	3,400.9	3,531.1
Fiscal deficit in %	-2.35%	-0.95%	-1.54%	0.27%	-0.61%	-1.04%

	Base	Upside	Downside
	60.0%	25.0%	15.0%

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 10 years.

LCU – local currency unit

*AVE - Average

*EOP – End of Period

Measurement of ECL

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified under Stage 1 and has its credit risk continuously monitored by the Group. If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired (POCI) financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Group in computing expected loss in line with IFRS 9 are as follows:

(i) Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

- Significant dip in operating results of the borrowers
- Credit distress necessitated extension to the terms granted
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Significant change in collateral value which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

(ii) Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria: The borrower is more than 90 days past due on the contractual payments.

Qualitative criteria: The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance.
- The borrower is deceased.
- The borrower is insolvent.
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties.
- Concessions have been made by the lender relating to the borrower's financial difficulty.
- Increase in probability that the borrower will enter bankruptcy.
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The above criteria has been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months is aligned to Central Bank of Kenya's prudential guidelines.

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

(iii) Measuring ECL – Inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime (Lifetime EAD). For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur, using a determined credit conversion factor.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment and multiplied together which effectively calculates an ECL.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. Where sufficient data is not available to estimate the 12-month PD transition into lifetime PDs, the Group interpolates its internal 12-month PD to external rating agencies long term proxies to estimate the lifetime PDs.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on expected recovery from collateral forced sale values, adjusted for time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically derived from past recoveries from past defaults of unsecured products or the residual unsecured portions of partly secured exposures.

(iv) Forward looking information factor

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact are adjusted to the ECL. The forward-looking economic variables have been adjusted by a management multiplier.

Sensitivity analysis

The most significant assumption affecting the ECL allowance is interest rates given its impact on borrowers' ability to meet their contractual repayments. Other forward-looking consideration not otherwise incorporated within the calculation of ECL, such as inflation, GDP and exchange rates, have been considered but do not have a material impact therefore no adjustment has been to ECL for such factors. This is reviewed and monitored periodically.

Set out below are the changes to the ECL as at 31 December 2024 that would result from reasonably possible changes in this parameter from actual assumptions used in the Group's economic variable assumptions;

	Interest rates			
	2024		2023	
	-5%	5%	-5%	5%
	KShs millions	KShs millions	KShs millions	KShs millions
Corporate portfolio	(57)	57	(54)	54
Retail portfolio	(5)	5	(3)	3

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

(v) Impaired financial assets

Impaired financial assets are those which the Group determines it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These loans are classified under stage 3 in the Group's internal credit risk grading system and graded as grade 3 to 5 as required by the regulator. According to the Central Bank of Kenya prudential guidelines, loans and advances overdue by over 90 days are considered non-performing.

(vi) Past due but not impaired financial assets

Financial assets where contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group. Loans under this category are no more than 90 days overdue.

(vii) Loans and advances that are neither past due nor impaired

The Group classifies loans and advances under this category for those exposures that are up to date and in line with contractual agreements. Such loans would have demonstrated financial conditions, risk factors and capacity to repay that are acceptable. These exposures will normally be maintained largely within approved product programs and with no signs of impairment or distress.

Rankings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are ranked on the basis of shared risk characteristics, such as:

- instrument type;
- credit risk grade;
- collateral type;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- the value of collateral relative to the financial asset if it has an impact on the probability of a default occurring (loan-to-value (LTV) ratios).

The rankings are reviewed on a regular basis to ensure that each Group is comprised of homogenous exposures.

The Group uses external benchmark information for portfolios with limited historical data. The table below depicts the portfolios for which external benchmark information represents a significant input into measurement of ECL. No collateral is held for these exposures.

	Exposure (million)	External benchmark PD
Cash and bank balances	82,119	Sovereign
Financial assets held through FVOCI	165,310	Sovereign
Financial assets held through FVTPL	19,438	Sovereign
Financial assets held at amortized costs	224,147	Sovereign
Loans and advances to banks	168,352	Corporate
Other assets	31,398	Corporate
Off balance sheet*	305,236	Corporate

* Financial guarantees and letters of credit

Credit quality

The Group monitors credit risk per class of financial instrument. The table below outlines the classes identified, as well as the financial statement line item and the note that provides an analysis of the items included in the financial statement line for each class of financial instrument.

Class of financial instrument	Financial statement line	Note
Loans and advances to banks at amortised cost	Loans and advances to other banks	Note 22
Loans and advances to customers at amortised cost	Loans and advances to customers	Note 26
Debt investment securities at amortised cost	Financial assets at amortised costs	Note 27
Debt investment securities at FVTOCI	Financial assets at FVOCI	Note 23
Loan commitments and financial guarantee contracts	None as they are off balance sheet	Note 4
Other financial assets	Other financial assets	Note 4

An analysis of the Group's credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Loans and advances at amortised cost

	Kenya Ksh million	Tanzania Ksh million	Uganda Ksh million	Rwanda Ksh million	South Sudan Ksh million	Burundi Ksh million	DR Congo Ksh million	Total Ksh million
31-Dec-24	812,870	53,401	33,201	61,428	9,064	7,824	100,901	**1,078,689**
31-Dec-23	914,091	56,901	32,929	77,767	9,726	7,116	104,361	**1,202,891**

An analysis of the Group's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively

The table below analyses the movement of the gross loans during the year.

Gross loans

2024 Loans and advances to customers	Corporate Ksh million	Mortgages Ksh million	Retail Ksh million	Total Ksh million
Gross loans and advances to customers	536,419	134,246	408,024	1,078,689
Of which stage 1 and 2	411,126	112,482	360,181	883,789
Of which stage 3	125,293	21,764	47,843	194,900
Expected credit loss provisions	60,583	4,017	26,537	91,137
Of which stage 1 and 2	718	1,595	8,663	10,976
Of which stage 3	59,865	2,422	17,874	80,161
Net loans and advances to customers	475,836	130,229	381,487	987,552
Of which stage 1 and 2	410,408	110,887	351,518	872,813
Of which stage 3	65,428	19,342	29,969	114,739
2023 Loans and advances to customers				
Gross loans and advances to customers	**629,782**	**169,611**	**403,498**	**1,202,891**
Of which stage 1 and 2	477,664	148,836	368,093	994,593
Of which stage 3	152,118	20,775	35,405	208,298
Expected credit loss provisions	**82,650**	**3,836**	**22,116**	**108,602**
Of which stage 1 and 2	670	741	3,335	4,746
Of which stage 3	81,980	3,095	18,781	103,856
Net loans and advances to customers	**547,132**	**165,775**	**381,382**	**1,094,289**
Of which stage 1 and 2	476,994	148,095	364,758	989,847
Of which stage 3	70,138	17,680	16,624	104,442

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Total Group	Stage 1 12-month ECL Ksh million	Stage 2 Lifetime ECL Ksh million	Stage 3 Lifetime ECL Ksh million	Total Ksh million
Loans and advances as at 1 January 2024	833,221	161,372	208,298	1,202,891
Interstage transfers				
– Transfer to stage 1	27,046	(26,266)	(780)	-
– Transfer to stage 2	(47,141)	43,912	3,229	-
– Transfer to stage 3	(10,585)	(16,724)	27,309	-
Other remeasurements of gross balances*	(12,894)	(18,811)	(19,020)	(50,725)
New financial assets originated or purchased	163,398	27,422	(902)	189,918
Financial assets that have been derecognised	(199,042)	(41,119)	(23,234)	(263,395)
Loans and advances as at 31 December 2024	**754,003**	**129,786**	**194,900**	**1,078,689**
Loans and advances as at 1 January 2023	609,768	161,193	161,204	932,165
Interstage transfers				
– Transfer to stage 1	62,445	(59,779)	(2,666)	-
– Transfer to stage 2	(39,403)	39,639	(236)	-
– Transfer to stage 3	(5,503)	(49,990)	55,493	-
Other remeasurements of gross balances*	(26,863)	12,924	8,476	(5,463)
New financial assets originated or purchased	398,093	94,774	34,932	527,799
Financial assets that have been derecognised	(165,316)	(37,389)	(48,905)	(251,610)
Loans and advances as at 31 December 2023	**833,221**	**161,372**	**208,298**	**1,202,891**

*Other remeasurements of gross balances include: forex movements, modification gains and losses, accrued interest and staff loan fair valuation.

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Credit quality (continued)

CORPORATE -MORTGAGE	Stage 1 12-month ECL Kshs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2024	59,719	4,121	13,361	77,201
Interstage transfers				
– Transfer to stage 1	3,971	(3,986)	15	-
– Transfer to stage 2	(1,774)	1,836	(62)	-
– Transfer to stage 3	(54)	(642)	696	-
Other remeasurements of gross balances	981	506	(84)	1,403
New financial assets originated or purchased	3,993	581	597	5,171
Financial assets that have been derecognised	(28,558)	(1,058)	(236)	(29,852)
Loans and advances as at 31 December 2024	**38,278**	**1,358**	**14,287**	**53,923**
CORPORATE -OVERDRATFS				
Loans and advances as at 1 January 2024	50,951	29,723	2,258	82,932
Interstage transfers				
– Transfer to stage 1	927	(927)	-	-
– Transfer to stage 2	1,096	(1,392)	296	-
– Transfer to stage 3	(107)	(252)	359	-
Other remeasurements of gross balances	2,394	463	(218)	2,639
New financial assets originated or purchased	633	395	(88)	940
Financial assets that have been derecognised	(19,466)	(869)	(137)	(20,472)
Loans and advances as at 31 December 2024	**36,428**	**27,141**	**2,470**	**66,039**

CORPORATE -TERM LOANS	Stage 1 12-month ECL Kshs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2024	295,511	101,479	149,860	546,850
Interstage transfers				
– Transfer to stage 1	14,115	(14,091)	(24)	-
– Transfer to stage 2	(28,390)	24,601	3,789	-
– Transfer to stage 3	3,633	(11,313)	7,680	-
Other remeasurements of gross balances	(2,674)	(12,361)	(12,487)	(27,522)
New financial assets originated or purchased	29,530	18,505	(11,072)	36,963
Financial assets that have been derecognised	(39,030)	(31,958)	(14,923)	(85,911)
Loans and advances as at 31 December 2024	**272,695**	**74,862**	**122,823**	**470,380**

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Credit quality (continued)

RETAIL -MORTGAGE	Stage 1 12-month ECL Kshs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2024	**76,157**	**8,839**	**7,414**	**92,410**
Interstage transfers				
– Transfer to stage 1	2,093	(2,013)	(80)	-
– Transfer to stage 2	(3,556)	3,968	(412)	-
– Transfer to stage 3	(405)	(637)	1,042	-
Other remeasurements of gross balances	(2,167)	(581)	66	(2,682)
New financial assets originated or purchased	12,914	999	(112)	13,801
Financial assets that have been derecognised	(21,109)	(1,656)	(440)	(23,206)
Loans and advances as at 31 December 2024	**63,927**	**8,919**	**7,478**	**80,323**

RETAIL -OVERDRAFTS	Stage 1 12-month ECL Kshs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2024	10,568	2,601	5,480	18,649
Interstage transfers				
– Transfer to stage 1	120	(129)	9	-
– Transfer to stage 2	(746)	768	(22)	-
– Transfer to stage 3	(3,061)	(356)	3,417	-
Other remeasurements of gross balances	64	67	(26)	105
New financial assets originated or purchased	25,376	322	155	25,853
Financial assets that have been derecognised	(4,846)	(693)	(327)	(5,866)
Loans and advances as at 31 December 2024	**27,475**	**2,580**	**8,686**	**38,741**
RETAIL -TERM LOANS				
Loans and advances as at 1 January 2024	340,315	14,609	29,925	384,849
Interstage transfers				-
– Transfer to stage 1	5,820	(5,120)	(700)	-
– Transfer to stage 2	(13,771)	14,131	(360)	-
– Transfer to stage 3	(10,591)	(3,524)	14,115	-
Other remeasurements of gross balances	(11,492)	(6,905)	(6,271)	(24,668)
New financial assets originated or purchased	90,952	6,620	9,618	107,190
Financial assets that have been derecognised	(86,033)	(4,885)	(7,170)	(98,088)
Loans and advances as at 31 December 2024	**315,200**	**14,926**	**39,157**	**369,283**

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Credit quality (continued)

CORPORATE -MORTGAGE	Stage 1 12-month ECL KShs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2023	29,115	955	8,257	**38,327**
Interstage transfers				
– Transfer to stage 1	1,757	(1,636)	(121)	-
– Transfer to stage 2	(4,980)	4,934	46	-
– Transfer to stage 3	(84)	(1,664)	1,748	-
Other remeasurements of gross balances	897	3	263	1,163
New financial assets originated or purchased	34,992	2,950	3,402	41,344
Financial assets that have been derecognised	(1,978)	(1,421)	(234)	(3,633)
Loans and advances as at 31 December 2023	**59,719**	**4,121**	**13,361**	**77,201**
CORPORATE -OVERDRATFS				
Loans and advances as at 1 January 2023	23,627	767	2,037	26,431
Interstage transfers				
– Transfer to stage 1	19,211	(19,211)	-	-
– Transfer to stage 2	(1,699)	1,699	-	-
– Transfer to stage 3	(120)	(37)	157	-
Other remeasurements of gross balances	608	(223)	303	688
New financial assets originated or purchased	12,495	47,024	(15)	59,504
Financial assets that have been derecognised	(3,171)	(296)	(224)	(3,691)
Loans and advances as at 31 December 2023	**50,951**	**29,723**	**2,258**	**82,932**

CORPORATE -TERM LOANS	Stage 1 12-month ECL KShs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2023	265,618	143,897	38,077	447,592
Interstage transfers				
– Transfer to stage 1	32,580	(32,432)	(148)	-
– Transfer to stage 2	(17,962)	17,426	536	-
– Transfer to stage 3	(261)	(5,163)	5,424	-
Other remeasurements of gross balances	1,620	17,496	3,325	22,441
New financial assets originated or purchased	29,523	38,133	71,970	139,626
Financial assets that have been derecognised	(24,207)	(32,881)	(5,721)	(62,809)
Loans and advances as at 31 December 2023	**286,911**	**146,476**	**176,405**	**546,850**

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Credit quality (continued)

RETAIL -MORTGAGE				
Loans and advances as at 1 January 2023	54,328	5,492	5,401	65,221
Interstage transfers				
– Transfer to stage 1	1,697	(1,413)	(284)	-
– Transfer to stage 2	(2,746)	2,940	(194)	-
– Transfer to stage 3	(334)	(831)	1,165	-
Other remeasurements of gross balances	(3,067)	(251)	102	(3,216)
New financial assets originated or purchased	31,076	3,600	1,790	36,466
Financial assets that have been derecognised	(4,797)	(698)	(566)	(6,061)
Loans and advances as at 31 December 2023	**76,157**	**8,839**	**7,414**	**92,410**

RETAIL -OVERDRAFTS	Stage 1 12-month ECL KShs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2023	12,857	1,730	5,150	19,737
Interstage transfers				
– Transfer to stage 1	322	(295)	(27)	-
– Transfer to stage 2	(628)	649	(21)	-
– Transfer to stage 3	(334)	(138)	472	-
Other remeasurements of gross balances	450	(44)	(192)	214
New financial assets originated or purchased	6,051	977	574	7,602
Financial assets that have been derecognised	(8,150)	(278)	(476)	(8,904)
Loans and advances as at 31 December 2023	**10,568**	**2,601**	**5,480**	**18,649**

RETAIL -TERM LOANS				
Loans and advances as at 1 January 2023	**323,811**	**7,600**	**3,446**	**334,857**
Interstage transfers				
– Transfer to stage 1	7,124	(4,983)	(2,141)	-
– Transfer to stage 2	(11,531)	12,161	(630)	-
– Transfer to stage 3	(6,513)	(2,426)	8,939	-
Other remeasurements of gross balances	(30,129)	(4,016)	4,750	(29,395)
New financial assets originated or purchased	131,310	8,085	18,359	157,754
Financial assets that have been derecognised	(73,757)	(1,812)	(2,798)	(78,367)
Loans and advances as at 31 December 2023	**340,315**	**14,609**	**29,925**	**384,849**

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Credit quality (continued)

The tables below analyses the movement of the loss allowance during the year.

TOTAL GROUP	Stage 1 12-month ECL Kshs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2024	11,240	6,760	90,602	108,602
Changes in the loss allowance				
– Transfer to stage 1	3,599	(2,841)	(758)	-
– Transfer to stage 2	(982)	1,449	(467)	-
– Transfer to stage 3	(371)	(4,869)	5,240	-
Net remeasurement of loss allowance	(1,053)	(764)	20,406	18,589
New financial assets originated or purchased	949	2,955	11,271	15,175
Financial assets that have been derecognised	(4,362)	(734)	(46,133)	(51,229)
Loans and advances as at 31 December 2024	**9,020**	**1,956**	**80,161**	**91,137**
Loss allowance as at 1 January 2023	18,650	6,411	46,424	71,485
Changes in the loss allowance				
– Transfer to stage 1	2,129	(1,326)	(803)	-
– Transfer to stage 2	(494)	1,074	(580)	-
– Transfer to stage 3	(271)	(3,395)	3,666	-
Net remeasurement of loss allowance	(1,243)	2,182	6,624	7,563
New financial assets originated or purchased	932	3,480	40,058	44,470
Financial assets that have been derecognised	(8,463)	(1,666)	(4,787)	(14,916)
Loss allowance as at 31 December 2023	**11,240**	**6,760**	**90,602**	**108,602**

The tables below analyses the movement of the loss allowance during the year per class of assets.

CORPORATE-MORTGAGE	Stage 1 12-month ECL Kshs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2024	3,147	709	1,937	5,793
Changes in the loss allowance				
– Transfer to stage 1	230	(129)	(101)	-
– Transfer to stage 2	(5)	64	(59)	-
– Transfer to stage 3	-	(4)	4	-
Net remeasurement of loss allowance	13	69	194	276
New financial assets originated or purchased	11	175	221	407
Financial assets that have been derecognised	(3,145)	(56)	(1,145)	(4,346)
Loans and advances as at 31 December 2024	**251**	**828**	**1,051**	**2,130**

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Credit quality (continued)

CORPORATE-OVERDRAFTS	Stage 1 12-month ECL Kshs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loss allowance as at 1 January 2024	(655)	172	4,947	4,464
Changes in the loss allowance				
– Transfer to stage 1	79	(79)	-	-
– Transfer to stage 2	(12)	274	(262)	-
– Transfer to stage 3	-	(128)	128	-
Net remeasurement of loss allowance	89	218	305	612
New financial assets originated or purchased	56	12	402	470
Financial assets that have been derecognised	(69)	(17)	(2,095)	(2,181)
Loss allowance as at 31 December 2024	**(512)**	**452**	**3,425**	**3,365**

CORPORATE-TERM LOANS	Stage 1 12-month ECL Kshs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2024	602	(836)	68,624	68,390
Changes in the loss allowance				
– Transfer to stage 1	83	(83)	-	-
– Transfer to stage 2	(344)	344	-	-
– Transfer to stage 3	(2)	(1,608)	1,610	-
Net remeasurement of loss allowance	690	510	15,979	17,179
New financial assets originated or purchased	569	1,067	4,653	6,289
Financial assets that have been derecognised	(155)	(59)	(34,426)	(34,640)
Loans and advances as at 31 December 2024	**1,443**	**(665)**	**56,440**	**57,218**

RETAIL-MORTGAGE				
Loss allowance as at 1 January 2024	220	93	1,159	1,472
Changes in the loss allowance				
– Transfer to stage 1	24	(13)	(11)	-
– Transfer to stage 2	(24)	63	(39)	-
– Transfer to stage 3	(3)	3	-	-
Net remeasurement of loss allowance	2	24	570	596
New financial assets originated or purchased	105	77	52	234
Financial assets that have been derecognised	(38)	(17)	(360)	(415)
Loss allowance as at 31 December 2024	**286**	**230**	**1,371**	**1,887**

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Credit quality (continued)

RETAIL-OVERDRAFTS	Stage 1 12-month ECL Kshs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2024	739	645	453	1,837
Changes in the loss allowance				
– Transfer to stage 1	227	(206)	(21)	-
– Transfer to stage 2	(78)	89	(11)	-
– Transfer to stage 3	(10)	(1,239)	1,249	-
Net remeasurement of loss allowance	(111)	(4)	1,536	1,421
New financial assets originated or purchased	129	1,376	94	1,599
Financial assets that have been derecognised	(55)	(130)	(1,982)	(2,167)
Loans and advances as at 31 December 2024	**841**	**531**	**1,318**	**2,690**

RETAIL-TERM LOANS				
Loss allowance as at 1 January 2024	7,187	5,977	13,482	26,646
Changes in the loss allowance				
– Transfer to stage 1	2,956	(2,331)	(625)	-
– Transfer to stage 2	(519)	615	(96)	-
– Transfer to stage 3	(356)	(1,893)	2,249	-
Net remeasurement of loss allowance	(1,736)	(1,581)	1,822	(1,495)
New financial assets originated or purchased	79	248	5,849	6,176
Financial assets that have been derecognised	(900)	(455)	(6,125)	(7,480)
Loss allowance as at 31 December 2024	**6,711**	**580**	**16,556**	**23,847**

CORPORATE-MORTGAGE	Stage 1 12-month ECL KShs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2023	439	647	761	1,847
Changes in the loss allowance				
– Transfer to stage 1	5	(5)	-	-
– Transfer to stage 2	(33)	(183)	216	-
– Transfer to stage 3	(3)	(61)	64	-
Net remeasurement of loss allowance	(80)	(8)	88	-
New financial assets originated or purchased	3,021	444	1,032	4,497
Financial assets that have been derecognised	(202)	(125)	(224)	(551)
Loans and advances as at 31 December 2023	**3,147**	**709**	**1,937**	**5,793**

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Credit quality (continued)

CORPORATE-OVERDRAFTS	Stage 1 12-month ECL KShs million	Stage 2 Lifetime ECL KShs million	Stage 3 ifetime ECL KShs million	Total KShs million
Loss allowance as at 1 January 2023	890	95	-	985
Changes in the loss allowance				
– Transfer to stage 1	611	(611)	-	-
– Transfer to stage 2	(57)	57	-	-
– Transfer to stage 3	(1)	(320)	321	-
Net remeasurement of loss allowance	51	79	351	481
New financial assets originated or purchased	107	913	4,303	5,323
Financial assets that have been derecognised	(2,256)	(41)	(28)	(2,325)
Loss allowance as at 31 December 2023	**(655)**	**172**	**4,947**	**4,464**

CORPORATE-TERM LOANS	Stage 1 12-month ECL KShs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2023	11,835	4,305	33,946	50,086
Changes in the loss allowance				
– Transfer to stage 1	505	(508)	3	-
– Transfer to stage 2	(47)	431	(384)	-
– Transfer to stage 3	(5)	(3,327)	3,332	-
Net remeasurement of loss allowance	414	2,473	(1,315)	1,572
New financial assets originated or purchased	4,972	758	34,850	40,580
Financial assets that have been derecognised	(107)	(21,921)	(1,820)	(23,848)
Loans and advances as at 31 December 2023	**17,567**	**(17,789)**	**68,612**	**68,390**

RETAIL-MORTGAGE				
Loss allowance as at 1 January 2023	420	142	930	1,492
Changes in the loss allowance				
– Transfer to stage 1	2	(12)	10	-
– Transfer to stage 2	(16)	29	(13)	-
– Transfer to stage 3	(16)	(17)	33	-
Net remeasurement of loss allowance	(41)	(33)	91	17
New financial assets originated or purchased	(1)	28	261	288
Financial assets that have been derecognised	(128)	(44)	(153)	(325)
Loss allowance as at 31 December 2023	**220**	**93**	**1,159**	**1,472**

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Credit quality (continued)

RETAIL-OVERDRAFTS	Stage 1 12-month ECL KShs million	Stage 2 Lifetime ECL KShs million	Stage 3 Lifetime ECL KShs million	Total KShs million
Loans and advances as at 1 January 2023	951	948	800	2,699
Changes in the loss allowance				
– Transfer to stage 1	31	(34)	3	-
– Transfer to stage 2	(37)	51	(14)	-
– Transfer to stage 3	(12)	(28)	40	-
Net remeasurement of loss allowance	(41)	8	25	(8)
New financial assets originated or purchased	169	163	702	1,034
Financial assets that have been derecognised	(322)	(463)	(1,103)	(1,888)
Loans and advances as at 31 December 2023	**739**	**645**	**453**	**1,837**

RETAIL-TERM LOANS				
Loss allowance as at 1 January 2023	4,407	840	9,129	14,376
Changes in the loss allowance				
– Transfer to stage 1	974	(155)	(819)	-
– Transfer to stage 2	(304)	689	(385)	-
– Transfer to stage 3	(246)	(157)	403	-
Net remeasurement of loss allowance	282	4,054	3,874	8,210
New financial assets originated or purchased	3,887	909	2,738	7,534
Financial assets that have been derecognised	(1,812)	(203)	(1,459)	(3,474)
Loss allowance as at 31 December 2023	**7,188**	**5,977**	**13,481**	**26,646**

Other Financial Assets and cash

Other Financial Assets	Cash & Central Bank Balances KShs million	Loans to Banks KShs million	Financial assets at FVTOCI KShs million	Financial assets at FVTPL KShs million	Financial assets at armotised cost KShs million	Total KShs million
Gross carrying amount as at 1 January 2024	105,120	401,390	200,275	68	196,858	903,711
Interstage transfers						
– Transfer to stage 1	-	-	-	-	-	-
– Transfer to stage 2	-	-	-	-	-	-
– Transfer to stage 3	-	-	-	-	-	-
– Write-offs	-	-	-	-	-	-
New financial assets originated or purchased	17,381	47,520	86,624	31,829	45,885	229,239
Financial assets that have been derecognised	(8,081)	(280,558)	(121,589)	(12,459)	(18,596)	(441,283)
Gross carrying amount as at 31 December 2024	**114,420**	**168,352**	**165,310**	**19,438**	**224,147**	**691,667**

As at 31 December 2024, the loss allowance for Loans to banks, investment in government securities and cash were assessed using the 12 months expected credit loss model which is based on external ratings for the financial institutions. The resultant allowance has been recognized in the income statements. However the amounts were immaterial as the counterparties with which these are held are considered to have minimal credit risk hence qualifying for investment grade. As such the movements in the ECL allowances for these balances have not been disclosed.

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Other Financial Assets	Cash & Central Bank Balances KShs million	Loans to Banks KShs million	Financial assets at FVTOCI KShs million	Financial assets at FVTPL KShs million	Financial assets at armotised cost KShs million	Total KShs million
Gross carrying amount as at 1 January 2023	100,400	163,632	113,498	17,403	164,522	559,455
Changes in the loss allowance						
– Transfer to stage 1	-	-	-	-	-	-
– Transfer to stage 2	-	-	-	-	-	-
– Transfer to stage 3	-	-	-	-	-	-
– Write-offs	-	-	-	-	-	-
New financial assets originated or purchased	27,552	239,646	161,051	1,332	34,111	463,692
Financial assets that have been derecognised	(22,832)	(1,888)	(74,274)	(18,667)	(1,775)	(119,436)
Gross carrying amount as at 31 December 2023	**105,120**	**401,390**	**200,275**	**68**	**196,858**	**903,711**

No loss allowance is recognised in the statement of financial position for debt instruments measured at FVTOCI as the carrying amount is at fair value (see note 1 Presentation of allowance for ECL).

The Group does not hold any lease receivables.

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity is Ksh 22,586 million at 31 December 2024 (2023: Ksh 10,997 million). As discussed above in the significant increase in credit risk section, under the Group's monitoring procedures a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. This is the case mainly for loans and advances to customers and more specifically for retail lending exposures because for corporate lending and other exposures there is more borrower specific information available which is used to identify significant increase in credit risk. The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status.

Loans and advances to customers	Year ended 2024 Gross carrying amount Kshs million	Year ended 2024 Loss allowance Kshs million	Year ended 2023 Gross carrying amount Kshs million	Year ended 2023 Loss allowance Kshs million
0-29 days	753,807	15,198	830,209	15,747
60-89 days	81,242	1,669	130,909	2,253
90-180 days	48,740	5,054	20,925	22,608
More than 181 days	194,900	69,216	220,848	67,994
Total	**1,078,689**	**91,137**	**1,202,891**	**108,602**

Modified financial assets

As a result of the Group's forbearance activities financial assets might be modified. The following tables refer to modified financial assets where modification does not result in derecognition.

Financial assets (with loss allowance based on lifetime ECL) modified during the period	Year ended 2024 Kshs million	Year ended 2023 Kshs million
Gross carrying amount before modification	17,937	22,389
Loss allowance before modification	-	(1,878)
Net amortised cost before modification	**17,937**	**20,511**
Net modification gain	177	784
Net amortised cost after modification	**18,114**	**21,295**

Financial assets modified since initial recognition at a time when loss allowance was based on lifetime ECL	Year ended 2024 Kshs million	Year ended 2023 Kshs million
Gross carrying amount of financial assets for which loss allowance has changed in the period from lifetime to 12-month ECL basis after modification	-	-

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Collateral held as security and other credit enhancements

The Group also holds other types of collateral and credit enhancements, such as second-charges and floating charges for which specific values are not generally available.

There was no change in the Group's collateral policy during the year.

Mortgage lending

The Group holds residential properties as collateral for the mortgage loans it grants to its customers. The Group monitors its exposure to retail mortgage lending using the LTV ratio, which is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is typically based on the collateral value at origination updated based on changes in house price indices. For credit-impaired loans the value of collateral is based on the most recent appraisals.

The tables below show the exposures from mortgage loans by ranges of LTV.

Mortgage lending LTV ratio	Year ended 2024 Gross carrying amount Kshs million	Year ended 2024 Loss allowance Kshs million	Year ended 2023 Gross carrying Kshs million	Year ended 2023 Loss allowance Kshs million
Less than 50%	27,658	98	41,364	419
51-70%	21,601	235	18,642	122
71-90%	18,407	159	24,449	868
91-100%	6,606	267	6,084	351
More than 100%	59,974	3,258	19,012	1,642
Total	**134,246**	**4,017**	**109,551**	**3,402**

Credit impaired – mortgage lending LTV ratio	Year ended 2024 Gross carrying amount Kshs million	Year ended 2024 Loss allowance Kshs million	Year ended 2023 Gross carrying amount Kshs million	Year ended 2023 Loss allowance Kshs million
Less than 50%	2,032	89	2,206	362
51-70%	2,288	131	2,615	93
71-90%	2,397	38	4,370	822
91-100%	820	141	2,199	299
More than 100%	4,943	2,201	7,418	1,437
Total	**12,480**	**2,600**	**18,808**	**3,013**

Personal lending

The Group's personal lending portfolio consists of unsecured loans and credit cards.

Corporate lending

The Group requests collateral and guarantees for corporate lending. The most relevant indicator of corporate customers' creditworthiness is an analysis of their financial performance and their liquidity, leverage, management effectiveness and growth ratios. For this reason the valuation of collateral held against corporate lending is not routinely updated. The valuation of such collateral is updated if the loan is put on "watch-list" and is therefore monitored more closely.

For credit-impaired loans the Group obtains appraisals of collateral to inform its credit risk management actions. At 31 December 2024 the net carrying amount of loans and advances to corporate customers was Ksh 476 million (2023: Ksh 547 million) and the value of the respective collateral was Ksh 1,924 million (2023: Ksh 2,201 million).

Investment securities

The Group holds investment securities measured at amortised cost with a carrying amount of Ksh 224 million (2023: 197 million) and at FVTOCI with a carrying amount of Ksh 165 million (2023: 200 million). The investment securities held by the Group are sovereign bonds and corporate bonds, which are not collateralised, as well as asset backed securities, which are secured by financial assets.

Lease receivables

The Group does not have any lease receivables.

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

Assets obtained by taking possession of collateral

The Group obtained financial assets during the year by taking possession of collateral held as security against loans and advances. The Group's policy is to realise collateral on a timely basis. The Group does not use non-cash collateral for its operations.

(i) Past due but not impaired loans and advances

Past due but not impaired loans and advances are those for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of stage of collection of amounts owed to the Group.

As at 31 December, the ageing analysis of past due but not impaired loans and advances was as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
Less than 30 days	105,513	108,256	-	-
Between 31 and 60 days	11,289	11,958	-	-
Between 61 and 90 days	41,813	89,000		
	158,615	**209,214**	**-**	**-**

Credit related commitment risk

The Group makes available to its customers guarantees which may require the Group to make payments on their behalf and enters into commitments to extend lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Group to similar risks to loans and are mitigated by the same control processes and policies.

(ii) Write-off policy

The Group writes off a loan balance as and when the Credit Committee determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from collateral will not be sufficient to pay back the entire exposure.

(iii) Collateral on loans and advances

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property and other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired.

(iv) Concentration of credit risk

The Group focuses on the diversification of its lending portfolio by setting industry sector limits based on forecasts spanning a one-year horizon to ensure that its performance is not negatively impacted by a large sectoral exposure default. Additionally, regular stress tests are performed on the portfolio to ensure that the Group holds sufficient capital to withstand any loss arising from significant exposure to a sector, single customer and group of closely related customers.

Overall, it is the policy of the Group to limit credit risk exposures and concentrations within the constraints of its capital base.

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Notes (Continued)

4. Financial risk management (continued)

(a) Credit risk (Continued)

An analysis of concentrations of credit risk at the reporting date is shown below:

	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
Personal/household	302,717	381,488	-	-
Real Estate	158,873	150,372	-	-
Manufacturing	188,446	184,398	-	-
Building and construction	72,816	100,177	-	-
Trade	107,100	123,630	-	-
Financial services	27,729	20,499	-	-
Transport and communication	80,652	78,358	-	-
Tourism, restaurants and hotels	28,194	42,606	-	-
Energy and water	31,871	44,456	-	-
Agriculture	50,661	44,220	-	-
Mining and quarrying	29,630	32,687	-	-
	1,078,689	**1,202,891**	**-**	**-**

(v) Fair value of collateral held

The Group holds collateral against loans and advances to customers in the form of cash, residential, commercial and industrial property; fixed assets such as property and machinery; marketable securities; bank guarantees and letters of credit.

The Group also enters into collateralised reverse purchase agreements. Risk mitigation policies control the approval of collateral types. Collateral is valued in accordance with the Group'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 31 December 2023. An estimate of fair values of collaterals held against loans and advances to customers at the end of the year was as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
Impaired loans	134,360	77,616	-	-
Performing loans	2,379,451	2,781,348	-	-
	2,513,811	**2,858,964**	**-**	**-**

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Notes (Continued)

4. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group, though solvent either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due or can secure them only at excessive costs.

The Group's approach to managing liquidity is to ensure, as far as possible, that it 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 reputation.

The Group's treasury maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers.

To address any liquidity risk negative gaps, the group has an Assets & Liabilities Committee that directs mobilization of deposits and where needed supports big tickets through aggressive pricing, halts or significantly curtails asset growth. The Group uses the interbank borrowing or disposes government securities to address short -term negative gaps.

Details of the reported Group's ratio of net liquid assets to deposits from customers at the reporting date and during the reporting year were as follows:

	2024	2023
At close of the year	47.6%	39.3%
Average for the year	47.7%	39.5%
Maximum for the year	48.8%	41.3%
Minimum for the year	47.0%	37.3%

The liquidity position across the group subsidiaries as at the reporting date were as follows:

	KCBK	NBK	KCBU	KCBB	KCBSS	BPR*	KCBT	TMB*
Liquidity Ratio	42.4%	34.4%	48.4%	57.2%	54.5%	206.8%	25.1%	126.9%
Statutory Minimum	20.0%	20.0%	20.0%	20.0%	20.0%	100.0%	20.0%	100.0%
Excess	**22.4%**	**14.4%**	**28.4%**	**37.2%**	**34.5%**	**106.8%**	**5.1%**	**26.9%**

*BPR and TMB reported ratios are liquidity coverage ratio.

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Notes (Continued)

4. Financial risk management (continued)

(b) Liquidity risk (Continued)

The tables below summarize the Group' and Company's liquidity risk as at 31 December 2024 and 31 December 2023, categorized into relevant maturity groupings based on the remaining contractual maturities.

Group At 31 December 2024	Up to 1 month Kshs million	1 - 3 months Kshs million	3 - 12 months Kshs million	1 - 5 years Kshs million	Over 5 years Kshs million	Total Kshs million
Cash and balances with Central Banks	69,223	14,047	7,309	11,941	11,900	114,420
Loans and advances to Banks	121,003	51,550	-	-	-	172,553
Financial assets at FVTPL	226	855	13,748	7,260	910	22,999
Financial Assets at amortised cost	13,829	47,090	15,583	46,518	211,072	334,092
Financial Assets at fair value through OCI	5,462	8,162	37,415	111,430	70,058	232,527
Loans and advances to customers	136,810	95,776	207,534	763,795	58,241	1,262,156
Loans and advances at FVTPL	-	-	629	2,518	-	3,147
Other assets	3,401	14,065	5,161	4,751	4,020	31,398
Total financial assets	**349,954**	**231,545**	**287,379**	**948,213**	**356,201**	**2,173,292**
Deposits from banks	39,271	3,572	-	-	-	42,843
Deposits from customers	1,013,199	168,175	137,546	77,871	-	1,396,791
Borrowings	54,575	6	174	8,860	16,457	80,072
Lease liabilities	31	67	250	2,050	1,888	4,286
Other liabilities	6,897	14,429	10,950	4,200	-	36,476
Total financial liabilities	**1,113,973**	**186,249**	**148,920**	**92,981**	**18,345**	**1,560,468**
Net statement of financial exposure	**(764,019)**	**45,296**	**138,459**	**855,232**	**337,856**	**612,824**

Company At 31 December 2024	Up to 1 month Kshs million	1 - 3 months Kshs million	3 - 12 months Kshs million	1 - 5 years Kshs million	Over 5 years Kshs million	Total Kshs million
Cash and balances with Central Banks	835	554	-	-	-	1,389
Loans and advances to Banks	-	-	-	-	-	-
Balances due from related companies	896			3,879		4,775
Loans and advances at FVTPL	-	1,062				1,062
Financial Assets at amortised cost	-	-	-	-	-	-
Financial Assets at fair value through OCI	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment in equity	-	-	-	-	-	-
Investment property	-	-	-	-	-	-
Other assets	379					379
Total financial assets	**2,110**	**1,616**	**-**	**3,879**	**-**	**7,605**
Deposits from banks	-	-	-	-	-	-
Deposits from customers	-	-	-	-	-	-
Due to related parties	-	6,393		3,879		10,272
Borrowings	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Other liabilities	900					900
Total financial liabilities	**900**	**6,393**	**-**	**3,879**	**-**	**11,172**
Net statement of financial exposure	**1,210**	**(4,777)**	**-**	**-**	**-**	**(3,567)**

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Notes (Continued)

4. Financial risk management (continued)

(b) Liquidity risk (Continued)

Group At 31 December 2023	Up to 1 month Kshs million	1 - 3 months Kshs million	3 - 12 months Kshs million	1 - 5 years Kshs million	Over 5 years Kshs million	Total Kshs million
Cash and balances with Central Banks	112,280	13,922	2,627	3,843	4,719	137,391
Loans and advances to Banks	364,190	4,929	-	-	-	369,119
Financial assets at FVTPL	-	-	-	-	69	69
Financial Assets at amortised cost	1,198	5,712	11,292	26,546	152,110	196,858
Financial Assets at fair value through OCI	10,691	36,690	6,304	32,197	114,574	200,456
Loans and advances to customers	172,265	106,144	149,086	353,291	1,060,164	1,840,950
Other assets	11,414	37,184	206	881	5,126	54,811
Total financial assets	**672,038**	**204,581**	**169,515**	**416,758**	**1,336,762**	**2,799,654**
Deposits from banks	71,663	8,445	11,069	1,318	-	92,495
Deposits from customers	1,080,511	338,515	136,919	102,898	732,066	2,390,909
Borrowings	10,799	3,274	7,147	55,007	23,230	99,457
Lease liabilities	169	59	840	2,173	12,556	15,797
Other liabilities	14,546	32,743	92	2,735	4,570	54,686
Total financial liabilities	**1,177,688**	**383,036**	**156,067**	**164,131**	**772,422**	**2,653,344**
Net statement of financial exposure	**(505,650)**	**(178,455)**	**13,448**	**252,627**	**564,340**	**146,310**

The amounts in the tables above have been compiled based on undiscounted cash flows, which include estimated interest payments.

Company At 31 December 2023	Up to 1 month Kshs million	1 - 3 months Kshs million	3 - 12 months Kshs million	1 - 5 years Kshs million	Over 5 years Kshs million	Total Kshs million
Cash and balances with Central Banks	5,613	-	-	-	-	5,613
Loans and advances to Banks	-	-	-	-	-	-
Balances due from related companies	-	-	-	-	-	-
Financial assets at FVTPL	-	-	-	-	-	-
Financial Assets at amortised cost	-	-	-	-	-	-
Financial Assets at fair value through OCI	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment in equity	-	-	-	-	-	-
Other assets	89	-	-	-	-	89
Total financial assets	**5,702**	**-**	**-**	**-**	**-**	**5,702**
Deposits from banks	-	-	4,686	-	-	4,686
Deposits from customers	-	-	-	-	-	-
Balances due from related companies						
Retirement benefits obligation	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Other liabilities	630	-	-	-	-	630
Due to related parties						
Total financial liabilities	**630**	**-**	**4,686**	**-**	**-**	**5,316**
Net statement of financial exposure	**5,072**	**-**	**(4,686)**	**-**	**-**	**386**

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Notes (Continued)

4. Financial risk management (continued)

(c) Market risk

(i) Currency risk (continued)

(i) Currency risk

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions which are monitored daily, and hedging strategies used to ensure that positions are maintained within the established limits. Foreign exchange risk arises from our non-trading asset and liability positions, denominated in currencies other than the functional currency of the respective entity.

Transactions in foreign currency are recorded at the rate in effect at the date of the transaction. The Group translates monetary assets and liabilities denominated in foreign currencies at the rate of exchange in effect at the reporting date. The Group records all gains or losses on changes in currency exchange rates in profit or loss.

The table below summarizes the foreign currency exposure as at 31 December 2024 and 31 December 2023:

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Assets in foreign currencies	623,264	824,499	-	-
Liabilities in foreign currencies	(632,696)	(806,120)	-	-
Net foreign currency exposure at the end of the year	**(9,432)**	**18,379**	**-**	**-**

31 December 2024:	USD Kshs million	GBP Kshs million	EURO Kshs million	Other Kshs million	Total Kshs million
ASSETS					
Cash and bank balances	73,072	743	3,501	1,143	**78,459**
Loans and advances to customers	380,293	47	5,453	647	**386,440**
Placements with Banks	123,761	75	4,952	332	**129,120**
Other assets	28,656	20	166	403	**29,245**
At 31 December 2024	**605,782**	**885**	**14,072**	**2,525**	**623,264**
LIABILITIES					
Deposits from banks	8,563	155	176	3	**8,897**
Deposits from customers	524,072	888	11,206	890	**537,056**
Borrowings	65,836	-	306	494	**66,636**
Other liabilities	19,858	18	40	191	20,107
At 31 December 2024	**618,329**	**1,061**	**11,728**	**1,578**	**632,696**
Net statement of financial position exposure	**(12,547)**	**(176)**	**2,344**	**947**	**(9,432)**

31 December 2023:	USD Kshs million	GBP Kshs million	EURO Kshs million	OTHER Kshs million	Total Kshs million
ASSETS					
Cash and bank balances	45,378	1,071	5,388	770	**52,607**
Loans and advances to customers	588,137	4	5,007	347	**593,495**
Placements with banks	139,150	361	2,282	169	**141,962**
Other assets	36,017	8	335	75	**36,435**
At 31 December 2023	**808,682**	**1,444**	**13,012**	**1,361**	**824,499**
LIABILITIES					
Deposits from banks	12,544	16	769	24	**13,353**
Deposits from customers	669,025	1,254	13,452	910	**684,641**
Other liabilities	21,618	42	1,008	169	**22,837**
Borrowings	84,863	-	426	-	**85,289**
At 31 December 2023	**788,050**	**1,312**	**15,655**	**1,103**	**806,120**
Net statement of financial position exposure	**20,632**	**132**	**(2,643)**	**258**	**18,379**

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Notes (Continued)

4. Financial risk management (continued)

(c) Market risk (Continued)

(i) Currency risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the below mentioned exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

The group manages the currency risk through cross-currency swaps, deposit mobilization and also long-term borrowings and onward lending to customers to mitigate any gaps. The Group also uses the interbank borrowings or lending to manage the currency gap position.

	At 31 December 2024			At 31 December 2023		
	Currency Carrying Amount	10% Depreciation	10% Appreciation	Currency Carrying Amount	10% Depreciation	10% Appreciation
KShs 'Million'						
Assets						
USD	605,782	(60,578)	60,578	808,682	(80,868)	80,868
GBP	885	(89)	89	1,444	(144)	144
Euro	14,072	(1,407)	1,407	13,012	(1,301)	1,301
Other	2,525	(253)	253	1,361	(136)	136
		(62,327)	**62,327**		**(82,449)**	**82,449**
Liabilities						
USD	618,329	61,833	(61,833)	788,050	78,805	(78,805)
GBP	1,061	106	(106)	1,312	131	(131)
Euro	11,728	1,173	(1,173)	15,655	1,566	(1,566)
Others	1,578	158	(158)	1,103	110	(110)
		63,270	**(63,270)**		**80,612**	**(80,612)**
Increase/(decrease)		944	(944)		(1,837)	1,838
Tax charge at 30%		283	(283)		(551)	551
Effect on net profit		660	(660)		(1,287)	1,287
As a percentage of net profit		1.07%	(1.07%)		(3.43%)	3.43%

At 31 December 2024 if the shilling had weakened/strengthened by 10% against the major trading currencies, with all other variables held constant, net profit would have been Ksh 1,137 million (2023: 1,287 million) lower/higher.

(ii) Interest rate risk

Interest rate is the risk that the future cash flows of financial instruments will fluctuate because of changes in the market interest rates. Interest margin may decrease because of such changes but may increase losses in the event that unexpected movement arises.

The Group closely monitors interest rate movements and seeks to limit its exposure by managing the interest rate and maturity structure of assets and liabilities carried on the statement of financial position. Assets and Liabilities Committee monitors compliance with the set interest rate gaps.

To manage interest rate risk the group has a robust Assets and Liabilities Committee which reviews daily cash management, monitors daily liquidity limits of loan to deposit ratio and interbank borrowing. The Group also performs stress testing of liquid assets and has a contingency funding plan to ensure severe liquidity gaps are adequately managed. The table below shows interest rate sensitivity position of the Group at 31 December based on the earlier of maturity or re-pricing dates. Items not recognized on the statement of financial position do not pose any significant interest rate risk to the Group.

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Notes (Continued)

4. Financial risk management (continued)

(c) Market risk (Continued)

(ii) Interest rate risk (continued)

Group	Weighted interest	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing	Total
As at 31 December 2024:	**rates**	**Kshs million**	**Kshs million**	**Kshs million**	**Kshs million**	**Kshs million**	**Kshs million**	**Kshs million**
Cash and balances with Central Banks	-	-	-	-	-	-	114,420	114,420
Loans and advances to banks	3.60%	168,352	-	-	-	-	-	168,352
Financial assets at FVOCI	12.50%	997	2,923	15,192	34,609	111,589	-	165,310
Financial assets at FVTPL	12.50%	-	1,595	11,311	4,929	1,603	-	19,438
Financial assets at amortised cost	12.50%	-	4,893	-	111,516	107,738	-	224,147
Investment in equity	-	-	-	-	-	-	837	837
Other assets	-	-	-	-	-	-	31,311	31,311
Loans and advances to customers	12.50%	104,906	44,637	94,483	340,180	403,345	-	987,551
Loans and advances at FVTPL	20.00%	-	-	2,861	-	-	-	2,861
Total assets		**274,255**	**54,048**	**123,847**	**491,234**	**624,275**	**146,568**	**1,714,227**
Deposits from banks	4.00%	43,017	-	-	-	-	-	43,017
Deposits from customers	3.60%	942,156	231,835	205,899	2,085	-	-	1,381,975
Lease liability	-	-	5	21	1,353	2,517	-	3,896
Payables and accrued expenses	-	-	-	-	-	-	36,476	36,476
Borrowings	5.90%	1,360	58	58,999	8,286	570	-	69,273
Borrowings	3.90%	1,360	58	51,805	1,092	570	-	54,885
Total liabilities and equity		**986,533**	**231,898**	**264,919**	**11,724**	**3,087**	**36,476**	**1,534,637**
Interest rate sensitivity gap		**(712,278)**	**(177,850)**	**(141,072)**	**479,510**	**621,188**	**110,092**	**179,590**

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Notes (Continued)

4. Financial risk management (continued)

(c) Market risk (Continued)

(ii) Interest rate risk (continued)

Group As at 31 December 2023:	Weighted interest rates	Up to 1 month Kshs million	1 - 3 months Kshs million	3 - 12 months Kshs million	1 - 5 years Kshs million	Over 5 years Kshs million	Non-interest bearing Kshs million	Total Kshs million
Cash and balances with Central Banks	-	-	10,535	-	1,514	-	124,062	136,111
Loans and advances to banks	1.70%	239,747	4,738	-	-	-	125,914	370,399
Financial assets at FVOCI	11.30%	11,563	36,455	6,281	30,941	112,824	2,211	200,275
Financial assets at FVTPL	11.30%	-	-	-	-	64	5	69
Other assets	-	8,442	-	-	-	-	46,360	54,802
Loans and advances to customers	10.50%	148,623	182,407	143,187	309,452	307,997	4,278	1,095,944
Financial assets at amortised cost	11.30%	2,465	7,841	11,263	26,221	146,631	2,438	196,859
Total assets		**410,840**	**241,976**	**160,731**	**368,128**	**567,516**	**305,268**	**2,054,459**
Deposits from banks	4.70%	73,092	350	6,172	-	7,222	973	87,809
Deposits from customers	2.60%	897,736	310,866	143,688	115,159	32,287	191,172	1,690,908
Lease liability	-	-	25	744	1,129	2,352	1,547	5,797
Payables and accrued expenses	-	1,507	32,134	-	639	-	20,134	54,414
Borrowings	3.90%	785	3,261	7,147	62,557	14,078	830	88,658
Total liabilities and equity		**973,120**	**346,636**	**157,751**	**179,484**	**55,939**	**214,656**	**1,927,586**
Interest rate sensitivity gap		**(562,280)**	**(104,660)**	**2,980**	**188,644**	**511,577**	**90,612**	**126,873**

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Notes (Continued)

4. Financial risk management (continued)

(c) Market risk (Continued)

(ii) Interest rate risk (continued)

Company As at 31 December 2024:	Weighted interest rates	Up to 1 month Kshs million	1 - 3 months Kshs million	3 - 12 months Kshs million	1 - 5 years Kshs million	Over 5 years Kshs million	Non-interest bearing Kshs million	Total Kshs million
Cash and balances with Central Banks	-	-	554				835	1,389
Loans and advances to banks	-	-	-	-	-	-	-	-
Financial assets at FVTPL	20.0%	-	-	1,062				1,062
Amounts due from related companies	6.5%	-	64			3,879	832	4,775
Total assets		**-**	**618**	**1,062**	**-**	**3,879**	**1,667**	**7,226**
Payables to related parties	6.5%	-	64			3,879	6,329	10,272
Payables and accrued expenses	-	-	-	-	-	-	900	900
Borrowings	-	-	-	-	-	-	-	-
Total liabilities and equity		**-**	**64**	**-**	**-**	**3,879**	**7,229**	**11,172**
Interest rate sensitivity gap		**-**	**554**	**1,062**	**-**	**-**	**(5,562)**	**(3,946)**

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Notes (Continued)

4. Financial risk management (continued)

(c) Market risk (Continued)

(ii) Interest rate risk (continued)

Company At 31 December 2023:	Weighted interest rates	Up to 1 month Kshs million	1 - 3 months Kshs million	3 - 12 months Kshs million	1 - 5 years Kshs million	Over 5 years Kshs million	Non-interest bearing Kshs million	Total Kshs million
Cash and balances with Central Banks	-	-	-	-	-	-	5,613	5,613
Loans and advances to banks	-	-	-	-	-	-	-	-
Financial assets at FVTPL	-	-	-	-	-	-	-	-
Amounts due from related companies	-	-	-	-	-	-	-	-
Total assets		**-**	**-**	**-**	**-**	**-**	**5,613**	**5,613**
Deposits from banks	-	-	-	4,686	-	-	-	4,686
Deposits from customers	-	-	-	-	-	-	-	-
Payables to related parties	-	-	-	-	-	-	-	-
Payables and accrued expenses	-	-	-	-	-	-	630	630
Borrowings	-	-	-	-	-	-	-	-
Total liabilities and equity		**-**	**-**	**4,686**	**-**	**-**	**630**	**5,316**
Interest rate sensitivity gap		**-**	**-**	**(4,686)**	**-**	**-**	**4,983**	**297**

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Notes (Continued)

4. Financial risk management (continued)

(c) Market risk (Continued)

(ii) Interest rate risk (continued)

An analysis of the Group's sensitivity to an increase or decrease in market interest rates assuming no asymmetrical movement in yield curves and a constant financial position is as follows on profit or loss (balances in KShs millions):

	2024			2023		
	Kshs million	1%	1%	Carrying	1%	1%
	amount	Increase	Decrease	amount	Increase	Decrease
Cash and balances with Central Banks	114,420	1,144	(1,144)	105,120	1,051	(1,051)
Loans and advances to banks	168,352	1,684	(1,684)	401,391	4,014	(4,014)
Financial assets at FVTPL	165310	1,653	(1,653)	69	1	(1)
Financial assets at FVOCI	19,438	194	(194)	200,275	2,003	(2,003)
Financial assets at armotised cost	224,147	2,241	(2,241)	196,859	1,969	(1,969)
Investment in equity	837	8	(8)	1,580	15.8	(15.8)
Other assets	31,311	313	(313)	54,802	548	(548)
Loans and advances to customers (Net)	987,551	9,876	(9,876)	1,090,950	10,910	(10,910)
Loans and advances at FVTPL	2,861	29	(29)	-	-	-
	1,714,227	**17,142**	**(17,142)**	**2,051,046**	**20,512**	**(20,512)**
LIABILITIES & EQUITY						
Deposits from banks	43,017	(430)	430	87,809	(878)	878
Deposits from customers	1,381,975	(13,820)	13,820	1,690,908	(16,909)	16,909
Lease liability	3,896	(39)	39	5,797	(58)	58
Other liabilities and accrued expenses	36,476	(365)	365	52,466	(525)	525
Borrowings	69,273	(693)	693	88,658	(887)	887
	1,534,637	**(15,347)**	**15,346**	**1,925,638**	**(19,257)**	**19,257**
Net interest income Increase/(decrease)		1,796	(1,796)		1,255	(1,255)
Tax Charge @ 30%		539	(539)		377	(377)
Impact on profit after tax	**-**	**1,257**	**(1,257)**		**878**	**(878)**

Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk. The Bank Treasury is responsible for the development of detailed risk management policies and for day-to-day implementation of those policies.

(iii) Price risk

The Group is exposed to equity securities price risk because of investments in Kenya Mortgage Refinance Company shares. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity and debt securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Directors.

Value at risk

The Group applies a 'value at risk' (VAR) methodology to its trading and non-trading portfolios to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. Interest rate risk in the non-trading book is also measured using interest rate repricing gap analysis.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Group might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate.

The VAR model assumes a certain 'holding period' until positions can be closed (10 days). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over 10-day periods in the past. The Group's assessment of past movements is based on data for the past five years. The Group applies these historical changes in rates, prices, indices, etc. directly to its current positions – a method known as historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VAR calculation.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The VaR is calculated as per the below standard parameters:

- Confidence level - 99%
- Holding Period – 10 Days
- Historical Data – 5 years

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Notes (Continued)

4. Financial risk management (continued)

(c) Market risk (Continued)

(iii) Price risk (continued)

The VaR is reported to the Board as part of the ICAAP process. The VAR limits will be established for all trading portfolio operations and allocated to Business Units. Average daily VAR for the KCB Group was KShs 1,519 million (2023: KShs 1,365 million). The quality of the VAR model is continuously monitored by back testing the VAR results.

12 months to 31 Dec 2024

Stress VaR KShs million	Average	High	Low
Interest rate risk	1,515	1,612	1,447
Foreign exchange risk	61	280	9
Total VaR	1,519	1,614	1,441

12 months to 31 Dec 2023

KShs million	Average	High	Low
Interest rate risk	1,355	1,506	1,195
Foreign exchange risk	43	176	5
Total VaR	1,365	1,509	1,192

Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Treasury and Risk Functions include risk factor stress testing, where stress movements are applied to each risk category; emerging market stress testing, where emerging market portfolios are subject to stress movements; and ad hoc stress testing, which includes applying possible stress events to specific positions or regions.
The results of the stress tests are reviewed by senior management in each business unit and by the Board of Directors. Stress testing is tailored to the business and typically uses scenario analysis.

(d) Off balance sheet items

i. Loan commitments

The dates of the contractual amounts of the Group's off-balance sheet financial instruments that it commits to extend credit to customers and other facilities (Note 45) are summarised in the table below.

ii. Off balance sheet financial instruments

Off balance sheet letters of credit and guarantees (Note 46) are also included in the table below, based on the earliest contractual maturity date.

iii. Operating lease commitments

Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases.

iv. Capital commitments

Capital commitments for the acquisition of buildings and equipment (Note 45) are summarised in the table below:

At 31 December 2024	No later than 1 year KShs million	1-5 years KShs million	Over 5 years KShs million	Total KShs million
Loan commitments	90,316	1,406	-	91,722
Off balance sheet financial instruments	333,170	-	-	333,170
Operating lease commitments	578	2,023	289	2,890
Capital commitments	2,118	-	-	2,118
Total	**426,182**	**3,429**	**289**	**429,900**
At 31 December 2023				
Loan commitments	21,330	81,172	1,134	103,636
Off balance sheet financial instruments	499,640	7,707	89	507,436
Operating lease commitments	1,082	3,048	1,282	5,412
Capital commitments	869	-	-	869
Total	**522,921**	**91,927**	**2,505**	**617,353**

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Notes (Continued)

5. Fair value of financial instruments

(a) Accounting classification and fair values

The tables below show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value			
2024 Group	**FVOCI Kshs million**	**FVTPL Kshs million**	**At amortised cost Kshs million**	**Total carrying amount Kshs million**	**Level 1 Kshs million**	**Level 2 Kshs million**	**Level 3 Kshs million**	**Total Kshs million**
Assets								
Financial assets								
Cash and bank balances	-	-	114,420	114,420	114,420	-	-	114,420
Loans and advances to banks	-	-	168,352	168,352	-	168,352	-	168,352
Financial assets at amortized cost	-	-	224,147	224,147	224,147	-	-	224,147
Financial assets at FVTPL	-	19,438	-	19,438	19,438	-	-	19,438
Financial assets at FVOCI	165,310	-	-	165,310	165,310	-	-	165,310
Loans and advances to customers at amortised cost	-	-	987,552	987,552	-	987,552	-	987,552
Loans and advances at FVTPL	-	2,861	-	2,861	-	2,861	-	2,861
Other assets	-	-	31,398	31,398	2,726	28,672	-	31,398
Investment in equity	-	-	837	837	-	837	-	837
Total financial assets	**165,310**	**22,299**	**1,526,706**	**1,714,315**	**526,041**	**1,188,274**	**-**	**1,714,315**
Due to other banks	-	-	43,017	43,017	-	43,017	-	43,017
Deposits from customers	-	-	1,381,975	1,381,975	-	1,381,975	-	1,381,975
Payables and accrued expenses	-	-	36,476	36,476	-	36,476	-	36,476
Borrowed funds	-	-	69,273	69,273	-	69,273	-	69,273
Total financial liabilities			**1,530,741**	**1,530,741**	-	**1,530,741**	-	**1,530,741**

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Notes (Continued)

5. Fair value of financial instruments

(a) Accounting classification and fair values (continued)

2023 Group	Carrying amount				Fair value			
	FVOCI	FVTPL	At amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
	Kshs million	Kshs million	Kshs million	Kshs million	Kshs million	Kshs million	Kshs million	Kshs million
Assets								
Financial assets								
Cash and bank balances	-	-	136,111	136,111	93,538	42,573	-	136,111
Loans and advances to banks	-	-	370,399	370,399	-	370,399	-	370,399
Financial assets at amortized cost	-	-	196,859	196,859	196,859	-	-	196,859
Financial assets at FVTPL		69		69	69	-	-	69
Financial assets at FVOCI	200,275	-	-	200,275	200,275	-	-	200,275
Loans and advances to customers at amortised cost	-	-	1,094,289	1,094,289	-	1,094,289	-	1,094,289
Loans and advances to customers at FVTPL		1,655	-	1,655	1,655	-	-	1,655
Other assets and prepayments	-	-	54,172	54,172	-	54,172	-	54,172
Total financial assets	**200,275**	**1,724**	**1,851,830**	**2,053,829**	**492,396**	**1,561,433**	**-**	**2,053,829**
Due to other banks	-	-	87,809	87,809	-	87,809	-	87,809
Deposits from customers	-	-	1,690,908	1,690,908	-	1,690,908	-	1,690,908
Payables and accrued expenses	-	-	54,414	54,414	-	54,414	-	54,414
Borrowings	-	-	88,658	88,658	-	88,658	-	88,658
Total financial liabilities			**1,921,789**	**1,921,789**	**-**	**1,921,789**	**-**	**1,921,789**

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Notes (Continued)

5. Fair value of financial instruments

(a) Accounting classification and fair values (continued)

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, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. 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.

When there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

Investment securities with observable market prices including equity securities are fair valued using that information. Investment securities that do not have observable market data are fair valued either using discounted cash flow method or quoted market prices for securities with similar yield characteristics. The table above includes Ksh 409 billion (2023: Ksh 397 billion) of securities in both carrying amount and fair value columns that were measured at cost and for which disclosure at fair value was not provided because their fair value was not considered to be reliably measurable.

Loans and advances to customers are net of allowance for impairment. The estimated fair value of loans and advances represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. A substantial proportion of loans and advances are on floating rates and re-price within 12 months, hence their fair value approximates their carrying amounts.

The estimated fair value of deposits with no stated maturity is the amount repayable on demand. 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 maturities and interest rates. A substantial proportion of deposits mature within 12 months and hence the fair value approximates their carrying amounts.

Cash and bank balances are measured at amortized cost and their fair value approximates their carrying amount.

(b) Valuation hierarchy

The table below presents the Group's assets that are measured at fair value the end of the year.

Financial Assets	Fair value as at 31 December 2024 KShs million	Fair value as at 31 December 2023 KShs million	Fair value hierarchy	Valuation technique (s) and key inputs	Significant unobservable inputs
- At FVTPL	19,438	69	Level 1	Quoted bid prices in an active market	N/A
- AT FVOCI	165,310	200,275	Level 1	Quoted bid prices in an active market	N/A
Loans and advances at FVPL	2,861	1,655	Level 2	Valuation based on future operations of an entity	Discounted cashflows
Total assets	**187,609**	**201,999**			

The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2 – fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Notes (Continued)

6. Management of capital

Regulatory capital – Kenya

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;
- promotes public confidence in the Group.

In implementing current capital requirements, the Central Bank of Kenya requires banks to maintain a prescribed ratio of total capital to total risk-weighted assets. Banks are expected to assess the Credit risk, Market risk and the Operational risk of the risk weighted assets to derive the ratios. The Capital adequacy and use of regulatory capital are monitored regularly by management employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Central Bank of Kenya for supervisory purposes.

The Central Bank of Kenya requires a bank to maintain at all times:

- hold the minimum level of regulatory capital of KShs 1 billion.
- Total risk weighted assets, plus risk weighted off- balance sheet assets at above the required minimum of 10.5%.
- Maintain a ratio of total regulatory capital; to
  - a core capital of not less than 8% of its total deposit liabilities
  - a total capital of not less than 14.5% of its total risk weighted assets, plus risk weighted off-balance sheet items.

The Group's regulatory capital is analysed into two tiers:

- Tier 1 capital. This includes ordinary share capital, share premium, retained earnings and after deduction of investment in subsidiaries, goodwill, other intangible assets and other regulatory adjustments relating to items that are included in equity which are treated differently for capital adequacy purposes.
- Tier 2 capital. This includes 25% of revaluation reserves of property, subordinated debt not exceeding 50% of core capital, collective impairment allowances and any other approved reserves.

Notes (Continued)

6. Management of capital (continued)

The regulatory position for the Group's banking subsidiaries was as follows:

Regulatory capital - KCB Bank Kenya Limited

Core Capital (Tier 1):	2024 Kshs million	2023 Kshs million
Ordinary share capital	53,986	53,986
Retained earnings	106,910	77,019
Deferred tax	(16,126)	(16,673)
Total Core Capital	**144,770**	**114,332**
Supplementary Capital (Tier 2):	32,072	39,256
Total regulatory capital	**176,842**	**153,588**
Risk weighted assets	962,570	971,784
Capital ratios:		
Total regulatory capital expressed as a percentage of total risk-weighted assets	**18.4%**	**15.8%**
Total tier 1 capital expressed as a percentage of total risk-weighted assets	**15.0%**	**11.8%**
The minimum capital ratios, as per the Central Bank of Kenya regulations, are as follows:		
Total core capital expressed as a percentage of total risk-weighted assets	**14.5%**	**14.5%**
Total tier 1 capital expressed as a percentage of total risk-weighted assets	**10.5%**	**10.5%**

Regulatory capital – Tanzania

KCB Bank Tanzania had the following capital adequacy ratios:-

Core capital (Tier 1)	2024	2023
Tier I (Minimum required 12.5%)	17.3%	16.3%
Tier I + Tier II (Minimum required 14.5%)	17.4%	17.1%

Regulatory capital –Trust Merchant Bank

TMB DR Congo had the following capital adequacy ratios:-

Core capital (Tier 1)	2024	2023
Tier I (Minimum required 7.5%)	17.5%	19.0%
Tier I + Tier II (Minimum required 10%)	19.9%	11.5%

Regulatory capital – South Sudan

KCB Bank South Sudan had the following capital adequacy ratios:-

Core capital (Tier 1)	2024	2023
Tier I (Minimum required 8%)	10.0%	19.0%
Tier I + Tier II (Minimum required 12%)	13.0%	21.0%

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Notes (Continued)

6. Management of capital (continued)

	2024 Kshs million	2023 Kshs million
Regulatory capital – Burundi		
KCB Bank Burundi had the following capital adequacy ratios:-		
Core capital (Tier 1)		
Tier I (Minimum required 12.5%)	23.7%	22.4%
Tier I + Tier II (Minimum required 14.5%)	33.7%	30.9%
Regulatory capital – Uganda		
KCB Bank Uganda had the following capital adequacy ratios:-		
Core capital (Tier 1)		
Tier I (Minimum required 12.5%)	16.8%	18.1%
Tier I + Tier II (Minimum required 14.5%)	17.6%	18.9%
Regulatory capital –BPR Bank Rwanda PLC		
BPR Bank Rwanda had the following capital adequacy ratios:-		
Core capital (Tier 1)		
Tier I (Minimum required 10%)	21.6%	21.9%
Tier I + Tier II (Minimum required 12%)	21.6%	21.9%
Regulatory capital – National Bank of Kenya Limited		
National Bank of Kenya had the following capital adequacy ratios:-		
Core capital (Tier 1)		
Tier I (Minimum required 12.5%)	9.0%	7.5%
Tier I + Tier II (Minimum required 14.5%)	13.6%	12.5%

KCB Group Plc will ensure that the capital adequacy of its subsidiaries meet the requirements of home and host regulators as required by cap 488 of the Banking Act.

The Group was in compliance with all statutory capital requirements as at end of the year with the exception of National Bank of Kenya Limited which was in breach on both Tier I and Tier II capital requirements. In addition, the Group has an Internal Capital Adequacy Assessment Process (ICAAP) policy to guide in determining its capital planning and formulating its risk appetite process. Overall, the purpose of the ICAAP document is to provide an informative description of the methodology and procedures that the Group uses to assess and mitigate its risks and to make sure that adequate capital is kept to support its risks beyond the core minimum requirements.

It delineates the process through which the Group assesses the extent to which it holds sufficient capital in order to duly support its business activities. Specifically, through the ICAAP, the Group assesses its forecast capital supply and demand relative to its regulatory and internal capital targets, under various scenarios. The Group's capital plan is defined every year during the budgeting and strategic planning exercise while financial year risk appetite limits are set by the Board. Exposures are monitored on a quarterly basis against those limits and reported to the Board Credit and Risk Committees. Stress testing is a risk management exercise that forms an integral part of the ICAAP. As part of the Group's ICAAP, forecasts are made over a five-year horizon, taking into account the Basel Pillar I and II stresses.

The ICAAP provides for an assessment of the Pillar I risk types (i.e., credit, operational, market risks) and Pillar II risk types (i.e. concentration of risk, liquidity risk, interest rate risk, strategic risks). These assessments are conducted with a view to understanding the sensitivity of the key assumptions of the capital plan to the realisation of possible stress scenarios and in order to evaluate how the Group can continue to maintain adequate capital under such scenarios. The overriding aim of the stress testing framework for the Group is to ensure that risk management exercises are firmly embedded in the organisation's overall governance culture. This helps to bolster the observance of regulatory requirements with regard to risk management, while contributing to the competitive positioning of the Group.

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Notes (Continued)

7. Operating segments

An operating segment is a section of the Group that focus on distinct business activities and is regularly reviewed by the management in terms of performance and resource allocation. The Group's management identify the specific segments based on the internal reporting periodically to the executive committee which is the chief operating decision maker (CODM). The segmentation is dependent on the customer's turnover and thus the current segments include corporate, retail, Treasury, and mortgages. The focus of these segments is as detailed below: -

Retail banking – incorporating banking services such as customer current accounts, savings, and fixed deposits to individuals. Retail lending are mainly consumer loans and mortgages-based lending.

Corporate banking – incorporating banking services such as current accounts, fixed deposits, overdrafts, loans, and other credit facilities both in local and foreign currencies for corporate customers.

Treasury – operates the Group's funds management activities.

Other Group operations comprise of trade finance and forex business. The Group also participates in investments in Treasury Bills and Bonds from the Central Banks.

The Group does not have any one major customer contributing to more than 10% in revenue, loans, or deposits. There have been no changes in the reportable segments in the year, nor any intersegment transfers.

The table below analyses the breakdown of segmental assets, liabilities, income, and expenses.

Profit or Loss For the year ended 31 December 2024	Corporate banking Kshs million	Retail banking Kshs million	Treasury Kshs million	Mortgages Kshs million	Other Kshs million	Total Kshs million
Interest income	60,271	70,521	55,585	10,359	29,071	225,807
Interest expense	(35,977)	(13,559)	(10,215)	(1,541)	(14,764)	(76,056)
Net interest income	24,294	56,962	45,370	8,818	14,307	149,751
Net fees and commission income	8,609	22,071	-	92	-	30,772
Other income*	97	227	20,938	247	1,123	22,632
Depreciation and amortisation	(8)	(872)	(1)	(1)	(8,865)	(9,747)
Credit impairment and fair value changes	(24,539)	(2,738)	-	(1,410)	449	(28,238)
Operating expenses	(2,615)	(24,978)	(854)	(37)	(52,380)	(80,864)
Profit before monetary items	5,838	50,672	65,453	7,709	(45,366)	84,306
Loss on monetary items	-	-	-	-	(2,333)	(2,333)
Profit before tax	5,838	50,672	65,453	7,709	(47,699)	81,973
Tax expense	(1,438)	(12,485)	(16,128)	(1,899)	11,753	(20,198)
Profit after tax	**4,400**	**38,187**	**49,325**	**5,810**	**(35,947)**	**61,775**

*Other income includes FX income, Other income and share of profit from associate.

Financial position As at 31 December 2024	Corporate banking Kshs million	Retail banking Kshs million	Treasury Kshs million	Mortgages Kshs million	Other Kshs million	Total Kshs million
Short term funds	-	114,420	577,247	-	-	691,667
Loans and advances	469,254	392,929	-	77,028	51,202	990,413
Other assets and prepayments	-	-	-	-	280,240	280,240
Total assets	**469,254**	**507,349**	**577,247**	**77,028**	**331,442**	**1,962,320**
Customer deposits	624,543	668,140	44,036	38,309	6,947	1,381,975
Borrowed funds	-	-	69,273	-	-	69,273
Payables and accrued expenses	-	-	68,463	-	159,630	228,093
Shareholders' funds	-	-	-	-	282,979	282,979
Total liabilities and shareholders' funds	**624,543**	**668,140**	**181,772**	**38,309**	**449,556**	**1,962,320**

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Notes (Continued)

7. Operating segments (continued)

Profit or Loss For the year ended 31 December 2023	Corporate banking Kshs million	Retail banking Kshs million	Treasury Kshs million	Mortgages Kshs million	Other Kshs million	Total Kshs million
Interest income	46,998	72,381	52,045	8,436	1,793	181,653
Interest expense	(27,458)	(13,220)	(8,176)	(1,063)	(10,924)	(60,841)
Net interest income	19,540	59,161	43,869	7,373	(9,131)	120,812
Net fees and commission income	6,376	9,801	1,152	492	9,145	26,966
Other Income*	211	2,158	4,258	-	5,084	11,711
Depreciation and amortisation	(345)	(1,549)	(5)	-	(7,430)	(9,329)
Credit impairment and fair value changes	(16,358)	(7,975)	(722)	(101)	(2,731)	(27,887)
Operating expenses	(8,091)	(27,411)	(1,612)	-	(36,706)	(73,820)
Profit before monetary items	1,333	34,185	46,940	7,764	(41,769)	48,453
Loss on monetary items	-	-	-	-	-	-
Profit before tax	1,333	34,185	46,940	7,764	(41,769)	48,453
Tax expense	(302)	(7,754)	(10,648)	(1,761)	9,474	(10,991)
Profit after tax	**1,031**	**26,431**	**36,292**	**6,003**	**(32,295)**	**37,462**

*Other income includes FX income, Other income and share of profit from associate.

Financial position As at 31 December 2023	Corporate banking Kshs million	Retail banking Kshs million	Treasury Kshs million	Mortgages Kshs million	Other Kshs million	Total Kshs million
Short term funds	7,491	59,548	629,280	-	207,394	903,713
Loans and advances	479,870	421,300	8,417	88,627	96,075	1,094,289
Other assets and prepayments	-	1,605	21,052	1,957	148,258	172,872
Total assets	**487,361**	**482,453**	**658,749**	**90,584**	**451,727**	**2,170,874**
Customer deposits	880,521	488,304	8,127	33,721	280,235	1,690,908
Borrowed funds					88,658	88,658
Payables and accrued expenses	1,324	-	87,809	-	66,615	155,748
Shareholders' funds	-	-	-	-	235,560	235,560
Total liabilities and shareholders' funds	**881,845**	**488,304**	**95,936**	**33,721**	**671,068**	**2,170,874**

Major Customers

The Group does not have major customers contributing to 10% or more of the Group's income.

Geographical information

Six of the Group companies, KCB Bank Tanzania Limited, KCB South Sudan Limited, KCB Bank Uganda Limited, Trust Merchant Bank SA, KCB Bank Burundi Limited and Banque Populaire du Rwanda operate outside the domestic financial market. The following table analyses the regional segments in which the group operates.

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Notes (Continued)

7. Operating segments (continued)

Geographical information

Income Statement For the year ended 31 December 2024	Kenya KShs million	Tanzania KShs million	South Sudan KShs million	Uganda KShs million	Rwanda KShs million	Burundi KShs million	DRC KShs million	Total KShs million
Interest income	175,105	8,250	1,260	7,261	11,660	1,400	20,871	225,807
Interest expense	(63,284)	(3,154)	(203)	(2,659)	(3,483)	(106)	(3,167)	(76,056)
Net interest income	111,821	5,096	1,057	4,602	8,177	1,294	17,704	149,751
Net fees and commission income	17,240	402	825	213	1,124	572	10,396	30,772
Other income	15,029	782	2,219	672	809	53	3,068	22,632
Depreciation and amortisation	(7,106)	(292)	(57)	(373)	(795)	(98)	(1,026)	(9,747)
Credit impairment and fair value changes	(25,346)	452	(55)	(1,427)	(788)	(3)	(1,071)	(28,238)
Operating expenses	(54,311)	(2,540)	(1,404)	(2,232)	(4,137)	(730)	(15,510)	(80,864)
Profit before tax and monetary loss	57,327	3,900	2,585	1,455	4,390	1,088	13,561	84,306
Loss on monetary position	-	-	(2,333)	-	-	-	-	(2,333)
Profit before income tax	57,327	3,900	252	1,455	4,390	1,088	13,561	81,973
Tax	(13,089)	(1,292)	(703)	(327)	(1,366)	(297)	(3,124)	(20,198)
Profit after tax	**44,238**	**2,608**	**(451)**	**1,128**	**3,024**	**791**	**10,437**	**61,775**
For the year ended 31 December 2023								
Interest income	138,265	7,195	1,074	4,835	10,788	1,144	18,252	181,553
Interest expense	(50,532)	(2,725)	(229)	(1,640)	(2,951)	(110)	(2,654)	(60,841)
Net interest income	87,733	4,470	845	3,195	7,837	1,034	15,598	120,712
Net fees and commission income	14,560	973	1,058	583	1,277	656	7,959	27,066
Other income	6,907	655	769	619	572	(25)	2,214	11,711
Impairment and fair value changes	(24,952)	(335)	5	(690)	56	(9)	(1,962)	(27,887)
Depreciation and amortisation	(4,028)	(318)	(69)	(315)	(1,258)	(95)	(3,246)	(9,329)
Operating expenses	(49,705)	(2,401)	(938)	(2,078)	(4,361)	(636)	(13,701)	(73,820)
Profit before tax and monetary loss	30,515	3,044	1,670	1,314	4,123	925	6,862	48,453
Loss)on monetary position	-	-	-	-	-	-	-	-
Profit before income tax	30,515	3,044	1,670	1,314	4,123	925	6,862	48,453
Tax	(7,265)	(866)	(500)	(173)	(1,312)	(286)	(589)	(10,991)
Profit after tax	**23,250**	**2,178**	**1,170**	**1,141**	**2,811**	**639**	**6,273**	**37,462**

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Notes (Continued)

7. Operating segments (continued)

Geographical information

Statement of financial position As at 31 December 2024	Kenya KShs million	Tanzania KShs million	South Sudan KShs million	Uganda KShs million	Rwanda KShs million	Burundi KShs million	DRC KShs million	Total KShs million
Cash and short term funds	427,892	27,170	13,728	23,432	27,387	8,949	163,109	691,667
Loans and advances	737,689	52,897	9,016	31,828	58,358	7,774	92,851	990,413
Other assets	251,438	2,739	62	5,755	5,828	697	13,721	280,240
Total assets	**1,417,019**	**82,806**	**22,806**	**61,015**	**91,573**	**17,420**	**269,681**	**1,962,320**
Customer deposits	971,811	51,305	15,106	44,148	61,479	12,776	225,350	1,381,975
Borrowed funds	54,883	5,926	-	-	8,464	-	-	69,273
Other liabilities	184,843	14,050	6,276	8,607	5,220	936	8,161	228,093
Shareholders' funds	205,482	11,525	1,424	8,260	16,410	3,708	36,170	282,979
Total liabilities and shareholders' funds	**1,417,019**	**82,806**	**22,806**	**61,015**	**91,573**	**17,420**	**269,681**	**1,962,320**

As at 31 December 2023	Kenya KShs million	Tanzania KShs million	South Sudan KShs million	Uganda KShs million	Rwanda KShs million	Burundi KShs million	DRC KShs million	Total KShs million
Cash and short term funds	624,612	29,817	13,708	17,071	29,345	10,142	179,018	903,713
Loans and advances	818,417	55,560	9,694	31,800	74,058	7,065	97,695	1,094,289
Other assets	162,505	3,218	811	2,638	1,031	623	2,046	172,872
Total assets	**1,605,534**	**88,595**	**24,213**	**51,509**	**104,434**	**17,830**	**278,759**	**2,170,874**
Customer deposits	1,238,760	52,902	15,605	40,704	75,500	12,719	254,718	1,690,908
Borrowed funds	76,063	4,795	-	129	7,671	-	-	88,658
Other liabilities	101,006	22,829	8,253	3,311	9,193	2,396	8,760	155,748
Shareholders' funds	189,705	8,069	355	7,365	12,070	2,715	15,281	235,560
Total liabilities and shareholders' funds	**1,605,534**	**88,595**	**24,213**	**51,509**	**104,434**	**17,830**	**278,759**	**2,170,874**

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Notes (Continued)

8. Interest income and interest expense

		GROUP		COMPANY	
		2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
(a)	**Interest income calculated using effective interest rate method**				
	Interest on loans and advances	166,035	135,111	113	34
	Financial instruments at armotised cost	37,823	32,117	-	-
	Financial instruments at FVOCI	12,270	10,498	-	-
	Financial instruments at FVTPL	112	71	-	-
	Interest on placements and bank balances	9,567	3,856	266	218
		225,807	**181,653**	**379**	**252**
(b)	**Interest expense**				
	Interest on deposits	55,418	41,824	-	-
	Interest on borrowed funds	20,252	18,546	310	218
	Interest on lease liabilities	386	471	-	-
		76,056	**60,841**	**310**	**218**
	Net interest income	**149,751**	**120,812**	**69**	**34**

9. Fees and commission income/expense

		GROUP		COMPANY	
		2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
(a)	**Fees and commission income:**				
	Retail and corporate fee income	3,830	4,581	-	-
	Commission income	32,794	27,247	-	-
		36,624	**31,828**	**-**	**-**
(b)	Fees and commission expense	(5,852)	(4,862)	-	-
	Net fees and commission	**30,772**	**26,966**	**-**	**-**

The elements of retail and corporate fee income are recognised over time while the commission income is mostly recognised at a point in time.

10. Net foreign exchange gain

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Foreign currency dealings	10,916	4,711	(80)	31
Revaluation of foreign currency balances	6,625	2,258	-	-
	17,541	**6,969**	**(80)**	**31**

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Notes (Continued)

11. (a) Dividend income

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Dividend income	-	-	7,115	1,091

(b) Other operating income

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Rental income	340	342	5	7
Profit on disposal of property and equipment	79	35	-	-
Gain on disposal of financial assets FVOCI	2,097	16		
Miscellaneous income	2,329	4,205	1,162	1,322
	4,845	**4,598**	**1,167**	**1,329**

The group leases out its investment properties to tenants under operating leases with rentals payable monthly or quarterly. The lease income is recognised on a straight line over the lease term.

12. Allowances for expected credit losses

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Losses on financial assets				
Non-performing loans and advances (Stage 3)	29,243	27,233	-	-
Performing loans and advances (Stage 1 and 2)	2,087	5,357	-	-
Sub-total (Note 26)	**31,330**	**32,590**	**-**	**-**
Loans written off to profit or loss	2,434	-	-	-
Recoveries from previously written off loans	(3,893)	(5,175)	-	-
Modification gain	(177)	-	-	-
	29,694	**27,415**	-	-

13. Net loss / (gains) on financial assets at fair value through profit or loss

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Fair value (gain)/ loss on loan notes (Note 26b)	(1,456)	472	-	-
	(1,456)	**472**	-	-

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Notes (Continued)

14. Staff costs

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Salaries and wages	32,815	29,357	976	795
Medical expenses	2,411	2,339	7	28
Pension costs – defined benefit scheme	700	562	1	-
Pension costs – defined contributions scheme	1,581	1,555	10	9
Other employee expenses	2,748	4,656	79	75
	40,255	**38,469**	**1,073**	**907**

*Other employee costs relate to staff insurance, health and safety programs, recognition schemes, restructuring costs, recruitment, and other incidental costs.

The average number of employees of the Group during the year ended 31 December 2024 was 10,078 (2023: 9,611). The average number of employees of the Company during the year ended 31 December 2024 was 15 (2023: 10).

15. Depreciation and amortisation

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Depreciation of property and equipment (Note 29)	3,803	4,261	20	18
Amortisation of right of use assets-Leased (Note 31)	1,403	872	-	-
Amortisation of intangible assets (Note 32)	4,541	4,196	1	2
	9,747	**9,329**	**21**	**20**

16. Other operating expenses

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Depositor's protection fund premiums	1,888	1,493	-	-
Marketing, events and sponsorship	3,403	2,876	79	83
Project expenses, repairs & maintenance, rent and utilities	3,015	1,761	16	24
Equipment costs, maintenance, repairs and leases	4,712	3,497	20	26
Communication costs-data line, telephone	2,110	1,288	1	2
Professional and outsourced service costs	7,667	7,454	193	258
Software related costs	8,133	5,635	439	1
Other costs	9,681	11,347	340	362
	40,609	**35,351**	**1,088**	**756**

The Group also leases computer equipment and point of sale machines for between one to three years. These leases are short-term or low valued and the Group has elected not to recognize the right-of-use assets and liabilities as exempted by the standard.

Other costs related to utilities payments, card services and corporate social responsibility.

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17. Profit before income tax

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Profit before tax is arrived at after charging/(crediting):				
Depreciation of property and equipment (Note 29)	3,803	4,261	21	19
Amortisation of intangible assets (Note 32)	4,541	4,196	1	2
Amortisation of right of use asset (Note 31)	1,403	872	-	-
Directors' emoluments –salary emoluments	461	379	461	379
Auditors' remuneration	223	166	19	28
Profit on disposal of property and equipment	79	35	-	-

18. Gain / (loss) on monetary position

Gain / loss in monetary position is as a result of the South Sudan economy being declared a hyperinflationary economy in 2016 and has historically prepared hyperinflationary accounts. In the prior year, South Sudan economy had ceased to be hyperinflationary and hence no hyperinflationary accounting was applied and thus there is no gain/ loss on monetary assets in the prior year.

2024	1-Jan-24 Kshs million	Net change in monetary items Kshs million	31-Dec-24 Kshs million
Monetary Items			
Cash and balances with Bank of South Sudan	12,986	708	13,694
Placements and balances with other banking institutions	627	(614)	13
Amounts due from related companies	89	64	153
Loans and advances to customers	9,695	(672)	9,023
Other assets	1,570	(322)	1,248
Current Income Tax	44	(44)	-
Customer deposits	(15,605)	516	(15,089)
Balances due to other banks	(198)	193	(5)
Lease Liabilities	(103)	(48)	(151)
Other liabilities	(461)	(86)	(547)
Dividends Payable	(737)	737	-
Amounts due to related companies	(5,480)	(1,417)	(6,897)
Net monetary assets	**2,427**	**(985)**	**1,442**
Expressed in purchasing power at 31 Dec 2024	(9,646)	5,871	(3,775)
Loss on net monetary position	**(7,219)**	**4,886**	**(2,333)**

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Notes (Continued)

18. Gain / (loss) on monetary position (continued)

2023	1-Jan-23 Kshs million	Net change in monetary items Kshs million	31-Dec-23 Kshs million
Monetary Items			
Cash and balances with Bank of South Sudan	11,297	(11,297)	-
Placements and balances with other banking institutions	859	(859)	-
Amounts due from related companies	70	(70)	-
Loans and advances to customers	4,465	(4,465)	-
Other assets	1,251	(1,251)	-
Customer deposits	(11,975)	11,975	-
Tax payable	48	(48)	-
Other liabilities	(3,433)	3,433	-
Amounts due to related companies	(324)	324	-
Net monetary assets	**2,258**	**(2,258)**	**-**
Expressed in purchasing power at 31 Dec 2022	(1,987)	1,987	-
Loss on net monetary position	**271**	**(271)**	-

19. Current income tax

GROUP	2024 Kshs million	2023 Kshs million
(a) Income tax expense:		
Current income tax (credit) / charge:		
Charge to profit or loss	26,682	19,310
Prior year tax (over)/under-provision	(1,707)	162
	24,975	**19,472**
Deferred tax (credit) / charge:		
Deferred income tax (credit)/charge	(6,546)	(8,014)
Deferred income tax charge - Prior year overprovision	1,769	(467)
	(4,777)	**(8,481)**
	20,198	**10,991**
Reconciliation of effective tax:		
Accounting profit before tax	81,973	48,452
Tax calculated using applicable tax rates based on respective income tax laws	24,592	14,536
Effects of non-taxable income	(5,207)	(3,515)
Effects of non-allowable expenses	751	276
Prior year under provision in current tax	(1,707)	161
Prior year over provision in deferred tax	1,769	(467)
	20,198	**10,991**

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Notes (Continued)

19. Current income tax (continued)

GROUP	2024 Kshs million	2023 Kshs million
(b) Statement of financial position-Group		
At start of year	(3,668)	336
Current income tax expense	(26,682)	(15,151)
Prior year under/(over) provision	1,707	(1,600)
Current income tax paid	22,055	12,747
Effects of hyperinflation adjustment	(122)	-
Transfer to assets held for sale	255	-
At end of year	**(6,455)**	**(3,668)**
Comprising:		
Current tax receivable	-	-
Current tax payable	(6,455)	(3,668)
	(6,455)	**(3,668)**

COMPANY	Kshs million	Kshs million
Income tax expense:		
Current incime tax (credit) / charge:		
Charge to profit or loss	62	(4)
Prior year tax under provision	6	2
	68	(2)
Deferred income tax (credit) / charge:		
Deferred income tax (credit)/charge (Note 34)	(29)	36
Deferred income tax charge - Prior year overprovision	74	-
	45	36
	113	**34**
Reconciliation of effective tax:		
Accounting profit before income tax	6,089	802
Tax calculated using applicable tax rates based on respective income tax laws	1,827	241
Effects of non-taxable income	(1,793)	119
Effects of non-allowable expenses	-	(328)
Prior year under provision in current income tax	79	2
	113	**34**
Statement of financial position-Company		
Company		
At start of year	114	90
Tax paid during the year	6	22
Tax charge for the year	(62)	4
Prior year adjustment	(6)	(2)
At end of year	**52**	**114**
Comprising:		
Current income tax payable	52	114
	52	**114**

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20. Earnings per share

Basic and diluted earnings per share is calculated on the profit attributable to ordinary shareholders of KShs 60,090 million (2023: 36,176 million) and on the weighted average number of ordinary shares during the year of 3,213 million (2023: 3,213 million shares).

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Basic earnings per share	**18.70**	**11.26**	**1.86**	**0.24**
Diluted earnings per share	**18.70**	**11.26**	**1.86**	**0.24**

21. Cash and bank balances

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Cash in tills and vaults	32,301	66,143	1,389	927
Balances with Central Banks:				
Cash reserve ratio	42,175	53,783	-	-
Other current accounts	39,944	16,185	-	-
	114,420	**136,111**	**1,389**	**927**

Cash held with Central Banks represents cash ratio and other non-interest earning current accounts and is based on the value of deposits as adjusted for Central Banks' requirements. Mandatory cash reserve ratio is not available for use in the Group's day-to-day operations.

22. Loans and advances to other banks

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Balances in nostro accounts	63,562	157,876	-	-
Placements with other banks	104,790	212,523	-	-
	168,352	**370,399**	**-**	**-**

The Group participates in the inter-bank market for the generation of revenue. Regularly, the counterparties are assessed for creditworthiness in line with the Group credit policies. The weighted average effective interest rate on balances due from other banks at 31 December 2024 was 4.3% (2023: 1.9%).

23. Financial assets at fair value through other comprehensive income

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Quoted investments	-	24	-	-
Corporate bonds	2,068	2,116	-	-
Treasury bills and bonds	163,242	198,135	-	-
	165,310	**200,275**	**-**	**-**

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24. Investments accounted for using equity method

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
At start of year	1,580	1,077	-	-
Fair value (loss)/gains	(3)	359	-	-
Share of profit	246	144	-	-
Transfer to asset held for sale	(986)	-	-	-
At end of year	**837**	**1,580**	**-**	**-**

The Bank has a 20% shareholding in Kenya Mortgage Finance Company. Summarized financial information for the associate has not been presented as the associate is not material to the Group.

25. Other assets and prepayments

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Other receivables	30,369	48,354	379	88
Prepayments	11,508	10,941	-	1
Items in the course of collection	1,029	6,358	-	-
	42,906	**65,653**	**379**	**89**

Other receivables are current and non-interest bearing and are generally between 30 to 90 days terms.

The items in the course of collection consists of items in transit to/from other banks through the Central Banks of various countries' clearing system. These items generally clear by end of the next business day.

26. Loans and advances to customers

The summary of loans and advances is as follows:

	2024 Kshs million	2023 Kshs million
Loans and advances at amortised cost	987,552	1,094,289
Loans and advances at fair value	2,861	1,655
	990,413	**1,095,944**

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26. Loans and advances to customers (continued)

(a) Loans and advances to customers at amortised cost

	2024			2023		
	Gross	Credit loss allowance	Carrying Amount	Gross	Credit loss allowance	Carrying Amount
CORPORATE	Kshs million	Kshs million	Kshs million	Kshs million	Kshs million	Kshs million
Mortgage	53,923	(2,130)	51,793	77,201	(5,793)	71,408
Overdrafts	66,039	(3,365)	62,674	82,932	(4,464)	78,468
Term loans	470,380	(57,218)	413,162	546,850	(68,390)	478,460
Sub total	**590,342**	**(62,713)**	**527,629**	**706,983**	**(78,647)**	**628,336**
RETAIL						
Mortgage	80,323	(1,887)	78,436	92,410	(1,472)	90,938
Overdrafts	38,741	(2,690)	36,051	18,649	(1,837)	16,812
Term loans	369,283	(23,847)	345,436	384,849	(26,646)	358,203
Sub total	**488,347**	**(28,424)**	**459,923**	**495,908**	**(29,955)**	**465,953**
Total	**1,078,689**	**(91,137)**	**987,552**	**1,202,891**	**(108,602)**	**1,094,289**

2024 Loans and advances to customers	Corporate Kshs million	Mortgages Kshs million	Retail Kshs million	Total Kshs million
Stage 3				
At start of year	73,559	3,096	13,949	90,604
Allowance made during the year (Note 12)	21,493	896	6,854	29,493
Write down/write offs during the year	(24,626)	(455)	(439)	(25,520)
Currency translation differences	(1,670)	(68)	(499)	(2,237)
Transfers to held for sale	(12,989)	(578)	(4,268)	(17,835)
At end of year	**55,767**	**2,891**	**15,597**	**74,255**
Stage 1 & 2				
At start of year	9,091	738	8,169	17,998
Allowance made during the year (Note 12)	96	36	1,955	2,087
Currency translation differences	(163)	(11)	(56)	(231)
Transfers to held for sale	(2,399)	(12)	(562)	(2,972)
At end of year	**6,625**	**751**	**9,506**	**16,882**
Total	**62,392**	**3,642**	**25,103**	**91,137**

26. Loans and advances to customers (continued)

2023 Credit loss allowance	Corporate Kshs million	Mortgages Kshs million	Retail Kshs million	Total Kshs million
Stage 3				
At start of year	53,927	712	4,054	58,693
Allowance made during the year (Note 12)	14,676	538	12,019	27,233
Allowance recovered/ not required during the year (Note 12)	3,085	(6,059)	(2,202)	(5,176)
Write downs/write offs during the year	1,871	7,905	78	9,854
At end of year	**73,559**	**3,096**	**13,949**	**90,604**
Stage 1 & 2				
At start of year	5,988	(671)	7,286	12,603
Allowance made during the year (Note 12)	3,103	1,409	883	5,433
At end of year	**9,091**	**738**	**8,169**	**17,998**
Total	**82,650**	**3,834**	**22,118**	**108,602**

The weighted average effective interest rate on loans and advances as at 31 December 2024 was 12.1% (31 December 2023: 11.2%).

Maturity analysis of gross loans and advances to customers:	2024 KShs million	2023 KShs million
Maturing as follows:		
Within 1 month	136,140	202,472
After 1 month but within 3 months	61,161	67,370
After 3 months, but within 1 year	138,718	156,126
After 1 year, but within 5 years	302,997	363,305
After 5 years	439,673	413,618
	1,078,689	**1,202,891**
Sectorial analysis of gross loans and advances to customers:		
Private sector and individuals	1,024,755	1,158,690
Government and parastatals	53,934	44,201
	1,078,689	**1,202,891**

(b) Loan and advances at fair value through profit or loss

	GROUP		COMPANY	
	2024 KShs million	2023 KShs million	2024 KShs million	2023 KShs million
Gross carrying value at start of the year	1,655	2,127	-	-
Transfers and remeasurements	437	-	-	-
Additions	1,062	-	1,062	-
Fair value gains/(loss) provision	1,456	(472)	-	-
Transfers to held for sale	(1,749)	-	-	-
At end of year	**2,861**	**1,655**	**1,062**	**-**

Loans and advances at fair value to loan notes issued to a Special Purpose Entity (SPE) formed as part of a restructuring arrangement between lender banks and Kenya Airways Plc in 2016. Under the terms of the restructuring, the amounts owing to the banks were transferred to the SPE, which in exchange was allocated equity shares of Kenya Airways Plc.

26. Loans and advances to customers (continued)

Principally, the banks will recover the amounts due through the sale of Kenya Airways shares. The banks receive a fixed interest income on the amounts due at a rate that is largely below the market rates.

At Company level, the loan at fair value relates to a convertible loan note issued with an equity conversion feature. The loan amount will be recovered through conversion to equity ownership or cash in case the conversion does not take place. The company earns a fixed interest income from the loan advanced at a rate of 20%.

27. Financial assets at amortised cost

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Maturing as follows:				
Within 1 month	13,694	1,198	-	-
After 1 month, but within 3 months	44,993	5,712	-	-
After 3 months, but within 6 months	8,566	8,559	-	-
After 6 months, but within 12 months	5,911	3,177	-	-
After 1 year, but within 5 years	33,853	26,243	-	-
After 5 years	117,129	151,970	-	-
	224,147	**196,859**	-	-

Treasury bonds are debt securities issued by the Government of the Republic of Kenya, Government of Uganda, Government of the Republic of Rwanda, United Republic of Tanzania, Government of the Republic of Burundi and Government of Democratic republic of Congo. The bills and bonds are categorized as amounts held at amortized cost and carried at amortized cost. The weighted average effective interest rates on Government securities as at 31 December 2024 was 12.5% (31 December 2023: 8.1%).

28. Financial assets at fair value through profit or loss (FVTPL)

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Government treasury bills and bonds	19,438	69	-	-
At end of year	**19,438**	**69**	**-**	**-**
Maturity analysis as follows;				
Within 1 month	-	-	-	-
After 1 month but within 3 months	1,686	69	-	-
After 3 months, but within 1 year	11,732	-	-	-
After 1 year, but within 5 years	6,020	-	-	-
After 5 years	-	-	-	-
Total investment in Government securities	**19,438**	**69**	**-**	**-**

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29. Property and equipment

As at 31 December 2024: Cost	Freehold and Lease Premises Kshs million	Leasehold Improvements Kshs million	Motor Vehicle, Furniture and Equipment Kshs million	Total Kshs million
At 1 January 2024	18,147	4,584	43,384	66,115
Reclassification from investment property	4,444	-	-	4,444
Reclassification to intangible assets	-	-	(1,046)	(1,046)
Additions	377	107	5,768	6,252
Disposals	(22)	(3)	(142)	(167)
Currency translation differences	(3,274)	(617)	(5,932)	(9,823)
Transfer to assets held for sale	(300)	(2,772)	(4,287)	(7,359)
At end of year	**18,870**	**1,800**	**37,745**	**58,415**
Depreciation				
At 1 January 2024	5,201	3,792	33,212	42,205
Charge for the year	1,405	149	2,249	3,803
Disposals	-	-	(138)	(138)
Currency translation differences	(2,327)	(2)	(1,275)	(3,604)
Transfer to assets held for sale	(48)	(2,332)	(3,506)	(5,886)
At end of year	**4,231**	**1,607**	**30,542**	**36,380**
Carrying Amount	**14,640**	**193**	**7,203**	**22,036**
As at 31 December 2023:				
Cost				
At 1 January 2023	18,163	4,183	42,646	64,992
Reclassification	(1,376)	210	623	(543)
Additions	1,381	191	154	1,726
Currency translation differences	(21)	-	(39)	(60)
At end of year	**18,147**	**4,584**	**43,384**	**66,115**
Depreciation				
At 1 January 2023	4,505	3,414	30,455	38,374
Charge for the year	808	228	3,225	4,261
Disposals	(54)	-	(744)	(798)
Reclassification	(44)	150	300	406
Currency translation differences	(14)	-	(24)	(38)
At end of year	**5,201**	**3,792**	**33,212**	**42,205**
Carrying Amount	**12,946**	**792**	**10,172**	**23,910**

Included in property and equipment are fully depreciated assets amounting to KShs 29,987 million (2023: KShs 29,987 million) which would have a notional depreciation of KShs 5,407 million (2023: KShs 5,407 million).

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29. Property and equipment (continued)

b) Company

As at 31 December 2024: Cost	Freehold and Lease Premises Kshs million	Motor Vehicle, Furniture and Equipment Kshs million	Total Kshs million
At 1 January 2024	585	352	937
Additions	-	33	33
At end of year	**585**	**385**	**970**
Depreciation			
At 1 January 2024	41	55	96
Charge for the year	3	18	21
At end of year	**44**	**73**	**117**
Carrying Amount	**541**	**312**	**853**
As at 31 December 2023:			
Cost			
At 1 January 2023	585	319	904
Additions	-	33	33
At end of year	**585**	**352**	**937**
Depreciation			
At 1 January 2023	38	39	77
Charge for the year	3	16	19
At end of year	**41**	**55**	**96**
Carrying Amount	**544**	**297**	**841**

Included in property and equipment are fully depreciated motor vehicle, furniture and equipment amounting to 71.6 million (2023: KShs 77.6 million) which would have a notional depreciation of KShs 8.8 million (2023: KShs 8.8 million).

30. Investment property

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
At start of year	19,191	12,601	-	-
Additions in year	216	-	-	-
Disposals in the year	-	-	-	-
Transfer (to)/ from property and equipment	(4,444)	6,590	-	-
Fair value gain	8	-	-	-
Currency translation differences	(535)	-	-	-
At end of year	**14,436**	**19,191**	**-**	**-**

Investment properties are classified under level 2 fair value hierarchy.

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31. Right-of-use assets

	2024			2023		
	Leasehold premises Kshs million	Leased motor vehicles Kshs million	Totals Kshs million	Leasehold premises Kshs million	Leased motor vehicles Kshs million	Totals Kshs million
COST						
At start of year	9,188	1,259	10,447	8,092	1,259	9,351
Additions	829	-	829	1,110	-	1,110
Disposals	(400)	(33)	(433)	(331)	-	(331)
Remeasurements	239	103	342	-	-	-
Currency translation differences	255	(2)	253	317	-	317
Transfer of assets held for sale	(1,518)	-	(1,518)			
At end of year	**8,593**	**1,327**	**9,920**	**9,188**	**1,259**	**10,447**
AMORTISATION						
At start of year	(6,321)	(1,031)	(7,352)	(5,312)	(806)	(6,118)
Disposals	214	33	247	282	-	282
Charge for the year	(1,368)	(35)	(1,403)	(647)	(225)	(872)
Remeasurements	(431)	(74)	(526)	-	-	-
Currency translation differences	654	1	655	(644)	-	(644)
Transfer of assets held for sale	985	-	985	-	-	-
At end of year	**(6,267)**	**(1,106)**	**(7,373)**	**(6,321)**	**(1,031)**	**(7,352)**
CARRYING AMOUNT						
At end of year	**2,326**	**221**	**2,547**	**2,867**	**228**	**3,095**

Right-of-use assets relate to leased premises and motor vehicles.

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32. Intangible assets

At 31 December 2024	Computer Software	Brand	Customer Relationship	Core Deposits	Goodwill	Total
Cost						
As at 1 Jan 24	**28,878**	**1,322**	**2,150**	**8,120**	**3,070**	**43,540**
Additions	3,883	-	-	-	-	3,883
Reclassification from PPE	1,046	-	-	-	-	1,046
Currency translation differences	(2,015)	(212)	(304)	(741)	(609)	(3,881)
Transfer to assets held for sale	(5,987)	-	-	-	-	(5,987)
As at 31 Dec 24	**25,805**	**1,110**	**1,846**	**7,379**	**2,461**	**38,601**
Amortisation						
As at 1 Jan 24	**21,245**	**366**	**493**	**2,112**	**-**	**24,216**
Charge for the Year	2,068	265	430	1,778	-	4,541
Currency translation differences	708	-	(231)	(822)	-	(345)
Transfer to assets held for sale	(4,755)	-	-	-	-	(4,755)
As at 31 Dec 24	**19,266**	**631**	**692**	**3,068**	**-**	**23,657**
Carrying Amount	**6,539**	**479**	**1,154**	**4,311**	**2,461**	**14,944**

At 31 December 2023	Computer Software	Brand	Customer Relationship	Core Deposits	Goodwill	Total
As at 1 January 2023	26,393	1,322	2,150	8,120	3,070	41,055
Additions	2,400	-	-	-	-	2,400
Disposal	(183)	-	-	-	-	(183)
Transfers	438	-	-	-	-	438
Currency translation differences	(170)	-	-	-	-	(170)
AS at 31 Dec 23	**28,878**	**1,322**	**2,150**	**8,120**	**3,070**	**43,540**
Amortisation						
As at 1 January 2023	19,188	101	63	488	-	19,840
Disposals	(152)	-	-	-	-	(152)
Charge for the Year	1,877	265	430	1,624	-	4,196
Transfers	(117)	-	-	-	-	(117)
Currency translation differences	449	-	-	-	-	449
AS at 31 Dec 23	**21,245**	**366**	**493**	**2,112**	**-**	**24,216**
Carrying Amount	**7,633**	**956**	**1,657**	**6,008**	**3,070**	**19,324**

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32. Intangible assets (continued)

	COMPANY	
	2024	2023
	Kshs million	Kshs million
Cost		
At start of year	10	10
Additions	9	-
Disposal	-	-
At end of year	**19**	**10**
Amortization		
At start of year	9	7
Disposals	-	-
Charge for the year	1	2
At end of year	**10**	**9**
CARRYING AMOUNT	**9**	**1**

Significant judgements in the estimation of intangible assets

Intangible assets arising from business combinations include brands, customer relationships, and core deposits. The key considerations applied in the estimation of the fair value of these intangibles is as follows:

Brand

A brand refers to the way a company or organization is perceived by its customers. The fair value of the brand was determined using the relief-from-royalty (RFR) method. The RFR method values the intangible assets by reference to the amount the acquirer would pay in an arm's length transaction i.e., it estimates the value for an asset based on the cost savings realised through ownership compared to paying licensing fees. The royalty rate is applied to the estimated income stream attributable to the brand to determine the amount of royalty savings, which is then discounted at the applicable discount rate to arrive at the estimated fair value. The brand value will be amortised to the profit or loss account over a period of five years.

Customer Relationships

The value of a customer relationship is mainly derived from the expectation of repeat business from the customer as well as the opportunity to cross sell various products and services to them. In the case of a bank, this value depends on the ability of the bank to provide banking products that meet customers' needs now and in the future.

When determining if a customer relationship asset exists, the following elements are considered:

- Availability of factual information about the customers that is important and useful to the bank; and
- Expectations by the bank of repeat patronage from its customers based on the customers' banking activity. This expectation translates into the future revenue and cash flow to the bank.

The customer contracts were acquired as part of the business acquisition of TMB and BPR. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis based on the timing of the projected cash flows of the contracts over their estimated useful lives. The fair value of customer relationships was valued using MEEM approach. The MEEM approach measures the excess after tax cashflows attributable to the intangible asset being valued after providing the appropriate returns on other identifiable assets. The customer relationship value will be amortised to the profit or loss over a period of five years.

Core Deposits

The premise underlying the core deposit intangible asset is that a rational buyer would be willing to pay a premium to obtain a group of core deposit accounts that are less expensive than the buyer's marginal cost of funds. It relates to a stable deposit base with no contractual maturity that provides a low-cost source of funding (versus the alternative interbank funding market).

A deposit intangible asset arises on acquisition when the acquired bank has a stable deposit base composed of funds associated with long-term customer relationships. The stable deposit base provides a low-cost source of funding as banks can utilize the core deposit base as a low-cost source of finance. The alternative to replace these established, low-cost deposit accounts in a timely manner, would be to utilize higher cost funds at current market rates.

The fair value of the core deposit intangible was determined using the cost savings method. It's calculated as the after-tax present values of; (i) net cost of funding and (ii) net service fees earned on deposits. Net cost of funding is the difference between interest expense on acquired low cost saving and demand deposit and cost of alternative funding over the useful life of the deposit. Amortisation for this asset is for five years.

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32. Intangible assets (continued)

Goodwill

Goodwill represents the excess of purchase consideration over the fair value of identifiable assets arising from the acquisition of Trust Merchant Bank Limited (the Cash Generating Unit) on 1 December 2022. The goodwill was tested for impairment at 31 December 2024 using the value in use approach. The key assumptions used in the determination of the recoverable amount are as follows:

(a) Future cash flows

The forecast periods adopted reflect a set of cash flows, based on management judgement and expected market conditions, that could be sustainably generated over such a period. An eight-year forecast period was used as a basis for future USD cash flows, extrapolated in perpetuity to reflect the long-term plans for the entity, using a nominal growth rate of 5%. These values are sensitive to the cash flow projections for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows beyond the forecast period.

(b) Discount rate

The net cash flows were discounted using the country specific pre-tax weighted average cost of capital (WACC) of 27.9%. The weighted average cost of capital was calculated using the bond yield plus risk premium method.

Based on the above assumptions, the recoverable value of the goodwill exceeded the carrying value of the cash generating unit (CGU), inclusive of the goodwill on acquisition, at 31 December 2024. Therefore, the Group has not recognised an impairment charge on the goodwill.

Assuming the discount rates increases / decreases by 1% the value of the goodwill decreases/increases by Kes 16.5 million respectively.

Impact of possible changes in key assumptions

Assuming and increase/decrease in the discount rates by 1% the recoverable amount of the CGU decreases/increases by Kes 1.9 billion respectively. Assuming an increase/ decrease in the terminal growth rates by 1%, the recoverable value of the CGU would increase/decrease by Ksh. 3.5 billion respectively.

The recoverable value of the CGU would still exceed its carrying amount inclusive of goodwill in both scenarios and hence no goodwill impairment would be required to be recognised.

33. Investment in subsidiaries

(a) Investment in subsidiaries

Investments in subsidiaries: Incorporated in Kenya: Company	Kshs million Activity	Beneficial ownership %	2024 KShs' million	2023 KShs' million
KCB Bank Kenya Limited	Commercial Banking	100	53,986	53,986
Kenya Commercial Finance Company Limited	Dormant	100	150	150
KCB Investment Bank Limited	Investment	100	400	400
Savings & Loan Kenya Limited	Dormant	100	500	500
KCB Foundation	Corporate Social Responsibility	100	-	-
National Bank of Kenya Limited	Commercial Banking	100	14,646	14,646
Kenya Commercial Bank Nominees Limited	Nominee Shareholders	100	-	-
Kencom House Limited	Property Ownership & Management	100	749	749
KCB Asset Management Limited	Asset Management	100	10	10
KCB Bancassurance Intermediary Limited	Insurance Brokerage	100	-	-
Incorporated outside Kenya:				
KCB Bank Tanzania Limited	Commercial Banking	100	3,546	3,546
KCB Bank South Sudan Limited	Commercial Banking	100	2,355	2,355
Trust Merchant Bank, SA	Commercial Banking	85	25,111	25,111
KCB Bank Burundi Limited	Commercial Banking	100	936	936
KCB Bank Uganda Limited	Commercial banking	100	4,340	4,340
BPR Bank Rwanda PLC	Commercial banking	87	7,551	7,551
Investment in associates:				
United Finance Limited*	Dormant	45	-	-
			114,280	**114,280**

*Investment in United Finance is at Ksh 125,000

Notes (Continued)

33. Investment in subsidiary undertakings (continued)

(b) Significant restrictions

The Group does not have any significant restrictions on its ability to access or use its assets to settle its liabilities other than those resulting from the regulatory frameworks in the respective operating jurisdictions of the subsidiaries.

The regulatory frameworks require banking subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other certain ratios in the operations. The Group and its subsidiaries were compliant with all regulatory requirements at the year end except National Bank of Kenya which was non-compliant with regulatory ratios with regards to core capital to risk weighted assets 8% (2023: 7.5%) and total capital to risk-weighted assets 12.5% (2023:12.5%) against the required minimum of 10.5% and 14.5% respectively.

34. Deferred income tax

	Balance at 1 January Kshs million	Recognised in profit or loss Kshs million	Recognised in Other comprehensive income Kshs million	Transfer to assets held for sale Kshs million	Translation difference Kshs million	Balance at 31 December Kshs million
2024						
Property and equipment	1,300	(217)	-	(863)	52	272
Provisions for expected credit losses	26,416	4,856	-	(1,917)	1,060	30,415
Tax losses carried forward	3,044	447	-	-	122	3,612
Financial assets at FVOCI	3,412	-	(3,240)	129	137	438
Post-employment benefits obligation	215	-	(2)	-	9	222
Impairment losses on financial instruments	618	(309)	-	(3,562)	25	(3,228)
	35,005	**4,777**	**(3,242)**	**(6,213)**	**1,405**	**31,732**
2023						
Property and equipment	1,406	(143)	-	-	37	1,300
Provisions for expected credit losses	22,076	5,861	-	-	(1,521)	26,416
Tax losses carried forward	1,616	1,928	-	-	(500)	3,044
Financial assets at FVOCI	420	-	2,992	-	-	3,412
Post-employment benefits obligation	240	-	(25)	-	-	215
Impairment losses on financial instruments	-	835	-	-	(217)	618
	25,758	**8,481**	**2,967**	**-**	**(2,201)**	**35,005**

Notes (Continued)

34. Deferred income tax (continued)

COMPANY	Balance at 1 January Kshs million	Recognised in profit or loss Kshs million	Balance at 31 December Kshs million
2024			
Property and equipment	7	2	9
Unrealised exchange losses	71	(47)	24
	78	**(45)**	**33**
2023			
Property and equipment	5	2	7
Unrealised exchange losses	105	(34)	71
	110	**(32)**	**78**

	Group		Company	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
Deferred tax asset	33,729	38,464	33	78
Deferred tax liability	(1,997)	(3,459)	-	-
Total	**31,732**	**35,005**	**33**	**78**

Other deductible differences mainly relate to allowances for expected credit losses on loans and advances which are only deductible for tax purposes when the credit losses meet the income tax law guidelines for tax deductibility which include among others credit write-off, total inability to collect etc. The directors believe that, based on the historical performance, the Group will have future taxable profits against which these assets can be utilised and meet the income tax law conditions for deductibility.

35. Deposits from banks

	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
Deposits from other banks	**43,017**	**87,809**	**-**	**-**
Payable within 1 month	39,202	66,083	-	-
Payable after 1 month, but within 3 months	2,447	7,957	-	-
Payable after 3 months, but within 1 year	1,368	13,769	-	-
	43,017	**87,809**	**-**	**-**

The weighted average effective interest rates on interest bearing deposits from banks as at 31 December 2024 was 5.9% (31 December 2023: 5.3%).

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36. Deposits from customers

	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
(a) From government and parastatals:				
Maturing as follows:				
Within 1 month	271,672	346,119	-	-
After 1 month, but within 3 months	12,460	15,914	-	-
After 3 months, but within 1 year	4,726	1,858	-	-
After 1 year, but within 5 years	3,646	202	-	-
	292,504	**364,093**	**-**	**-**
(b) From private sector and individuals				
Maturing as follows:				
Within 1 month	758,091	925,749	-	-
After 1 month, but within 3 months	155,895	159,445	-	-
After 3 months, but within 1 year	132,952	145,378	-	-
After 1 year, but within 5 years	42,533	96,244	-	-
	1,089,471	**1,326,816**	**-**	**-**
Total other customer deposits				
Maturing as follows:				
Within 1 month	1,029,763	1,271,868	-	-
After 1 month, but within 3 months	168,355	175,359	-	-
After 3 months, but within 1 year	137,678	147,236	-	-
After 1 year, but within 5 years	46,179	96,446	-	-
	1,381,975	**1,690,909**	**-**	**-**

The weighted average effective interest rates on interest bearing customer deposits at 31 December 2024 was 3.6% (2023: 3%).

37. Payables and accrued expenses

	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
Accrued expenses	13,528	10,956	825	562
Other payables	17,550	34,857	75	63
Bills payable	5,131	8,577	-	-
Financial derivatives (Note 46)	267	23	-	-
	36,476	**54,413**	**900**	**625**

Bills payable consist of cheques issued by the Group to customers and suppliers that were not presented for payment at the end of the year. Other payables include items in suspense across the branch network.

The derivative liability refers to the unrealised net fair value loss on the currency swaps, spot and forwards as at 31 December 2024. The notional amounts have been disclosed under note 46.

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38. Lease liabilities

	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
At start of year	5,797	5,873	-	-
Additions	2,034	979	-	-
Remeasurements	(309)	(1,785)	-	-
Interest expense in the year	386	630	-	-
Payments in the year	(2,380)	(497)	-	-
Currency translation differences	(884)	597	-	-
Transfer to liabilities held for sale	(748)	-	-	-
At end of year	**3,896**	**5,797**	**-**	**-**

The balance sheet shows the following amounts relating to leases.

	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
Current	557	998	-	-
Non-Current	3,339	4,799	-	-
	3,896	**5,797**	**-**	**-**

The statement of profit or loss shows the following amounts relating to leases:

Amortisation of right-of-use assets	1,403	872
Interest expense	386	630
Expense relating to short-term leases (included in administrative expenses)	553	342

The total cash outflow for leases in the year was Ksh 2,320 million (2023: Ksh 497 million) that related to principal portion of lease payments, expenses related to short term leases and interest expense on the leases.

Some leases of office premises contain extension options exercisable by the Group up to one term after the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

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39. Related party transactions

The group entities transact with each other in the ordinary course of business under the group established commercial arrangements. The transactions include loans, deposits and foreign currency transactions, and expense settlements between entities. Related party transactions and balances have been eliminated in the consolidated financial statements. The KCB Group Plc, incorporated in Kenya is the non-operating Holding Company for all subsidiaries and is the ultimate parent and controlling party.

The outstanding balances between the Company and its subsidiaries at year end are set out below.

Receivables from and payables to subsidiaries are non-interest bearing and are generally settled within 90 days.

	2024	2023
(a) Balances due from related entities	**Kshs million**	**Kshs million**
KCB Bank Tanzania Limited	225	199
KCB Bank Burundi Limited	100	98
KCB Bank Uganda Limited	41	27
KCB Bancassurance Intermediary Limited	21	5
BPR Rwanda	176	126
KCB Bank South Sudan Limited	53	725
National Bank of Kenya	4,107	4,784
KCB Investment Bank Limited	4	2
Kencom House Limited	3	3
Trust Merchant Bank SA	45	-
	4,775	**5,969**
(b) Balances due to related entities		
Trust Merchant Bank SA	3,943	4,753
KCB Bank Kenya Limited	6,329	6,417
	10,272	**11,170**
Net balances due to group entities	**(5,497)**	**(5,201)**

The above amounts relate to receivables from and payable to the holding company.

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39. Related party transactions (continued)

	Group	
	2024	**2023**
	KShs million	**KShs million**
(i) Loans		
Government of Kenya	-	32
Directors -Executive	36	47
-Non- executive	-	-
Senior management	175	97
At end of year	**211**	**176**
Movement in loans ***to Directors and senior management:***		
At start of year	176	230
Loans issued in the year	46	176
Repayments in the year	(11)	(230)
At end of year	**211**	**176**
Interest income earned	**19**	14
(ii) Deposits		
Government of Kenya	235	177
Directors	17	3
Senior management	61	12
At end of year	**313**	**192**
Movement in deposits ***by Directors and senior management:***		
At start of year	15	128
Deposits received during the year	1,262	996
Withdrawals in the year	(1,198)	(1,109)
At end of year	**79**	**15**
Interest expense	**5**	**4**

Interest rates charged on balances outstanding from related parties are approximately half of the rates that would be charged in an arm's length transaction. The interest charged on balances outstanding from related parties amounted to KShs 5 million (2023: KShs 4million). The interest paid on balances outstanding to related parties amounted to KShs 17 million (2023: KShs 14 million). The mortgages and secured loans granted are secured over property of the respective borrowers. Other balances are not secured, and no guarantees have been obtained.

No impairment losses have been recorded against balances outstanding during the period with key management personnel and no specific allowance has been made for impairment losses on balances with key management personnel at the reporting date.

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39. Related party transactions (continued)

(c) Shareholders, Directors and key management personnel

Senior management personnel compensation (Included under personnel costs)	Group		Company	
	2024 KShs million	2023 KShs million	2024 KShs million	2023 KShs million
Short term employee benefits	378	276	378	276

(d) Directors' emoluments

Salaries and other staff benefits to executive directors	378	276	378	276
Fees and other benefits to non-executive directors	83	103	83	103
	461	**379**	**461**	**379**

40. Borrowings

	GROUP		COMPANY	
	2024 Kshs million	2023 Kshs million	2024 Kshs million	2023 Kshs million
Maturing within one year	8,146	10,426	-	-
Maturing after one year, but within five years	44,133	56,483	-	-
Maturing after five years	16,994	21,749	-	-
	69,273	**88,658**	**-**	**-**

Included in borrowings for 2023 were amounts received from third parties in exchange for non-performing loans under Standby Letters of Credit (SBLC) arrangements. These were settled in 2024 and are no longer form part of borrowed funds as at 31 December 2024.

Reconciliation of the movement in the Borrowings

	2024 Kshs million	2023 Kshs million
At start of year	88,658	63,610
Funds received- Proparco (KCBK)	12,321	-
Funds received - International Finance Corporation (BPR)	3,675	-
Funds received – EIB (KCBT)	-	4,643
Funds received - Kenya Mortgage Refinance Corporation (KCBK)	614	-
Funds received – WaterEquity (KCBT)	2,035	-
(Payments)/ Receipts- Standby Letters of Credit	(12,400)	12,400
Payments on principal	(11,292)	(6,629)
Interest accrued in the year	5,434	6,484
Payments on interest	(5,004)	(5,303)
Foreign currency translation gains/losses	(14,768)	13,453
Net movement in borrowings	(19,385)	25,048
At end of year	**69,273**	**88,658**

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The long-term debt includes: -

a) A 7-year loan obtained from African Development Bank (AfDB) in 2018 of USD 100 million by KCB Bank Kenya at interest terms of Libor+2.70% p.a.
b) A 7-year loan obtained from International Finance Corporation (IFC) in 2018 of USD 75 million by KCB Bank Kenya at interest terms of SOFR+5.6% p.a.
c) A 10-year loan obtained from International Finance Corporation in 2020 of USD 150 million by KCB Bank Kenya Ltd at interest terms of SOFR +5.15% p.a.
d) A 10-year loan obtained from International Finance Corporation (IFC) in 2022 of USD 150 million by KCB Bank Kenya at interest terms of SOFR +1.8% p.a
e) A 5-year loan obtained from Proparco in 2024 of USD 95 million by KCB Bank Kenya at interest terms of SOFR+ 2.6% p.a
f) A 8-year loan obtained by KCB Bank Kenya from Kenya Mortgage Refinance Company (KMRC) in 2022 of KES 1.7 billion by the Bank at interest terms of 5.00% p.a
g) A 13-year loan obtained from Kenya Mortgage Refinance Company (KMRC) in 2024 of KES 614 million by the KCB Bank Kenya at interest terms of 5.6% p.a
h) A 4-year loan of TZS 5 billion obtained by KCB Bank Tanzania from TMRC booked in August 2022 at an interest rate of 8.5%
i) A 5-year loan of TZS 5 billion obtained by KCB Bank Tanzania from TMRC booked in 2021 at interest rate of 8.5%
j) 7-year loan of USD 21.9 million obtained by KCB Bank Tanzania from EIB in 2023 at an interest rate of 5.814%.
k) 4-year loan of USD 10 million obtained by KCB Bank Tanzania from Water Equity at interest rate of 5.59 % in 2024
l) 3-year loan of USD 5 million obtained by KCB Bank Tanzania from Water Equity at interest rate of 4.75% in 2024
m) A 7-year loan of USD 40 million obtained by BPR Bank Rwanda from International Finance Corporation, at effective interest rate of 11.75 p.a.%

The Group's long-term borrowing contracts are subjected to specific covenant clauses, whereby the Group is required to meet certain key financial ratios.

The Group was compliant with all principal and interest repayments as required in the loan agreements. However, KCB Kenya Bank was in breach of the Related Parties ratio covenant on the IFC loan as at 31 December 2024.

There are no variations in terms of the any borrowings as at the date of approval of the financial statements by the Board of Directors.

The Group's long-term borrowing contracts are subjected to specific covenant clauses, whereby the Group is required to meet certain key financial ratios.

41. Share capital

	GROUP AND COMPANY	
	2024 Kshs million	2023 Kshs million
Authorised:		
4,500,000,000 (2023: 4,500,000,000) at 1 January and 31 December ordinary shares of Kshs 1 each	4,500	4,500
Issued and fully paid:		
At start of year 3,213,462,815 and at end of year ordinary shares of KShs 1 each	3,213	3,213

All ordinary shares rank equally with regards to the Company's residual assets, entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

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Notes (Continued)

42. Reserves

Other reserves comprise of retirement benefits obligation reserve, currency translation reserve and fair value reserves on financial assets at fair value through other comprehensive income.

The fair value reserve on financial assets carried at fair value through other comprehensive income (FVTOCI) arises from the fair valuation of the designated assets at the year end. The fair value gains and losses are recognised in the profit or loss on the derecognition of the underlying assets. This amount is not available for distribution to shareholders.

The *translation reserve* arises from translation of the net investment in foreign subsidiaries to Kenya Shillings. This amount is not available for distribution.

Retirement benefits obligation reserve arises from changes in the group retirement benefits obligation based on annual actuarial valuations. The reserves are not available for distribution.

The movement in other reserves is as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
At 1 January	(16,684)	(11,042)	-	-
Foreign currency translation differences for foreign operations	(15,470)	1,281	-	-
Re-measurement benefits obligation (net of tax)	6	59	-	-
Change of fair value of financial assets at FVOCI	7,560	(6,982)	-	-
At 31 December	**(24,588)**	**(16,684)**	**-**	**-**

GROUP	FVOCI Kshs million	Defined Benefit Kshs million	Translation reserves Kshs million	Other reserves* Kshs million	Total Kshs million
Balance 1 January 2024	(7,947)	(503)	4,414	(12,648)	(16,684)
Net gain through FVOCI	7,560				7,560
Remeasurement of post employment benefit		6			6
Translation of foreign operations			(15,470)		(15,470)
At 31 December	**(387)**	**(497)**	**(11,056)**	**(12,648)**	**(24,588)**

*Other reserves include funds awaiting allotment, group eliminations and hyperinflation impact balances

The *share premium* arises from issue of shares at a price higher than the par value of the shares. This amount is not available for distribution.

Statutory credit risk reserve relates to amounts set aside to cover additional provision for credit losses on loans and advances required to comply with the requirements of Central Banks Prudential guidelines. This amount is not available for distribution. The movement is the year is as follows:

	2024 KShs million	2023 KShs million
At start of year	17,152	26,707
Transfers from retained earnings	3,535	(9,555)
At end of year	**20,687**	**17,152**

43. Dividends

Dividends are recognized as a liability in the period in which they are declared.

An interim dividend of Ksh 1.5 per ordinary share amounting to Ksh 4,820 million (2023: Nil) was paid during the year. The directors have proposed a final dividend in respect of the year ended 31 December 2024 of Ksh 1.5 per ordinary share (2023: Nil) amounting to Ksh 4,820 million (2023: Nil).

Payment of dividends is subject to withholding tax at the rate of 5% for residents and 10% for non-resident shareholders.

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Notes (Continued)

44. Notes to the statement of cash flows

(a) Cash flows from operating activities	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
This has been derived as follows:				
Profit before tax	81,973	48,453	6,089	802
Adjustments for:				
Fair value (gain)/ loss on loan note (Note 13)	(1,456)	472	-	-
Depreciation of property and equipment (Note 29)	3,803	4,261	21	19
Depreciation of right of use assets (Note 31)	1,403	872	-	
Amortisation of intangible assets (Note 32)	4,541	4,196	1	2
Retirement benefit expense (Note 48)	59	60	-	-
Net interest income (Note 8)	(149,751)	(120,712)	(69)	(34)
Dividend income	-	-	(7,115)	(1,091)
Loss on disposal of property and equipment	(79)	-	-	-
Share of profit from associate (Note 24)	(246)	(144)		
Operating profit before movements in operating assets and liabilities	**(59,753)**	**(62,542)**	**(1,073**	**(302)**
Changes in operating assets and liabilities				
Cash reserve ratio (Note 21)	11,608	(8,627)	-	-
Financial assets at armotised cost (Note 27)	24,490	(32,337)	-	-
Financial assets at FVOCI (Note 23)	34,965	(86,777)	-	-
Financial assets at FVTPL (Note 28)	(19,369)			
Loans and advances	105,531	(232,503)	(1,062)	-
Balances due from related companies	-	-	1,194	(5,972)
Other assets	22,747	(15,915)	(290)	(27)
Investment using the equity method	743	-		
Deposits to banks	(44,792)	(4,978)	-	-
Other customer deposits	(308,904)	588,732	-	-
Due to other related parties	-	-	(898)	8,810
Other liabilities	(17,937)	(8,876)	275	(141)
Net assets and liabilities held for sale	(13,217)	-	-	-
	(263,889)	**136,177**	**(1,854)**	**2,368**
Interest received	225,807	181,553	379	252
Interest paid	(71,052)	(55,538)	(310)	(218)
Income taxes paid	(22,055)	(12,747)	(6)	(25)
Net cash flows from operating activities	**(131,189)**	**249,445**	**(1,791)**	**2,380**

44. Notes to the statement of cash flows (Continued)

(d) Analysis of cash and cash equivalents	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
Cash on hand (note 21)	32,301	66,143	1,389	927
Balances with Central Banks	39,944	17,465	-	-
Advances to banks (note 22)	168,352	369,119	-	-
Financial assets at armotised cost	58,687	6,910	-	-
	299,284	**459,637**	**1,389**	**927**

For the purpose of the statement of cash flows, cash and cash equivalents comprise financial assets at amortised cost with less than three months to maturity from the date of acquisition.

Cash and cash equivalents exclude, KShs 42,175 million (2023 - KShs 53,783 million) being the cash reserve requirement held with the Central Banks which is not available for general use by the Group.

The cash and cash equivalent components disclosed above are same amounts included in the statement of financial position except held at amortised cost investments, whose reconciliation is as follows:

Analysis of cash and cash equivalents (continued)	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
Balance as per statement of cash flows (instruments with original tenure of less than 3 months)	58,687	6,910	1,389	927
Balances with more than three months maturity from the acquisition date	165,460	189,949	-	-
Balance as per statement of financial position	**224,147**	**196,859**	**1,389**	**927**

45. Commitments

To meet the financial needs of the customers, the Group enters into various irrevocable commitments. Even though these obligations may not be recognized on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Group.

	GROUP		COMPANY	
	2024	2023	2024	2023
	Kshs million	Kshs million	Kshs million	Kshs million
Capital commitments contracted for at year end	2,118	869	-	-
Loans committed but not disbursed at year end	91,722	103,636	-	-
Foreign currency commitments	8,640	3,866	-	-

Commitments to extend credit represent contractual commitments to make loans and other credit facilities to counterparties who, as per the Group credit risk rating model, are rated as either normal or watch. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

46. Off balance sheet financial instruments

a) Financial derivatives assets and liabilities

The table below shows the fair values of currency forwards and swaps recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a currency forward or swap's underlying off balance sheet asset / liability and is the basis upon which changes in the fair values of currency forwards and swaps are measured. The notional amounts indicate the volume of transactions outstanding at the year-end and are indicative of neither the market risk nor the credit risk.

Group	Notional amount asset	Notional amount liability	Fair value of asset	Fair value of liability	Notional amount asset	Notional amount liability	Fair value of asset	Fair value of liability
	2024				2023			
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Forward currency contracts	1,937	(1,340)	44	(13)	-	-	-	-
Currency swap contracts	4,173	(15,525)	324	(88)	494	(4,665)	32	55
Spots	1,077	(258)	-	-	118	(166)	-	-
	7,187	**(17,123)**	**368**	**(101)**	**612**	**(4,831)**	**32**	**55**

Forward currency contracts and currency swap contracts are entered into in the normal course of business by the Group's banking operations. All the contracts mature within 12 months after the year end.

Forward currency contracts are commitments to either purchase or sell a designated financial instrument at a specified future date for a specified price and may be settled in cash or another financial asset. Forward currency contracts generally mature within 12 months.

Currency swap contracts are agreements between two parties to exchange one currency for another at a preset rate over a given period. These may be settled in cash or another financial asset. Currency swap contracts generally mature within 12 months.

The derivatives held by the Group as at 31 December 2023 and 31 December 2024 were unquoted. The fair value as at the respective reporting dates have been estimated based on the present value of the positive and/or negative cash flows which would have occurred if the rights and obligations arising from that instrument were closed out in an orderly market place transaction at the reporting date. The fair value of derivatives is within level 2 hierarchy of fair valuation.

The following amounts were recognised in profit or loss in relation to derivatives:

	2024	2023
	Shs' millions	Shs' millions
Forward currency contracts	31	-
Currency swap contracts	236	23
Financial derivative liabilities	**267**	**23**

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Notes (Continued)

46. Off balance sheet financial instruments (Continued)

b) Other off balance sheet financial instruments

	GROUP	
	2024 KShs million	2023 KShs million
Letters of credit:		
- Issued and accepted	110,941	271,948
- Issued but not yet accepted	75,296	123,807
	186,237	**395,755**
Guarantees	122,195	105,100
Lease commitment	2,890	5,412
Total	**311,322**	**506,267**

Issued but not yet accepted letters of credit included KShs Nil (2023: 82 billion relating to structured fuel importation financing arrangements.

Guarantees are generally issued by banks 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 Group to make payment to third parties, on production of documents, which are subsequently reimbursed by customers. An acceptance is an undertaking to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented and reimbursement by the customer is almost immediate.

47. Contingent liabilities

Litigation is a common occurrence in the banking industry due to the nature of the business. The Group has established protocol for dealing with legal claims. The directors use the best available information, including independent external legal opinions, to determine any provisions for losses or disclosures to be made in the financial statements.

The Group entities had several unresolved legal and tax claims arising in the ordinary course of business at the year end. The unresolved tax claims and legal disputes are individually evaluated at the year end for potential losses to the group. Where necessary, the directors seek independent legal advice on the significant unresolved tax claims and legal matters. Based on the information available at the approval of these financial statements, the directors believe the ultimate resolution of the unresolved tax claims and legal proceedings will not have a material effect on the group's operations.

48. Retirement benefit obligations

KCB Pension Fund and Staff Retirement Benefit Scheme

The Group operates a funded defined benefit plan. The Fund closed to new entrants effective 1 June 2006.The Fund is non-contributory with the Group responsible for the cost of benefits accruing. The Fund is established under trust. The Fund assets are invested in a variety of asset classes comprising Government securities, corporate bonds, call and term deposits, investment properties, shares and offshore investments. Old Mutual Asset Managers and Pine Bridge Investments (East Africa) limited are responsible for the investment of assets.

The Fund is registered under irrevocable trust with the Retirement Benefits Authority. The Retirement Benefits Act, 1997 ("the Act") and the Regulations under the Act require the Fund to maintain a funding level of 100%. Where the funding level is below, such deficits are required to be amortized over a period not exceeding 6 years.

- The Fund is managed by a Board of Trustees. The Board is responsible for the overall operation of the Fund including making sure benefits are paid to beneficiaries on time.
- 42.9% of the Fund assets are invested in property assets. The exposure is a concentration risk to the property market for the Fund and, by extension, the Company.

Following the closing of the Fund as of 1 June 2006, some active in-service members opted to transfer their accrued benefits under the Fund to the new Defined Contribution Plan established by the Company. The Fund therefore comprises mainly pensioners and deferred pensioners, although some in-service members remain in the Fund.

Some of the main risks relating to the benefits under the Fund are the rates of pension increases and the rates of return earned on the Fund assets. For the in-service members, rates of salary escalation will also have a direct bearing on the benefits paid under the Fund. In addition, the pension benefits are payable for the duration of the life of the pensioners. Therefore, the Fund's post-retirement mortality experience with respect to the pensioners will also have an impact on the liabilities under the Fund.

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Notes (Continued)

48. Retirement benefit obligations (continued)

Characteristics and risks of the Fund (continued)

The information below summarizes the scheme assets and liabilities:

Composition of fund assets based on the Investment Manager's reports as of 31 December 2024.

	2024 Kshs million	2023 %	2024 Kshs million	2023 %
Property	1,829	27.7%	1,854	31.63%
Government securities	4,074	61.8%	3,159	53.89%
Fixed and term deposits	294	4.5%	271	4.62%
Quoted equities	343	5.2%	509	8.68%
Corporate bonds	46	0.7%	47	0.80%
Cash and demand deposits	6	0.1%	22	0.38%
Net current liability			-	0.00%
Total	**6,592**	**100%**	**5,862**	**100%**

Changes in the fair value of plan assets over the year

	2024 Kshs million	2023 Kshs million
At start of year	6,463	7,049
Transfers at 1 January 2016 from KCB Group PLC	59	60
Current service cost (net of employer contributions)	951	918
Interest cost	-	(84)
Actuarial gains/(losses) due to changes in assumptions	693	(566)
Benefits paid	(910)	(914)
At end of year	**7,256**	**6,463**

The amounts recognised in the statement of financial position are determined as follows;

Reconciliation of liability in the statement of financial position:

	2024 Kshs million	2023 Kshs million
Present value of fund obligations	7,256	6,463
Fair value of plan assets	(6,592)	(5,862)
Asset recognised in the statement of financial position	**664**	**601**

The amount recognised in profit and loss for the year are as follows:

At start of year	601	585
Net expense recognised in statement of profit and loss	155	135
Employer contribution	(84)	(35)
Amount recognised in other comprehensive income	(8)	(84)
At end of year	**664**	**601**

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48. Retirement benefit obligations (continued)
Characteristics and risks of the Fund (continued)

The amount recognized in profit and loss for the year are as follows:

	2024 Kshs million	2023 Kshs million
Service cost		
Current service cost (employer)	59	60
Total service cost	**59**	**60**
Interest cost		
Interest cost on defined benefit obligation	951	918
Interest income on plan assets	(855)	(843)
Interest on the effect of the asset ceiling	-	-
Net interest cost on balance sheet liability	**96**	**75**
Net included in profit and loss in respect of the scheme	**155**	**135**

Re-measurement (other comprehensive income)

	2024 Kshs million	2023 Kshs million
Actuarial loss – obligation	693	(650)
Return on plan assets (excluding amount in interest cost)	(701)	566
Amount recognised in other comprehensive income	**(8)**	(84)

The principal actuarial assumptions used are as follows:

Actuarial Assumptions	2024	2023
Discount Rate (% p.a.)	13.6%	13.00%
Future salary increases (% p.a.)	6.0%	6.0%
Future pension increases (% p.a.)	0.00%	0.00%
Mortality (pre-retirement)	A1949-1952	A1949-1952
Mortality (post-retirement)	a(55) Ultimate	a(55) Ultimate
Withdrawals (voluntary)	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Retirement age	55 Years	55 Years

KCB Group Plc
Financial Statements
For the year ended 31 December 2024
Notes (Continued)

Sensitivity Analysis

The results of the actuarial valuation will be more sensitive to changes in the financial assumptions than changes in the demographic assumptions. In preparing the sensitivity analysis of the results to the discount rate used, The Group has relied on our calculations of the duration of the liability. Based on this methodology, the results of our sensitivity analysis are summarized in the table below:

	Current discount rate (13.6% per annum) 2024 Kshs million	Discount rate -1% (14.6% per annum) 2023 Kshs million
Present value of obligation	7,256	6,463

Given a large portion of the liability is in respect of inactive members, the sensitivity of the liability to a change in the salary escalation assumption will not be as significant as a change to the discount rate as it affects only in-service members.

49. Assets and liabilities held for sale

On 20 March 2024, the company entered into a binding agreement to sell all its shareholding in National Bank of Kenya Limited to Access Bank PLC subject to conditions that are customary for transactions of this nature including receipt all regulatory approvals. As at 31 December 2024, the transaction was yet to be fully completed as some regulatory approvals were pending.

The assets and liabilities of National Bank of Kenya Limited have consequently been presented as held for sale.

The breakdown of the assets and liabilities of the National Bank of Kenya as at 31 December 2024 was as follows:

	2024 Kshs million
Assets	
Cash and balances with Central Bank	5,775
Loans and advances to banks	2,605
Financial assets at fair value through other comprehensive income	26,607
Investment accounted for using equity method	986
Other assets and prepayments	6,054
Loans and advances to customers	75,195
Financial assets at amortized cost	22,134
Property, equipment & right of use assets	2,004
Intangible assets	1,232
Deferred income tax	6,213
Total assets held for sale	**148,805**
Liabilities	
Deposits from banks	26,046
Deposits from customers	99,861
Payables and accrued expenses	8,933
Lease liabilities	748
Total liabilities held for sale	**135,588**

50. Hyperinflation

In the year 2024, South Sudan economy was declared hyperinflationary. Economies where cumulative inflation rate for a three-year period preceding the beginning of the reporting period exceed a 100% are treated as hyperinflationary economies. The financial statements and the comparatives of an entity whose reporting currency is the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the end of the reporting period.

The South Sudan economy was declared a hyperinflationary economy in 2016 however it exited hyperinflation in 2023 and the country fell back to hyperinflation in 2024.The index from August 2024 to December 2024 has been derived after the South Sudan bureau of statistics changed the base year from 2011 to 2024.

The financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of the functional currency, and as a result are stated in terms of the measuring unit current at the end of the reporting period.

In 2024, South Sudan's three-year cumulative inflation exceeded 100%. The restated financial statements were consolidated in the group position and the net monetary position of the subsidiary is included in profit or loss, Note 18. The below are the Consumer Price Indexes (CPI) used in 2024 and prior year restatements. The source of the price indexes used was the South Sudan Bureau of Statistics.

	CPI
CPI as at 31 December 2022	5,718.97
CPI as at 31 December 2023	6,048.06
CPI as at 31 December 2024	24,034.48
Average CPI in 2022	6,577.44
Average CPI in 2023	6,732.23
Average CPI in 2024	13,499.88

51. Subsequent Events

There have been no material events or transactions between 31 December 2024 and the date of the approval of these financial statements that would have a material effect and would require adjustment of, or disclosure in the financial statements for the year ended 31 December 2024 in accordance with IAS 10 Events after the reporting period.

KCB GROUP PLC.

(Incorporated in Kenya under the Companies Act, 2015, Laws of Kenya)
(Registration Number C 9/88)

Notice of the 54th Annual General Meeting

Notice is hereby given that the 54th Annual General Meeting of the shareholders of KCB Group PLC (**"Company"**) will be held via electronic communication, on Thursday, 22 May 2025 at 10.00 a.m. when the business set out below will be transacted:

AGENDA

1. Constitution of the Meeting

To read the notice convening the meeting and determine if a quorum is present.

2. Ordinary Business

a. Report and Financial Statements for the Year ended 31 December 2024

To receive, consider and, if thought fit, adopt the Audited Consolidated Financial Statements for the year ending 31 December 2024 together with the reports of the Directors, the Group Chairman, the Group Chief Executive Officer and the Auditor thereon.

b. Dividend

To confirm the interim dividend of KShs. 1.50 per ordinary share paid on 23 October 2024 and to declare a final dividend of KShs. 1.50 per ordinary share, payable, net of withholding tax, on or about 23 May 2025 to shareholders on the Register of Members at the close of business on 3 April 2025.

c. Directors

a. To re-elect the Cabinet Secretary, National Treasury, who, in accordance with Articles 94, 95 and 96 of the Company's Articles of Association, retires by rotation, and being eligible, offers himself for re-election.

b. To re-elect Mr. Ahmed Mohamoud, who, in accordance with Articles 94, 95 and 96 of the Company's Articles of Association, retires by rotation, and being eligible, offers himself for re-election.

c. To re-elect Mrs. Agnes Lutukai, who, in accordance with Articles 94, 95 and 96 of the Company's Articles of Association, retires by rotation, and being eligible, offers herself for re-election.

d. To approve the appointment of Mr. William Asiko, who, in accordance with Article 101 of the Company's Articles of Association, having been appointed by the Board to fill in a casual vacancy, retires from the Board and being eligible offers himself for re-election.

e. To re-elect Dr. Joseph Kinyua who, in accordance with guideline 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, having attained the age of 70, retires from the Board and being eligible and having expressed his willingness to continue serving as a director, offers himself for re-election.

f. In accordance with the provisions of Section 769 of the Companies Act, 2015, the following directors, being members of the Board Audit Committee, and, subject to being re-elected to continue to serve as directors as may be applicable, be elected to continue to serve as members of the said Committee:

   i. Mrs. Agnes Lutukai
   ii. Mrs. Alice Kirenge
   iii. Mr. Ahmed Mohamoud
   iv. Ms. Anuja Pandit

d. Remuneration of Directors

To receive, consider and, if thought fit, approve the Directors' Remuneration Report and to authorize the Board to fix the remuneration of Directors.

e. Appointment of Auditors

To re-appoint Messrs. PriceWaterhouseCoopers, Certified Public Accountants, as the Auditors of the Company until conclusion of the next Annual General Meeting.

3. Special Business

a. Ordinary Resolution

Approval of Policies Pursuant to Regulation 8.21 of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023

To consider and if deemed fit to approve the following policies pursuant to Regulation 8.21 of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023:

a. remuneration;
b. effective communication with stakeholders;
c. corporate disclosures policies and procedures;
d. dispute resolution for internal and external disputes; and
e. attraction and retention of board members.

b. To Note:

Proposed Sale of 100% Shares in National Bank of Kenya Limited to Access Bank Plc.

To receive and to note a report regarding:

a. the proposed transfer of certain assets and liabilities of National Bank of Kenya to KCB Bank Kenya Limited; and
b. the proposed acquisition of 100% of the issued share capital of National Bank of Kenya by Access Bank Plc.

4. Any Other Business

To transact any other business of the Company for which due notice has been received

ORDER OF THE BOARD

BONNIE OKUMU
COMPANY SECRETARY
30 APRIL 2025

Notes:

1. KCB Group Plc has convened and will conduct its 54th Annual General Meeting via virtual/electronic means in line with The Companies Act, 2015.
2. Shareholders wishing to participate in the meeting should register for the AGM by doing the following:
   a. dialling ***483*805#** for all Kenyan telephone networks and following the various registration prompts; or
   b. sending an email request to be registered to kcbshares@image.co.ke.

   Shareholders with email addresses will receive a registration link via email through which they can use to register.

   To complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance shareholders should dial the following helpline number: (+254) 709 170 037/ 709 170 034 from 9:00 a.m. to 5:00 p.m. from Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register.
3. Registration for the AGM opens on Thursday, 1 May 2025 at 9.00 a.m. and will close on Tuesday, 20 May 2025 at 10.00 a.m. Shareholders will not be able to register after Tuesday 20 May 2025 at 10.00 a.m.
4. In accordance with Section 283 (3) of the Companies Act, the following documents may be viewed on the Company's website www.kcbgroup.com
   a. a copy of this Notice and the proxy form.
   b. the Company's Annual Report & Audited financial statements for the year ended 31 December 2024.
   c. Policies for approval pursuant to Regulation 8.21 of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023
   d. The Shareholders Circular relating to the proposed Sale of 100% Shares in National Bank of Kenya Limited to Access Bank Plc.

   The documents may also be accessed upon request by dialling the USSD code above and selecting the reports option. The documents and agenda can also be accessed on the livestream link.
5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
   a. sending their written questions by email to kcbshares@image.co.ke; or
   b. shareholders who will have registered to participate in the meeting shall be able to ask questions via sms by dialling the USSD code above and selecting the option (Ask Question) on the prompts or dial in and ask questions during the AGM by choosing the option (Request to Speak); or
   c. to the extent possible, physically delivering their written questions with a return physical, postal or email address to the registered office of the Company at Kencom House, P. O. Box 48400 – 00100, Nairobi, or to Image Registrars offices at 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street.

   Shareholders must provide their full details (full names, National ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

   The Company's Directors will provide responses to questions received via the channel used by shareholders to send their questions i.e. SMS (for USSD option), Email, letters or telephone call. Questions will also be responded to during the meeting.

   A full list of all questions received, and the answers thereto will be published on the Company's website not later than 24 hours following the conclusion of the meeting.
6. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company. A proxy form is attached to this Notice and is available on the Company's website via this link: www.kcbgroup.com. Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street P. O. Box 9287 – 00100. Shareholders who do not propose to be at the Annual General Meeting are requested to complete and return the proxy form to Image Registrars Limited, or alternatively to the Registered Office of the Company to arrive not later than 10.00 a.m. on Tuesday, 20 May 2025.

   Duly signed proxy forms may also be emailed to kcbshares@image.co.ke in PDF format. A proxy form must be signed by the appointor, or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under the Company's common seal or under the hand of an officer or duly authorized attorney of such body corporate.
7. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour before the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hour's time and providing a link to the live stream.
8. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted) via the USSD prompts.
9. A poll shall be conducted for all the resolutions put forward in the notice.
10. **Shareholder Contact Details and Dividend Payment Details:** To facilitate timely receipt of dividends, shareholders are encouraged to update their contact details and register to receive their dividend payments via mobile (MPESA/ Airtel Money) or bank payments. To do so, shareholders are requested to update their dividend payment details via any one of the following channels:
    a. Complete an online opt-in form available at the Registrar's offices.
    b. Send an email to Image Registrars Limited through kcbshares@image.co.ke
    c. Opt-In via USSD by dialling ***483*805#** as you register for the Annual General Meeting (AGM).
    d. Shareholders who maintain CDS Accounts are also encouraged to notify any change of address or request for payment of dividends through bank accounts /MPESA via their stockbroker or investment bank.

    Shareholders with certificates are advised to contact Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi via Email address kcbshares@image.co.ke or Telephone no. 0709170000.
11. Results of the AGM shall be published on the Company's website within 24 hours following conclusion of the AGM.

Shareholders are encouraged to continuously monitor the Company's website www.kcbgroup.com for updates relating to the AGM.

KCB GROUP PLC.

Proxy Form

**GROUP COMPANY SECRETARY,
KCB GROUP PLC.,
KENCOM HOUSE, MOI AVENUE,
P. O. BOX 48400 – 00100,
NAIROBI, KENYA**

I/WE____of____

Being a shareholder of **KCB Group PLC** hereby appoint ____ (see notes 2 and 3) (Name of proxy)

of P. O. Box____ and whose mobile phone number for purposes of registration

and voting is ____ OR FAILING WHOM, the Chairman of the Meeting in respect of

my _________________ (Number of shares). Please indicate here if you are appointing more than one proxy (including the mobile phone number

of such proxy) _________________________________ (see note 3) as my/our proxy to attend, represent and vote for me/us on my/our behalf

at the Annual General Meeting of the Company to be held electronically on Thursday 22 May 2025 at 10.00 am and at any adjournment thereof.

Signed this ____ day of ______________________________________2025.

Signature(s)

____

I/WE direct my/our proxy to vote on the following resolutions as I/WE have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or withhold his or her vote at his or her discretion and I/WE authorize my/our proxy to vote (or withhold his or her vote) as he or she thinks fit in relation to any other matte which is properly put before the Meeting.

Please clearly mark the box below to instruct your proxy how to vote.

RESOLUTION	FOR	AGAINST	WITHHELD
To receive, consider and, if thought fit, adopt the Audited Consolidated Financial Statements for the year ending 31 December 2024 together with the reports of the Directors, the Group Chairman, the Group Chief Executive Officer and the Auditor thereon.			
Confirm the interim dividend of KShs. 1.50 per ordinary share paid on 23 October 2024 and approve a final dividend of KShs. 1.50 per ordinary share, payable, net of withholding tax, on or about 23 May 2025 to shareholders on the Register of Members at the close of business on 3 April 2025.			
To re-elect **the Cabinet Secretary, National Treasury**, who, in accordance with Articles 94, 95 and 96 of the Company's Articles of Association, retires by rotation, and being eligible, offers himself for re-election.			
To re-elect **Mr. Ahmed Mohamoud**, who, in accordance with Articles 94, 95 and 96 of the Company's Articles of Association, retires by rotation, and being eligible, offers himself for re-election.			
To re-elect **Mrs. Agnes Lutukai**, who, in accordance with Articles 94, 95 and 96 of the Company's Articles of Association, retires by rotation, and being eligible, offers herself for re-election.			
To approve the appointment of **Mr. William Asiko**, who, in accordance with Article 101 of the Company's Articles of Association, having been appointed by the Board to fill in a casual vacancy, retires from the Board and being eligible offers himself for re-election.			
To re-elect **Dr. Joseph Kinyua** who, in accordance with guideline 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, having attained the age of 70, retires from the Board and being eligible and having expressed his willingness to continue serving as a director, offers himself for re-election.			

RESOLUTION	FOR	AGAINST	WITHHELD
Audit Committee: In accordance with the provisions of Section 769 of the Companies Act, 2015, the following directors, being members of the Board Audit Committee and, subject to being re-elected to continue to serve as directors as may be applicable, be elected to continue to serve as members of the said Committee:			
(i) Mrs. Agnes Lutukai			
(ii) Mrs. Alice Kirenge			
(iii) Mr. Ahmed Mohamoud			
(iv) Ms. Anuja Pandit			
To receive, consider and, if thought fit, approve the Directors' Remuneration Report and to authorize the Board to fix the remuneration of Directors.			
To re-appoint Messrs. PriceWaterhouseCoopers, Certified Public Accountants, as the Auditors of the Company until conclusion of the next Annual General Meeting			
To authorize the Directors to fix the remuneration of the Auditors.			
Special Business - Ordinary Resolution			
To consider and if deemed fit to approve the following policies pursuant to Regulation 8.21 of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023: (i) remuneration; (ii) effective communication with stakeholders; (iii) corporate disclosures policies and procedures; (iv) dispute resolution for internal and external disputes; and (v) attraction and retention of board members.			

ELECTRONIC COMMUNICATIONS PREFERENCE FORM

Please complete in BLOCK CAPITALS

Full name of member(s):____

Address:____

CDSC No. (if known)____
(This can be found on your CDSC Statement)

Mobile Number________________________Date:________________________Signature: ________________________

Please tick the boxes below to signify your approval/consent and return to Image Registrars at P.O. Box 9287 – 00100 Nairobi, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of Registration

I/WE approve to register to participate in the virtual Annual General Meeting to be held on 22 May 2025. ☐

Consent for use of the Mobile Number provided

I/WE would give my/our consent for the use of the mobile number provided for purposes of voting at the AGM ☐

Notes:

1. If a member is unable to attend personally, this Proxy Form should be completed, duly signed and returned to reach the Company's share registrar, **Image Registrars Limited**, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street, P. O. Box 9287 – 00100 Nairobi or can be scanned and emailed to kcbshares@image.co.ke in PDF format, to arrive not later than **10:00 a.m.** on Tuesday 20 May 2025 i.e. 48 hours before the meeting or any adjournment thereof.
2. In case of a member being a corporate body, the Proxy Form must be under given under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.
3. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint any other person as a proxy, delete the words *"the Chairman of the Meeting or"* and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company.
4. Completion and submission of the Proxy Form will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.
5. A "vote withheld" option has been included on the Proxy Form. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.