Report to Society 2019

Stanbic Holdings Plc

Stanbic IT CAN BE™
A member of Standard Bank Group

CONTENTS

ABOUT THIS REPORT

As a financial services organisation in Kenya, we take our role in the community seriously. In this report, we will look at some of the ways we are supporting our clients, society, economy and environment in Kenya. We will relay to you our initiatives in place to meet evolving local and global expectations. These are aligned to our vision to be a nationally relevant and trusted organisation.

This **Report** covers our triple bottom line performance from 1 January 2019 – 31 December 2019. It's part of our **2019 Annual Reporting Suite**, which also includes the **Integrated Report.**

We prepared this **Report to Society** employing guidance from the **International Integrated Reporting Framework and United Nations Sustainable Development Goals**, linking our activities and commitments to the global agenda for a **sustainable future.**

Definitions

The Group - Stanbic Holdings Plc

SDGs - United Nations Sustainable Development Goals

Who we are

We are a client-centric, digitally enabled, integrated financial services organisation.

Stanbic at a Glance

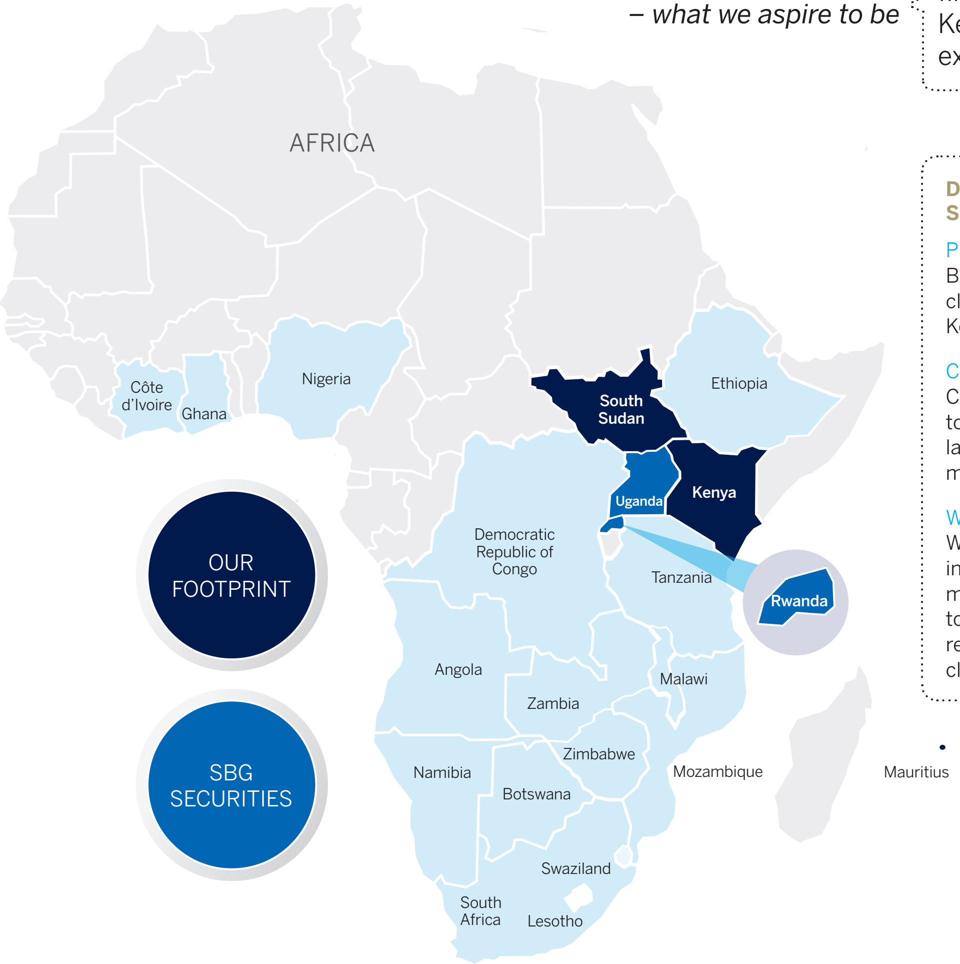
Kenya is our home and we are focused on fostering her socio-economic growth. Founded on a solid legacy that spans over 100 years, we are a leading financial services organisation with an on-the-ground presence in Kenya and South Sudan. Stanbic is a member of the Standard Bank Group Limited, Africa's leading bank and financial services group, which operates in 20 countries.

Our Purpose
– the reason we exist

Kenya is our home, **we drive her growth**

Our Vision
– what we aspire to be

To be a leading nationally relevant financial services organisation in Kenya, delivering exceptional client experiences and superior value



DIVERSIFIED INTEGRATED FINANCIAL SERVICES OFFERING

PERSONAL & BUSINESS BANKING

Banking and other financial services to individual clients and small-to medium-sized enterprises in Kenya.

CORPORATE & INVESTMENT BANKING

Corporate and investment banking services to clients, including governments, parastatals, larger corporates, financial institutions and multinational corporates.

WEALTH

Wealth services and product offerings, including, investment, fiduciary, bespoke banking, multi-generational wealth preservation solutions to high net worth individuals and insurance for retail, business, commercial, and corporate clients across the bank's footprint.

As part of a Global Banking organisation and with over a 100 year track record of primarily operating in Kenya, Stanbic Holdings Plc is able to offer best in class solutions to its client base, and opportunities to its employees, enabling grow and develop of their knowledge and skills base in the banking sector.

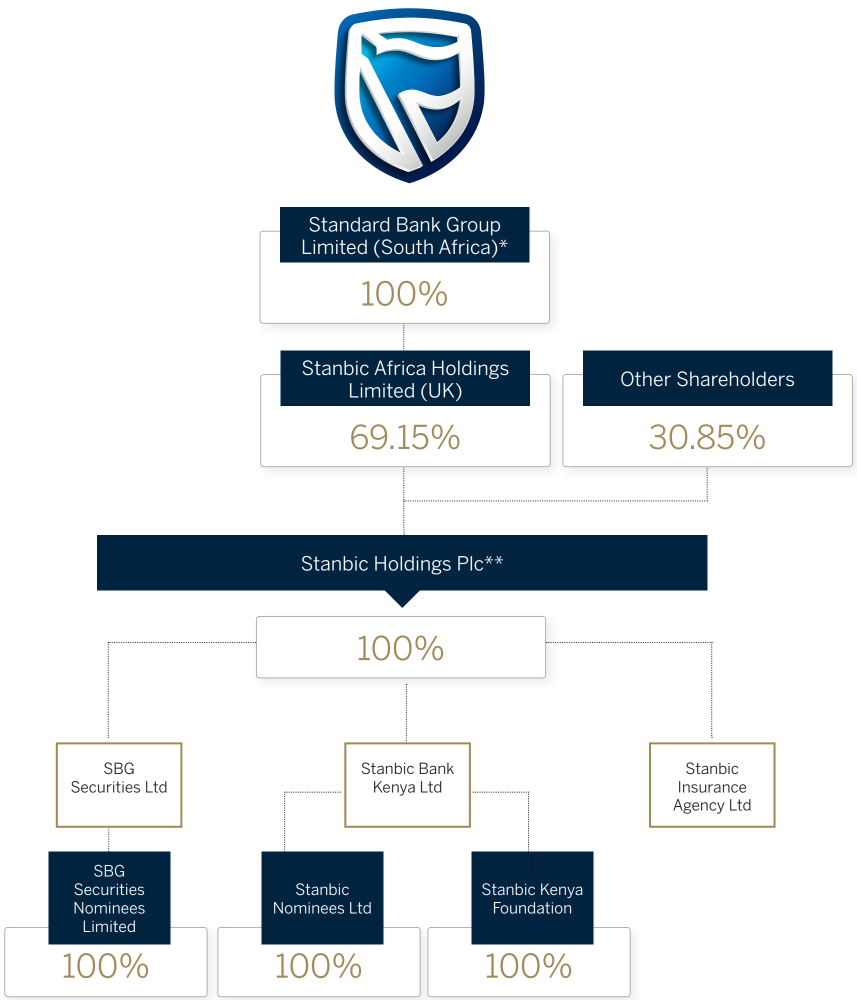
This fosters increased returns to our shareholders, and improves access and provision of affordable banking solutions to Kenyans.

Through this approach we are further able to respond to the Kenyan Governments Big 4 Agenda, namely the enhancement of manufacturing, improved levels of food security and nutrition, the provision of universal health coverage and affordable housing.

Fit-for-purpose infrastructure	Fit-for-purpose channel	Fit-for-purpose channel
25	51	45
BRANCHES	ATMs	BULK NOTE ACCEPTORS
2018: 25	2018: 48	2018: 27

Valued people	Digital capabilities	Recognised brand
945 BANK PERMANENT EMPLOYEES	MODERNISED BANKING PLATFORMS	STANDARD BANK STANBIC BANK
2018: 1,048		

Our business structure



* Listed on the Johannesburg Stock Exchange

** Listed at the Nairobi Securities Exchange

The above business structure is at 31st December 2019

Our strategy

Our strategy is designed to realise the opportunities that Kenya presents.

OUR PURPOSE

Kenya is our home, we drive her growth.

OUR VISION

To be a leading nationally relevant financial services organisation in Kenya, delivering exceptional client experiences and superior value.

OUR VALUES

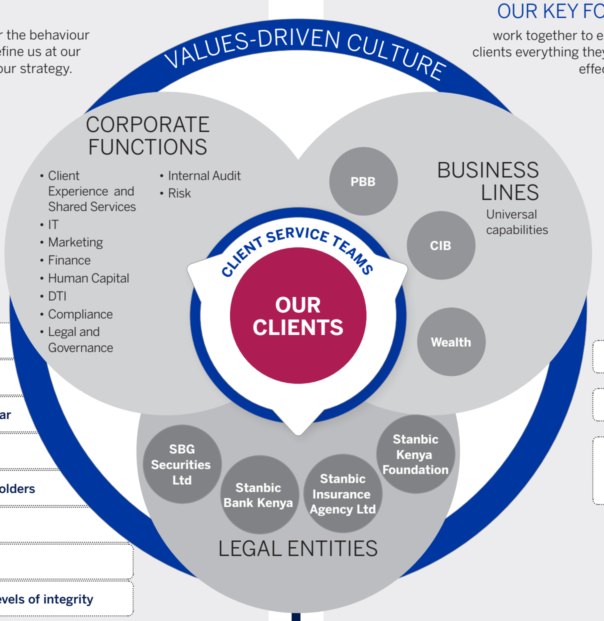
serve as beacons for the behaviour and qualities that define us at our best as we execute our strategy.

- Being proactive
- Growing our people
- Constantly raising the bar
- Working in teams
- Delivering to our stakeholders
- Respecting each other
- Serving our clients
- Upholding the highest levels of integrity

OUR KEY FOCUS AREAS

work together to ensure we offer our clients everything they need in the most effective way possible.

- Client centricity
- Digitisation
- Integrated financial services organisation



- DTI : Digital Transformation and Innovation
- IT: Information Technology

OUR STRATEGIC VALUE DRIVERS

Focus our efforts and measure the progress we are making against our group strategy and vision.

Client focus + Employee engagement + Risk and conduct = Financial outcome, SEE* impact

* Social, economic and environmental.

THE WAY WE WORK / THE WAY WE WIN

CLIENT CENTRICITY

Client centricity places our clients at the centre of everything we do.

CLIENT CENTRICITY requires that our people and processes are outwardly focused on our clients as their needs and expectations change. This means we align the way we plan, deliver and execute work, doing the basics brilliantly and consistently so that we can do what our clients value.

We are working to:

- See clients as real people, not numbers.
- Provide our clients with relevant solutions.
- Be a trustworthy partner on our clients' growth journeys.
- Do the basics brilliantly and deliver on our promises quickly, efficiently, reliably and respectfully.

DIGITISATION

Digitisation means we are always on and always there to deliver our clients' and employees' needs in a secure, personalised and relevant way.

DIGITISATION is more than just technology – it is about delivering the full range of financial services through secure, personalised, relevant and digitally enhanced experiences to our clients and employees in real time, all the time.

We are working to:

- Ensure that the services our clients and employees need are consistently available, anywhere, anytime.
- Use data proactively to discover valuable insights and deliver personalised experiences.
- Remove friction, paper-based processes and waste to ensure intuitive, easy to use, reliable interfaces for our clients and employees.
- Create a workplace that encourages curiosity, digital thinking and continuous improvement for quick and frequent refinement of ideas and brilliant delivery.

INTEGRATION

Our ability to offer an integrated service to our clients is a key differentiator.

Offering a complete range of **FINANCIAL SERVICES** follows from our commitment to client centricity, and reinforces the competitive advantages of our scale, scope and expertise. This means that our business units, legal entities and corporate functions must work as an integrated whole to service our clients' financial needs in a seamless way.

We are working to **seamlessly and efficiently deliver** the financial services organisation, so our clients have access to and experience all our propositions relevant to their needs.

OUR VALUES-DRIVEN CULTURE

Our culture is 'the way we do things'. Our work to shift our culture for the better recognises that how we do things is as important as the things we do. Our culture is determined by our purpose, vision, values and our approach to ethics. Our code of ethics guides us to be responsible and respectful in our dealings with all our stakeholders, as we work to become East Africa's leading financial services organisation. It outlines acceptable business conduct and is an important reference point for employees acting on behalf of Stanbic Holdings Plc. These clearly defined parameters empower us to make faster, more confident decisions that have the interests of our clients, and the people of the region, at heart.

We are focusing on three critical behaviours that will shift our culture and make the most difference in supporting our strategic journey:

- Connect every team's work to the group's larger purpose of **serving our clients with integrity**.
- **Create common goals** across different areas and follow through urgently.
- Enable people to **take ownership** of their work and help to remove obstacles.

Stakeholder engagement

Stakeholder engagement is part of our everyday business. We engage with our different stakeholders in different ways and strive to be responsive to their concerns. Given the scale of our operations and the diversity of our stakeholders. The Group has adopted a decentralised stakeholder engagement approach.

This means that different teams within the Group meet with their stakeholders regularly on matters of mutual interest, exploring potential partnerships, and searching for opportunities to create value. The issues in which we engage with stakeholders are multiple and diverse. Examples include our employee value proposition, progress in achieving transformation and inclusion, understanding the expectations or regulators, communicating strategy and financial performance, and identifying the needs to our clients.

Our proactive engagement with stakeholders informs the identification of our material issues, business strategy and operations, shapes products and services, helps us to manage and respond to stakeholder concerns and expectations, minimises reputational risk and influences our operating environment. Underpinning the decentralised operating model is our ethos of listening to, and constructively engaging with, legitimate stakeholders.

Our stakeholders are categorised into **two primary groups:**

Stakeholders with a direct relationship with the Group

Our clients, our people, our partners, our suppliers, our investors

Stakeholders with an indirect relationship with the Group, but with a stake in our performance

Civil society organisations, professional bodies, regulators, policy makers, academia, legislators, the diplomatic community, political parties, special-interest and advocacy groups, analysts, researchers and think-tanks, the media and non-governmental organisations

For this report, we focus exclusively on stakeholders with a direct relationship with the Group

We engage with our stakeholders in the following ways:

Stakeholders with a direct relationship with Stanbic Group

	STAKEHOLDER GROUP	CLIENTS	EMPLOYEES AND THEIR REPRESENTATIVES	SHAREHOLDERS AND INVESTMENT ANALYSTS	PARTNERS	SUPPLIERS
WHY?	This is why we think it's important to engage	Our clients are at the centre of everything we do. We have a diverse client portfolio ranging from individuals and small businesses to large corporates. We need a clear understanding of each of our clients' needs and preferences, to provide an appropriately tailored service offering	Without our people, we cannot achieve our purpose. As such, regular engagement with our people and their trade union representatives is vital in fostering constructive relationships and truly making the Group a great place to work	Shareholders provide the financial capital that allows our business to grow and we have a fiduciary duty to manage their investment with care. We need to provide investors with a compelling value proposition to retain their confidence and support	Our partners enable us to achieve our value creation goals by providing vital relationships, specialised products, services and channels, and required expertise.	Our suppliers provide us with the goods and services that we require to deliver value to our stakeholders. Through our supplier relationship management processes, we proactively manage our relationships with suppliers to create trust and reciprocity.
WHAT?	These are the issues that matter the most to them	• Delivering consistently excellent client experiences • Affordable and appropriate products and services • Safety and security of client data and assets	• Access to career advancement opportunities • Creating an environment where our employees are engaged and their well-being is supported • Reskilling employees to meet demands of rapidly evolving industry and remain employable • Diversity and inclusion	• Improving efficiency and return on investment • Responding to increased competition in challenging market conditions • Improving performance • Leveraging our partnerships within the larger Standard Bank Group	• Enabling access to business opportunities • Facilitating access to key relationships • Achieving mutual goals	• Access to procurement opportunities • Responsive and respectful relationship • Timely payments • Opportunities for development through financial products and services

	STAKEHOLDER GROUP	CLIENTS	EMPLOYEES AND THEIR REPRESENTATIVES	SHAREHOLDERS AND INVESTMENT ANALYSTS	PARTNERS	SUPPLIERS
HOW?	These are some of the ways we responded and engaged	• We run financial literacy programmes to assist clients to better manage their finances, targeting individuals, entrepreneurs and SME owners. • We engaged with corporate and business clients, to explore how best to deliver a tailored, seamless client experience.	• We regularly engage with trade union representatives. • We are keenly aware of the impacts of increasing digitisation on our workforce, and are working with employees to manage these impacts, which include skills development programmes. • We are participating in industry initiatives to support employees to develop skills relevant for future industry requirements. • We continuously engage with our diversity and inclusion forums on matters of equity in the workplace. • 'Critical Conversations' are held on a regular basis focusing on topical issues that give our people a platform to engage with senior executives and thought leaders on topical issues.	• We engaged with a broad range of existing and potential local and international investors in meetings, calls and conferences both locally and internationally. • We ensured that key themes and concerns raised were brought to the attention of relevant internal stakeholders, including the board, and considered in our reporting and planning.	• Proactive ongoing engagement takes place with our strategic partners through our project management and innovation teams. • Ongoing reporting against set targets allows for the tracking of partnership and team performance.	• We vet our suppliers ensuring they adhere to our ethical and sustainability standards. • We seek to use procurement as a tool to engage with categories of society where we can make an impact.

Material matters

Placing the client at the centre of our vision to imbed our Social, Economic and Environmental Value creation, we empower our client service teams and leverage our value driven culture to deliver on the key matters that we feel our stakeholders deem to be the most important to our business performance, and the creation of returns to society.

1 Financial inclusion

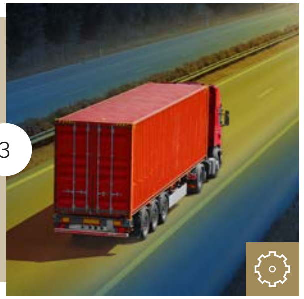
Improved levels of financial fitness required amongst client base and staff compliment.

Focus on women empowerment to realise increased levels of social return.

2 Job creation and enterprise development

SME development is key to fostering enterprise growth and job creation. Focus should be on assessing how to stimulate this sector directly, in our supply chain and in the supply chain of our corporate clients

3 Infrastructure



Large Scale Infrastructure Development facilitates economic growth, the provision of funding mechanisms is key to ensuring these projects remain sustainable and realise long term impacts in society.

4 Trade and investment

The provision of offshore investment solutions, as well as the provision of trade instruments extends a businesses level of market access, overall footprint, stimulating regional economic growth and job creation.

5 Climate change and Sustainable finance

We need to remain responsive to client needs, tracking the use of and responding to the need for responsible lending solutions in the market.

6 Education and skills development

Changing behaviour, improves financial outcomes associated with improved levels of access to financial solutions and loan behaviour, and overall resilience of individuals and businesses alike.

7 Health

Protection of our clients overall physical well being is also important to ensure financial fitness, and long term social and economic returns to society.

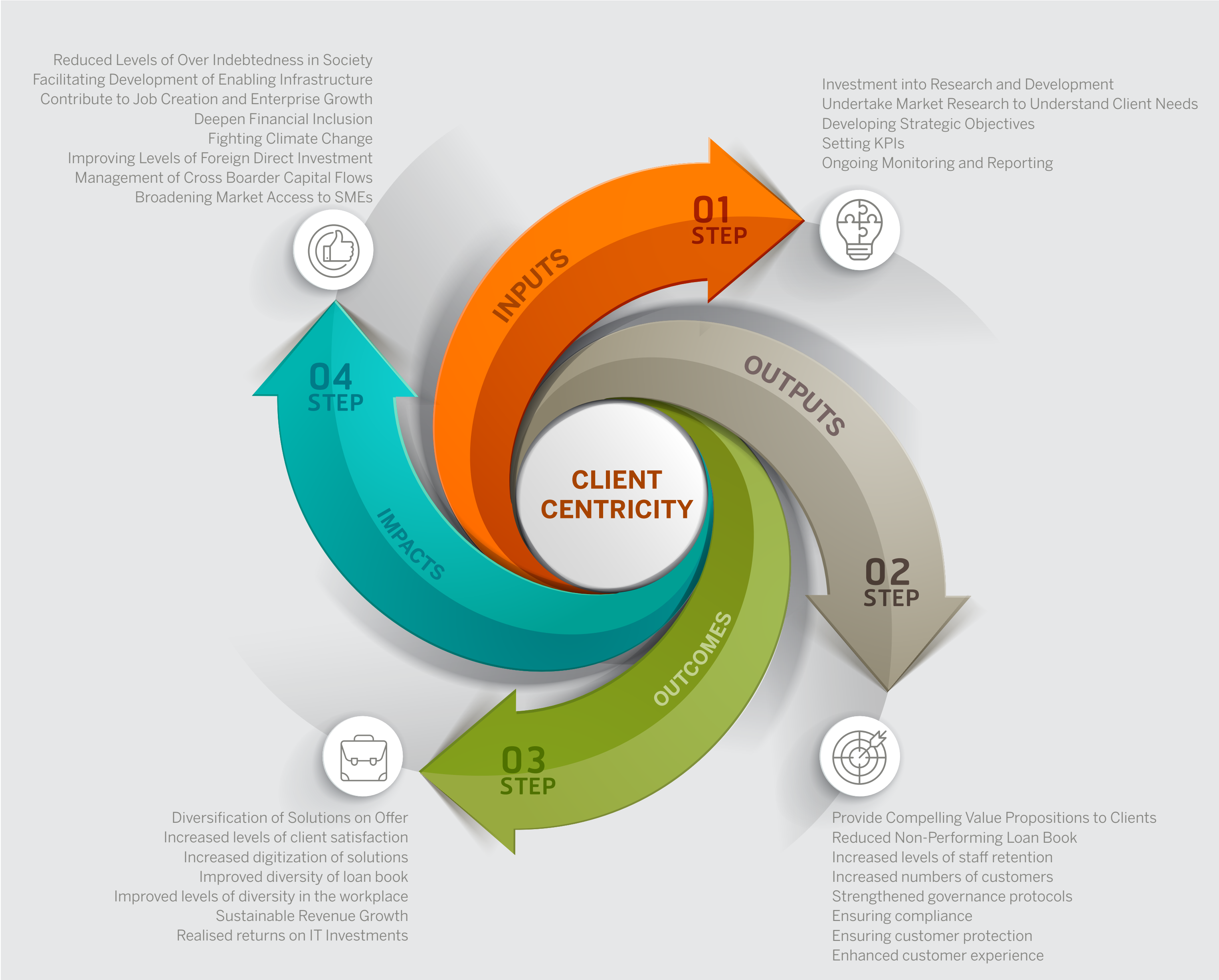
8 Gender equality

Gender diversity in the work place, amongst our client base and within our supply chain fosters growth in our order book, empowers the most vulnerable in society and stimulates economic growth.

Our theory of change

How we map and track the way we want to see change manifested in our business and in society, is detailed under our Theory of Change Model, this is in essence the theory behind how change will be realised.

The theory of change model follows four recurring steps, namely detailing our inputs, or what we intend to invest in realising this change, our outputs, or what we expect as a measure as a result of this investment provided, the outcomes defined as the realised benefits to the business performance and our client base, and finally our impacts which can be measured within society as a whole through our ongoing engagement with our clients and communities.



Our SEE journey

2017 Report

Our Journey Begins.

Value Creation is defined for the Group.

We develop a high-level overview of our objectives.

2018 Report

We unpack the concepts in more details.

This is helped by defining our stakeholder needs and what is material to them.

A high-level impact framework is provided.

Case studies are presented to define outcomes

2019 Report

Our Theory of Change is clearly defined.

We can unpack our achievements based on set targets.

We can define our impact to society.

We can make use of case studies to present both outcomes and impacts associated with us doing business.

Message from the Chief Executive Stanbic Bank Kenya

Stanbic places significant importance to driving growth in Kenya that creates sustainable value to our stakeholders, creates opportunities especially for Small and Medium Enterprises (SMEs), youth and women, supports the national development priorities, enables financial inclusion and empowers communities.

Charles Mudiwa
Chief Executive,
Stanbic Bank Kenya

We are committed to identifying and addressing social, economic and environmental impacts of our business operations and core services enabling our clients to contribute to growth while mitigating negative impacts that may ensue through their operations and projects. In 2019, our global commitment in this regard was reinforced as we become a founding signatory to the UN principles for Responsible Banking, showcasing our intent to have an impact that exceeds financial performance and proactively operate our business with an aim to contributing to the achievement of the UN sustainable Development Goals (SDGs), the Paris Climate agreement and national development goals.

This resonates with our Social, Economic and Environmental (SEE) strategic value driver whose overarching intention is to create positive stakeholder value by ensuring our business strategies consciously and deliberately pursue a triple bottom line approach. SEE requires that we be committed to the best outcome for ourselves and society by offering financial solutions that enhance social and environmental benefits while making consideration for any negative impacts that may result from the projects and activities we finance. SEE influences the decision we make underpinning the client solutions we offer, the services and products in our portfolio and our business operations. It provides us with a framework for ensuring that we enhance business performance while at the same time considering social and environmental impacts of our decisions.

At the time of preparing this report, we are in the midst of a global health pandemic, occasioned by Covid-19 which has had far reaching impacts on business, the economy and communities. The Kenyan economy is expected to bear the brunt of this pandemic, not only through the inevitable direct impacts on health, manufacturing, tourism and labour but also through a slowdown in key economic sectors. As a financial institution, we have responded to this novel challenge by ensuring we support and protect the health and wellbeing of our employees, clients, suppliers, partners and vulnerable communities. The safety of our employees and clients is something that we care deeply about and we strongly encourage clients to use Stanbic's suite of digital banking tools for their financial needs, whether this be from a personal or business perspective. Digital platforms provide an efficient, fast, safe and nearly instantaneous solution to many, if not all of your daily banking requirements, away from public spaces.

2019 was an exciting year for us in terms of our diversity agenda, as we launched a value proposition aimed at women that is tailor made to address their unique social, personal, business and financial needs. Dubbed DADA (Dare to Aspire, Dare to Achieve), the proposition aims at providing more than banking encompassing a holistic approach to women enabling learning, connection and growth in all aspects. In fulfilling the financial needs of women, DADA provides them with financial solutions that are tailored to their personal, business and group needs. Additionally, through DADA, we provide access to information, education, networking opportunities and wellness sessions. DADA signifies a progression to our commitment to gender equality which has also involved participation in the "HeforShe" movement and hosting of training sessions for women internally.

Additionally, in 2019, we enhanced our Corporate Social Investment strategy through the launch of the Stanbic Bank Foundation whose mission is to grow entrepreneurship ecosystems. Through the Foundation, we aim to unlock possibilities through four key pillars of business competitiveness, funding, markets and influencing policy. These opportunities are aimed at Small and Medium Enterprises which offer employment to an estimated 7.5 million people, account for 80% of employment, and contribute over 92% of the new jobs created annually. However, a lack of early-stage investment capital, mentors and high-quality mentorship, as well as insufficient management teams and skills are constant obstacles that they face in their bid to grow. Our Incubator/Accelerator programme will seek to address these gaps and enable these entrepreneurs to increase their pace and magnitude of business growth.

In the course of the year, we were integrally involved in several significant projects. We are particularly proud that we were the lead arranger, placing agent and fiscal agent for the first ever green bond issued in East Africa. Proceeds from the Bond will be used to fund the construction of six purpose-built student accommodation properties in Nairobi with a capacity of over 5 000 beds that are safe, secure and ideal for study and socializing. The buildings are IFC EDGE certified meaning they meet the highest standards in environmental stewardship. The Bond is certified as green by the Climate Bonds Initiative as it meets international green building standards which are designed to achieve savings on energy usage and water consumption. We are proud that our expertise in arranging sophisticated financial instruments continues to create value for our clients and society, and more specifically in this case, environmental value add.

Overall, we are committed to drive our SEE agenda and be true to our overall purpose of driving growth in Kenya. We will continue to track our performance and issue SEE reports as part of our commitment to accountability to stakeholders. We encourage those who interact with these reports to provide us with feedback and are open to value adding partnerships that would enhance the benefits we seek to achieve through our SEE strategic value driver.

SEE impacts








Overview

Role of Banking

- Enables economic growth
- Drives economic and social development
- Act as intermediary between parties
- Facilitates inter country trade

Role of Stanbic

- Provide access to financial services
- Ensure affordability of solutions
- Facilitate safe and efficient forms of transactions
- Make provision for savings facilities
- Make provision of debt funding for individuals and businesses
- Ongoing improvement of a clients overall level of financial literacy
- Leveraging our scale to benefit our clients
- Facilitate Governments Big 4 Agenda

Governance Framework

Social, Economic, Environmental Model Developed to:

- Help us find business opportunities arising from societal, economic and environmental challenges in the markets we operate.
- It enables us to weigh up commercial versus societal impacts and make appropriate decisions on this basis, deliver what matters to our clients while enhancing the trust, reputation and sustainability of the group.
- it enables us to provide a balanced and objective account of or impacts to our diverse stakeholders.
- It raises awareness across the group of the social, economic and environmental impacts - positive and negative that arise from our business activities, including what we finance.

Benefit to Stanbic

- Reduced risks to operations
- Reduced NPL/LLRs
- Growth in loan book
- Growth in deposit taking
- Enhanced reputation in the market
- Strengthens finanical returns
- Empowers employees
- Provides us with the ablility to tap into new and emerging growth opportunities in the market

Benefit to Society

- Receive excellent client experience
- Fostered increased levels of trust in financial institutions
- Able to access banking solutions simpler and faster than before
- Increased levels of economic activity created
- Maintenance of meaningful jobs achieved
- Stimulus of SMME sector
- Provision of affordable housing
- Improved Financial Literacy
- Increased earning potential
- Increased access to enabling infrastrucuture
- Ensuring resilience to changes resulting from climate change.

Financial institutions have a critical role in socio-economic development through their intermediation function that allocates resources to productive economic activities leading to production and provision of services, growth, job creation, economic development and social and environmental value creation.

Through our products and services, we impact on a wide array of productive activities, facilitate trade, mitigate risks, enhance value and address societal challenges. For Stanbic Bank, the Big Picture that drives our SEE agenda is integrally related to societal benefits.

SEE shared value

Vision

Kenya is our Home we Drive Her Growth

Mission

As part of this journey we are working to embed our Social, Economic and Environmental (SEE) Framework to help us assess the social, economic and environmental impacts of our decisions and how best to create value for the business in a way that also produces value to society. The Board oversees our business performance, including how our practices impact people and the environment. They receive updates on issues related to the SEE pillar that have been set out as part of our long-term strategy.

SEE Pillars

At Stanbic, we believe that in order to be a truly sustainable business, we must pursue and create value that goes beyond financial outcomes. We express this belief through our Social, Economic and Environmental (SEE) model. We build trusted relationships through strong engagement with both clients and society and through our broad expertise across the wide range of products, services and solutions we provide within banking, insurance, investment and wealth management. As a Group, we contribute to progress in society and sustainable development by making it easier for people to realise their dreams. We work for something greater than the Group and our clients, employees and shareholders – we work for the greater good, delivering value and generating positive impact on society.

Social defined

The value we create for society, as measured by the value created for our people in areas such as skills development and transformation; the shared value our business generates for our clients and other stakeholders, through deepening financial inclusion, investing in infrastructure, and supporting job creation through enterprise development and financing people, businesses and entrepreneurs; and our investments in education, sports, culture that benefit communities and future generations.

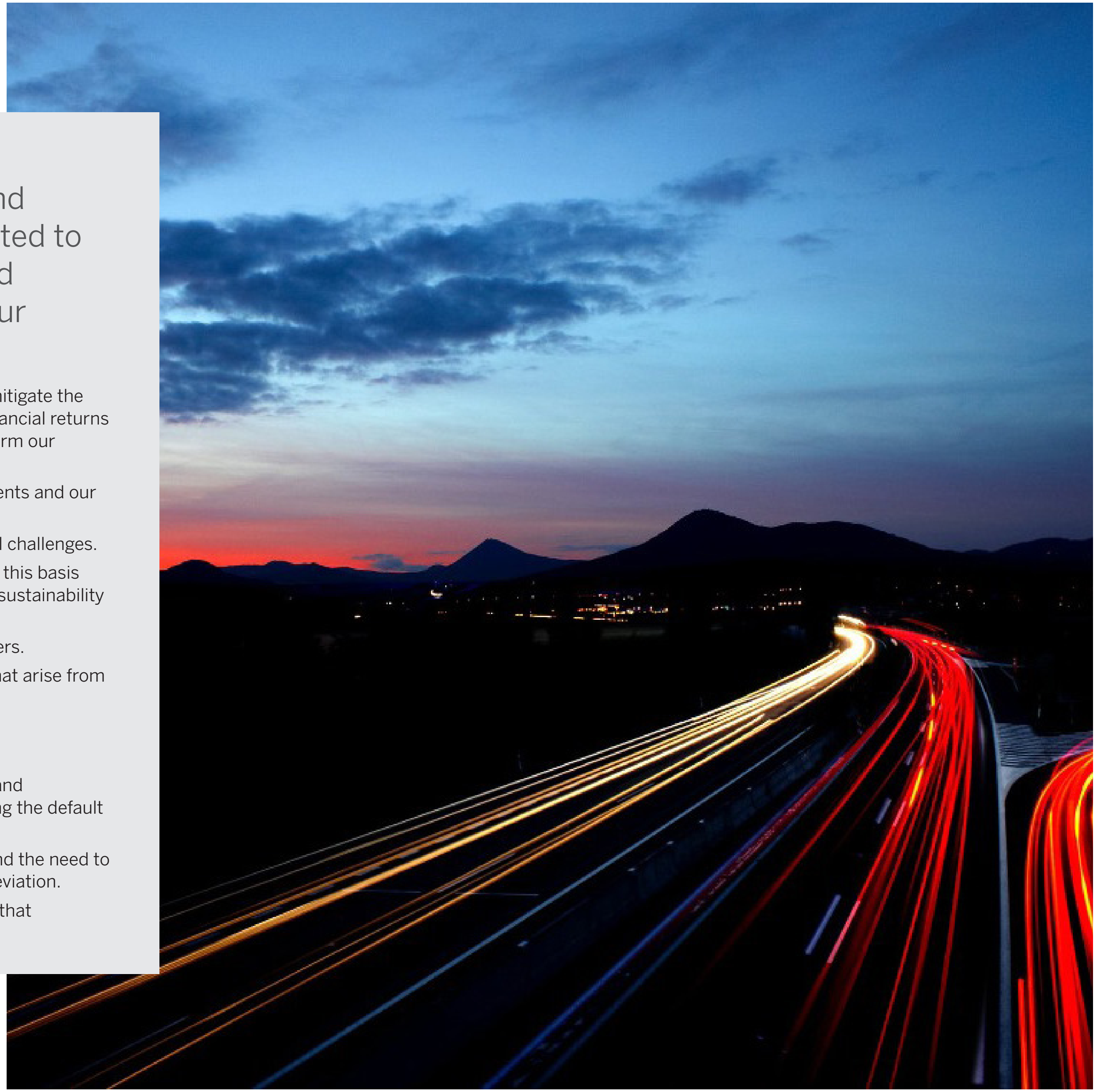
Economic defined

The value we create for our shareholders and more broadly for society, by driving inclusive economic growth in our countries of operation, developing and implementing better ways of doing business, and supporting regional economic integration and development.

Environmental defined

The value we create for the natural environment, through businesses we finance or do not finance, investments towards reducing carbon emissions and any other environmental degradation, and by helping our clients to lessen and adapt to the impacts of climate change.

SEE impact



Our business activities have social, economic and environmental (SEE) impacts in the economies and communities in which we operate. We are committed to understanding these impacts, which are direct and indirect, and using this understanding to inform our decision-making at every level.

This enables us to maximise the positive impacts of our business, and minimise and mitigate the negative impacts, while simultaneously generating new business opportunities and financial returns for the group. We've adopted this SEE model as one of the five value drivers which inform our strategy, and against which we measure our performance.

SEE helps us understand if we are achieving our purpose, building trust among our clients and our other stakeholders. Managing our SEE value driver helps us to:

- Identify business opportunities arising from societal, economic and environmental challenges.
- Weigh-up commercial versus societal impacts and make appropriate decisions on this basis – delivering what matters to our clients while enhancing the trust, reputation and sustainability of the Group.
- Provide a balanced and objective account of our impacts to our diverse stakeholders.
- Raise awareness across the Group of the SEE impacts – positive and negative – that arise from our business activities.

Trade Offs:

- Implementing new solutions that improve access to finance for small businesses and entrepreneurs to enhance their growth and potential to create jobs, while managing the default risk.
- Balancing the challenges posed by climate change, change in weather patterns, and the need to facilitate access to affordable energy to support economic growth and poverty alleviation.
- Finding ways to restructure debt for sectors impacted by climate change in a way that maintains the integrity of our loan book and the viability of our clients' businesses.

Focused Outcomes	Objectives Defined	SUSTAINABLE DEVELOPMENT GOALS
Financial Inclusion	We enable more people to access financial products and services, supporting economic development and reducing inequality	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Job Creation and enterprise growth	We work with our clients to understand their challenges and priorities, provide them with appropriate financial solutions to support their growth and expansion and deliver digital solutions to meet their unique needs. This includes targeted support to enable SMEs to develop and grow their business	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH
Infrastructure	We support the development of infrastructure to enable inclusive and sustainable industrialisation by financing largescale infrastructure projects; and partnering with our clients to ensure environmental and social risks are appropriately managed and minimised	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Trade and investment	We facilitate trade and investment flows between African Countries, and with key global markets including China. Through the provision of innovative trade finance solutions and cross border payments and investment solutions.	8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Climate change and sustainable finance	We work with our clients to develop appropriate solutions for mitigating and adapting to the effects of climate change and we develop innovative financial products and services that support the green economy and social development	6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
Education	We support access to inclusive, quality education and the promotion of lifelong learning opportunities, and help Africa harness the opportunities of the fourth industrial revolution	4 QUALITY EDUCATION; 5 GENDER EQUALITY; 10 REDUCED INEQUALITIES
Health	We support better health outcomes for Africa's people by financing healthcare providers, and health infrastructure and equipment, providing business development support to healthcare practitioners, investing in our people's health safety and wellbeing and investing in health-focused CSI programmes.	3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY
Gender Equality	We recognize the need for improving gender based inequalities and have developed a proposition aimed at empowering women in business, employment and in social groups that provides financial and non-financial products and services to enable them to achieve their financial aspirations.	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES

Financial Inclusion

5 GENDER EQUALITY

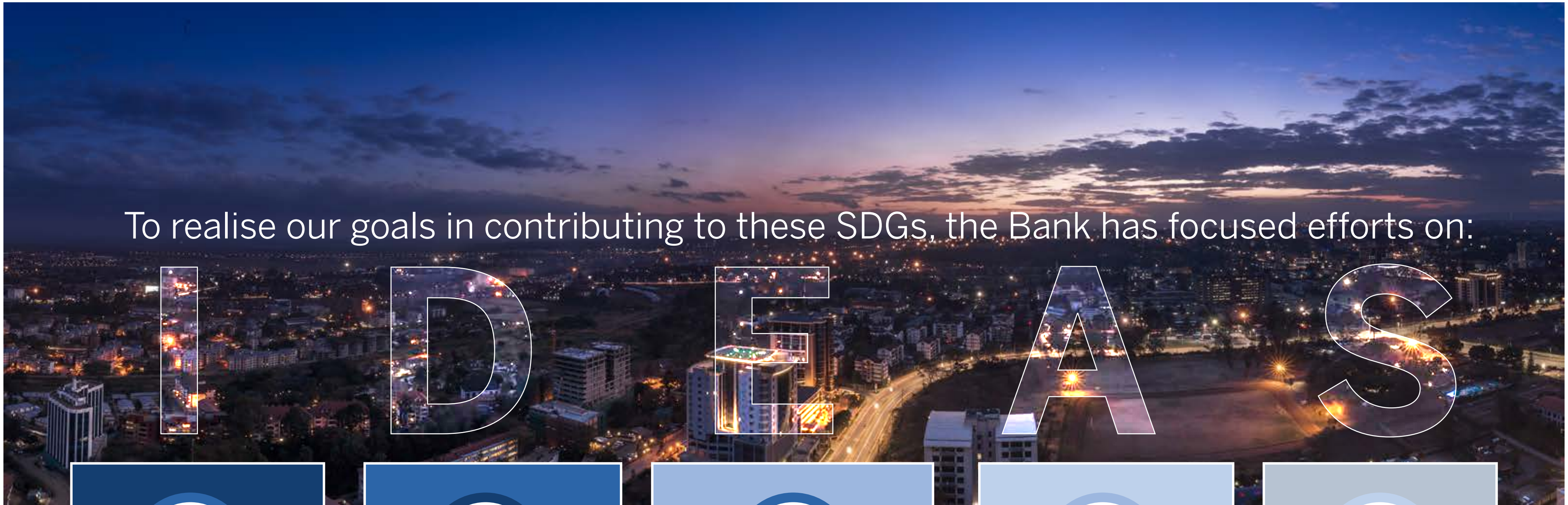
8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

SEE IMPACT AREA ONE

Financial inclusion supports economic and human development and reduces inequality. Achieving financial inclusion requires that individuals and businesses have access to applicable and affordable financial products and services that meet their needs, delivered in a responsible and sustainable way. This includes payments, savings, credit and insurance.

Access to such services enables individuals and businesses to manage day to day transactions, save and plan for the future, and deal with unexpected emergencies. It also enables entrepreneurs to formalise and grow their businesses. Financial inclusion has been identified as an enabler for several of the 17 UN Sustainable Development Goals, with focus in this report being the Banks contribution to SDG 5 (gender equality), SDG 8 (Decent work and economic growth) and 10 (reduced inequality) respectively.



Insurance

Provide a range of insurance solutions for individuals and businesses

Digitisation

Improving access to and affordability of financial services

Education

Providing customer education to enable people to manage their finances responsibly and effectively and awareness of cost-effective and convenient transactional channels

Affordable Housing

Enabling home ownership through appropriate lending solutions

Saving

Providing solutions to encourage people to save and plan for their future financial security

Insurance

The most significant contribution of insurance to society is the provision of risk sharing, risk pooling and risk transfer abilities and loss prevention measures. Fulfilling this function is fundamental for a well-functioning economy[1]. This is enabled by insurers providing insurance to individuals as well as commercial entities.

The provision of insurance policies further assist society in protecting their wealth. This wealth takes various forms, such as human wealth in the event of loss of life or deterioration in a person's overall wellbeing due to ill health, as well as property wealth, as is the case when there is risks associated with damage to property as a result of fire or theft of belongings. As a result, the provision of general, life and medical insurance offers protection to stabilise business and an individual's financial position, thus allowing individuals to maintain their desired standard of living.

Insurance should rightly be perceived not only as a protection and risk management mechanism, which pays out when a catastrophe occurs, but more as a partnership that allows individuals and businesses to spread their wings and go where they might otherwise not have dared to go[2].

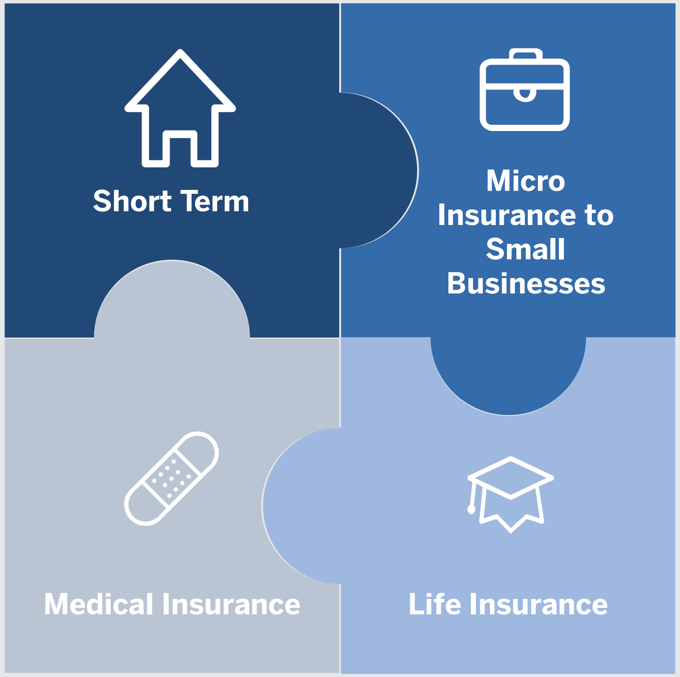
INSURANCE COVER

SHORT TERM

Covers home owners structural insurance and content, motor vehicles, computer equipment, and personal liability.

BUSINESSES

Provided through Bizsure and Bizprotect. This policies are coupon based and designed to cover stock and business content for small business owners against risks like fire and theft. They are also used to cover agricultural goods.



MEDICAL

Medical insurance provides payment of medical expenses arising out of accident or disease for the individual and/or their family.

LIFE

This life insurance policy is designed to pay off a borrower's debt if that borrower dies, is disabled or has a critical illness. Add on options for this cover include retrenchment benefit, joint life benefit and funeral benefit.

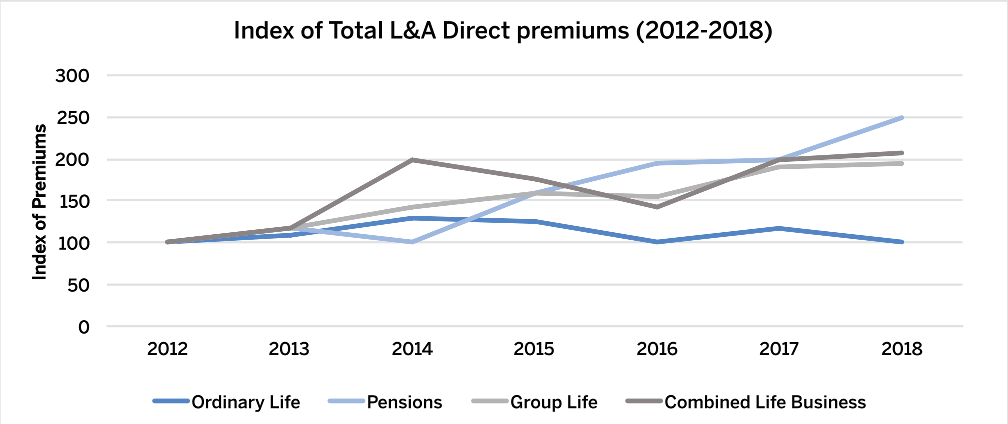
[1] Risk Management Newsletter, The Value of Insurance to Society. Kathrin Hoppe, Insurance Regulation and Supervision Expert, The Geneva Association, 2012. Available at URL: http://riad-online.eu/fileadmin/documents/homepage/events/past_events/2013_Cannes/Hoppe_SocialValue.pdf

[2] The Social and Economic Value of Insurance, A Geneva Association Paper. 2012. Available at URL: https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf_public//ga2012-the_social_and_economic_value_of_insurance.pdf

The sustained economic growth in the East African region has not translated into a positive trajectory for insurers. The operating environment has only become more competitive with premium rates being revised downwards in the more competitive business classes.

Clients are becoming more enlightened, aware of their insurance needs, and are increasingly being sceptical of what insurers have to offer them.

In 2018, there were observed declines in the overall direct premiums issued by the Insurance industry in Kenya, for both ordinary and group life businesses. However, these were counteracted by the increase in pension business direct premiums.



Source: IRA Kenya Industry Reports 2012-2018, BMI Economic Data

In 2018, the industry recorded KShs 216.26 billion in gross premium (2017: KShs 209 billion) translating to a nominal growth of 3.5% (-0.5% in real terms). Stanbic Kenya's Insurance Offering has diversified over the last 2 years, which has similarly resulted in a growth for the portfolio year on year by 11%.

This diversification agenda has also seen the development of bespoke product offerings, such as the bundled insurance product for women, which allows for the grouping of products under one umbrella cover. The grouping of products is geared to the needs of women, with four bundled offerings available for selection. A market analysis of product affordability noted that this bundled offering is the cheapest currently available on the market for this demographic. Flexible payment terms have also been adopted.

Stanbic Kenya acknowledge that insurance provision contributes to society and economic growth, and will strive to broaden their service offering through the development of bespoke and innovative product packaging. We summarise these benefits to society and the economy as follows[1]:

- it allows different risks to be managed more efficiently;
- it encourages loss mitigation;
- it enhances peace of mind and promotes financial stability;
- it helps relieve the burden on governments for providing all services of social protection to citizens via social security systems;
- it facilitates trade and commerce, supporting businesses and economic growth;
- it mobilises domestic savings; and,
- it fosters a more efficient allocation of capital, advancing the development of financial services.

When things at your job get a little uncertain and you're facing a possible retrenchment, we've got you. Sign up for Executive Banking that guarantees you an income of up to KShs 900,000 should you get retrenched or redundant.

#LetsKeepMovingForKenya

Digital Solutions to improve access and affordability

The ongoing advances in telecommunications and computing technology have transformed the financial sector. These technological advances have greatly improved quality and processing speed and have lowered information costs and other costs of transacting. These developments have positively impacted providers and users of financial products and services.

New and emerging technologies that are being applied to financial services, include distributed ledger technology (also referred to as Blockchain), Big Data, the Internet of Things (IoT), cloud computing, artificial intelligence and biometric technologies.

PROVIDING DIGITAL SOLUTIONS

IMPROVING ACCESS ENSURING CUSTOMERS ARE PROTECTED

Block Chain

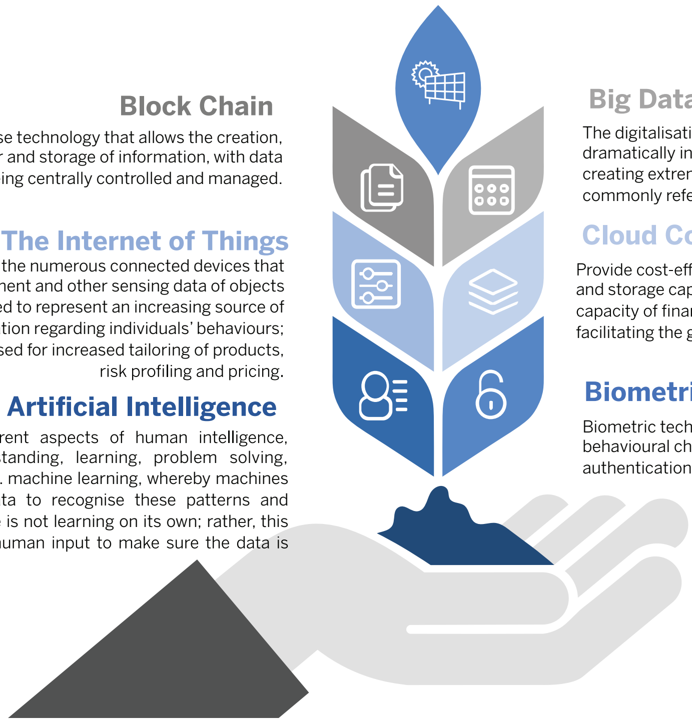
A database technology that allows the creation, secure transfer and storage of information, with data no longer being centrally controlled and managed.

The Internet of Things

The Internet of Things (IoT) refers to the numerous connected devices that capture information regarding movement and other sensing data of objects in the physical world, and is expected to represent an increasing source of Big Data. Provide rich information regarding individuals' behaviours; thereby, the resulting data can be used for increased tailoring of products, risk profiling and pricing.

Artificial Intelligence

Focused on a range of different aspects of human intelligence, including recognition, understanding, learning, problem solving, reasoning and decision making. machine learning, whereby machines are trained with historical data to recognise these patterns and classify new data. The machine is not learning on its own; rather, this requires a significant level of human input to make sure the data is interpreted correctly



Big Data Analytics

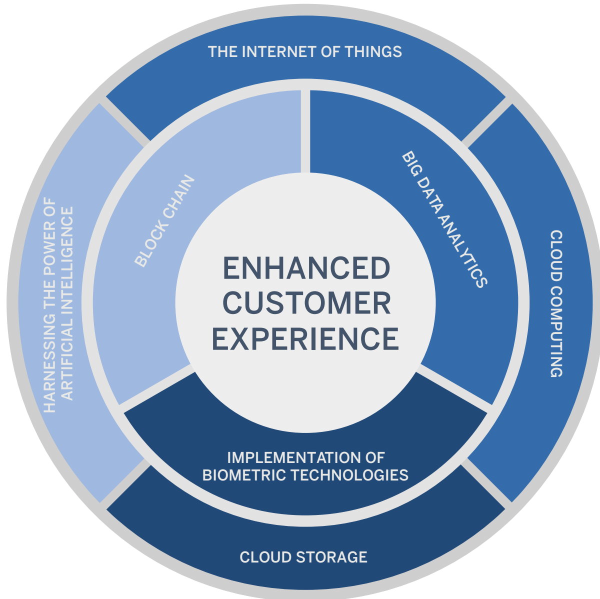
The digitalisation of day-to-day activities has dramatically increased the amount of data available, creating extremely large and complex data sets commonly referred to as "Big Data".

Cloud Computing and Storage

Provide cost-efficient and relatively easily scalable on-demand processing and storage capacity for data. Cloud technology has greatly increased the capacity of financial institutions to collect and analyse data, thereby facilitating the growth in data analytics and their various applications.

Biometric Technologies

Biometric technologies rely on the recognition of physiological or behavioural characteristics, and can be used for identity authentication by detecting characteristics unique to individuals.



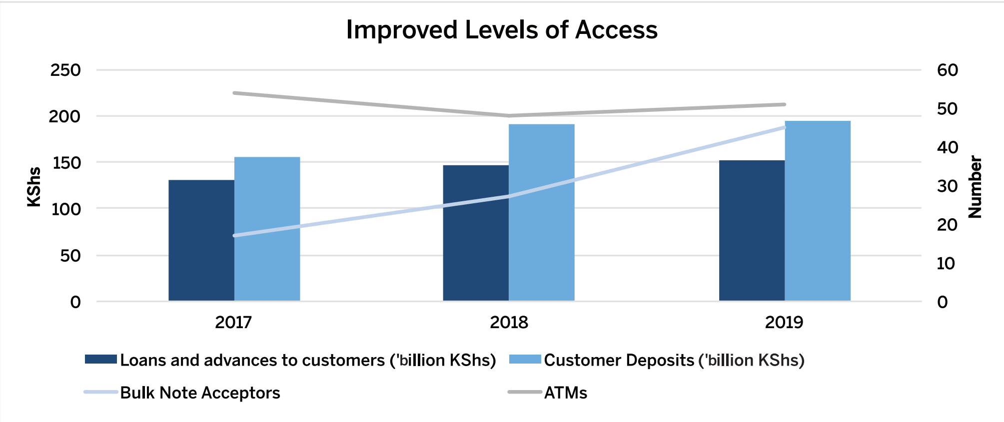
Kenya has made remarkable progress over the last decade in expanding financial access. With three quarters of adult Kenyans now having a formal account through which they can save and transact.

This progress is due, in large part, to the collective efforts of various players in the Kenyan financial system. Regulators opened the way for innovators to deliver ground-breaking solutions through digital technology, banks developed basic accounts delivered through branches and agents close to where people live and work, and government social transfer programmes are using the financial system to reach remote corners of the country.

Stanbic Kenya has launched a number of internal digitisation projects to enhance the overall customer experience associated with the use of their products. This has also led to increased uptake of these services, and increased levels of access to previously marginalised groups.

Focus was on the introduction and upgrade of existing mobile banking solutions. Feedback received from customers were taken into account during the refresh of the app to ensure an enhanced positive customer experience. These new improvements have allowed customers to open a bank account from home, with transactions made possible immediately. General account opening time has thus reduced from an average of 4 days to just 7 minutes (assuming the customer has submitted all required documentation on the portal).

This digitisation agenda has also led to the need for smaller branches, further facilitated through the roll out of bank note acceptors. The lower cost of operations will result in the bank's ability to focus on the development of more tailored solutions for customers.



This transformation of the way banking staff engage with customers is opening up more exciting opportunities for staff. With the reduction in the need for branch support staff, staff are being moved to back office positions, this redeployment is allowing them to engage with more challenging roles, broadening their credentials in the banking sector making them far more marketable [3 & 4].

"Our digital products offer ease and convenience, no matter where you are located, and this replaces the need to visit our physical branches. During this COVID-19 period, digital, contact-free banking helps our clients carry on with their personal and business lives without disruption."

[3]http://www.oecd.org/finance/Financial-markets-insurance-pensions-digitalisation-and-finance.pdf
[4]http://s3-eu-central-1.amazonaws.com/fsd-circle/wp-content/uploads/2015/12/30093446/Kenyas-Financial-Transformation-in-the-21st-Century.pdf

The application of these digital technology options is embedded in the following financial activities and services offered by the Bank to clients.

DATA TECHNOLOGY	FINANCIAL ACTIVITIES AND SERVICES							
	PAYMENT SERVICES	ADVISORY & AGENCY SERVICES PLANNING	INVESTMENT AND TRADING	LENDING & FUNDING	INSURANCE	SECURITY	OPERATIONS	COMMUNICATION
Big Data								
Internet of Things								
Cloud Computing								
Artificial Intelligence								
Biometric Technology								

Benefits to the client in having these digital technology options integrated into the banking system

Big Data Analytics	Improves Market Research and Improves Product Design
	Used for more granular price discrimination, allowing accurate assessment of an individual's risk profile.
	Allows for Targetted Advertising
	Used for Internal Risk Management
	Improves ability of Authorities to Supervise Financial institutions Risk Management approach.
	Improves the ability of the institution to detect fraud

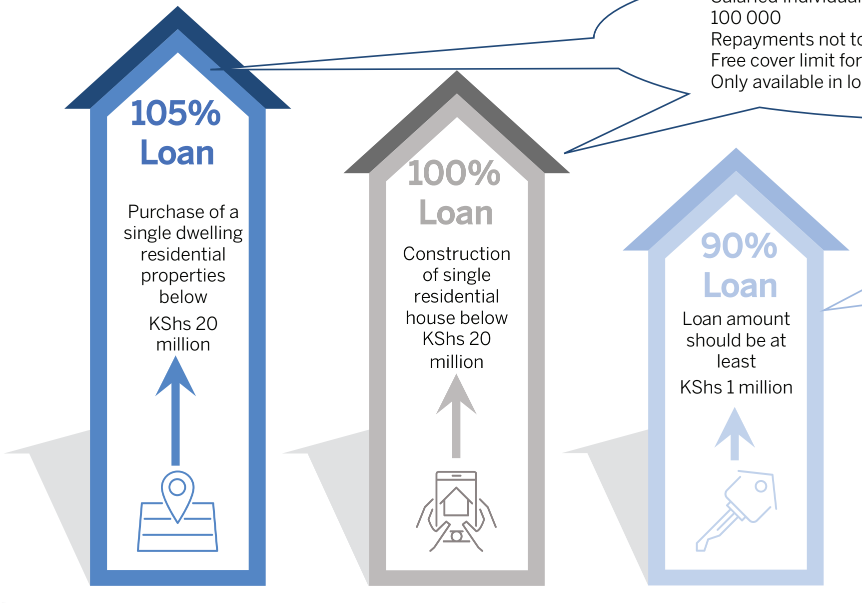
Enabling home ownership

The argument for affordable housing has long been a social one, framed in the context of key global agreements such as the Sustainable Development Goals (SDGs). More recently, it is also becoming an economic one . The entire affordable housing ecosystem — developers and builders, architects, property managers, and those in law and finance, stands to benefit from creating and preserving this stable asset class[5]. Those living in affordable housing are able to spend substantially more on food and on healthcare. This has the effect on local micro economic activity, as more and more shops, restaurants and healthcare facilities are opened to service these areas.

Building, preserving and sustaining affordable housing requires a host of construction tradespeople, property managers, leasing agents, security staff and others. That is just the beginning, as local businesses are necessary to provide this workforce with needed resources, from food to fuel, restaurants to recreation and so much more, spurring even more hiring. Smart developers can leverage these increases in commerce to create opportunities to provide more housing for employees and attract more business to the area [6].

The next frontier for the growth of affordable housing in Africa, is to build the investment argument, because this argument will ultimately shape the potential for affordable housing at the scale required. Provision of affordable housing is one of the key development priorities of the Kenya government under the Big Four Agenda. This agenda seeks to provide 500,000 new affordable houses by 2022. But affordable housing faces several challenges including funding and client's abilities to pay. Helping people buy a home is one of the most important roles we play in society. A home provides shelter and dignity for families and provides an opportunity to build intergenerational wealth.

PRODUCT OFFERING



Salaried Individuals with minimum gross salary of KShs 100 000
Repayments not to exceed 50% of net salary
Free cover limit for loan amount of KShs 30 million or less
Only available in local currency

Finance up to 90% of the value of the property or the sale price, whichever is lower
Applicable to salaried and self employed individuals
Available to both local and diaspora customers
Available in all major currencies

GENERAL TERMS

Up to 20 years loan tenure
Minimum loan amount KShs 1 million
Minimum property value KShs 3 million
The access mortgage feature allows you to make lump sum deposits into and withdrawals from your home loan account at no cost
Approval is within four days after all documents have been received
Competitive variable interest rates provided linked to our base rate
We have a dedicated call centre to help you through the home loan application process
Credit life protection insurance is included in your loan repayments

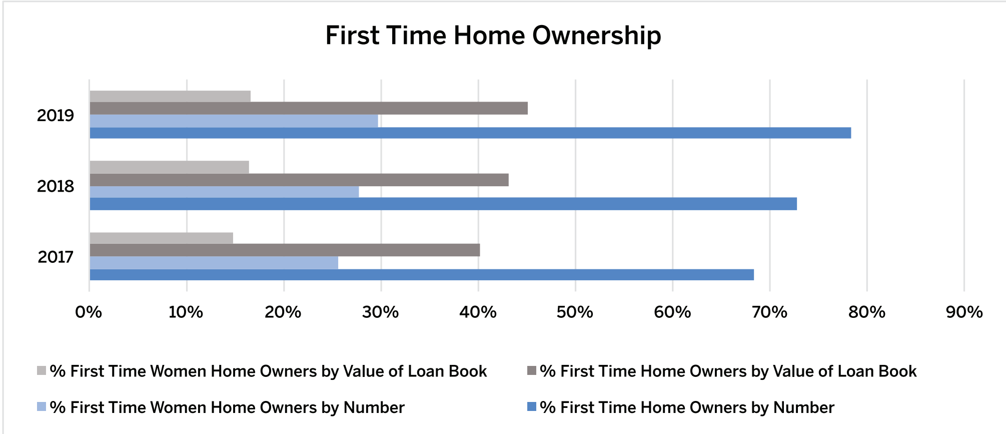
[5] Centre for Affordable Housing Finance in Africa. A Review of Africa's housing finance markets. 2019. Available at URL: http://housingfinanceafrica.org/app/uploads/2019_yearbook-20.12.2019-compressed.pdf

[6] How Whole Communities Benefit from Affordable Housing. Forbes. 2020. Available at URL: https://www.forbes.com/sites/forbesrealestatecouncil/2020/01/06/how-whole-communities-benefit-from-affordable-housing/#7563707624e8

Housing affordability is a function of three things: household income, the price of the house, and the terms of the finance.

Kenya's banks are still the main providers of mortgage financing with 77.5 percent of all mortgage lending originating from only six banks out of 43 financial institutions in the country. Most financial institutions are reluctant to expand their mortgage portfolios because of limited access to capital markets and collateral requirements which make mortgages exceedingly expensive. This explains the number of registered mortgage loans standing at only 26 187 in Kenya as of December 2017. It is estimated that Stanbic Kenya serviced 16% of the mortgages financed by the banking sector in 2017.

Stanbic strives to ensure growth in mortgage loans on offer with a focus on the provision of products aimed at making first time home ownership possible. As of 2019, 78% of all mortgages issued by number were to first time homeowners, 30% were issued to first time female homeowners. By value these loans issued equated to nearly half of the order book at 45%, with 17% of the value being issued to first time female homeowners.



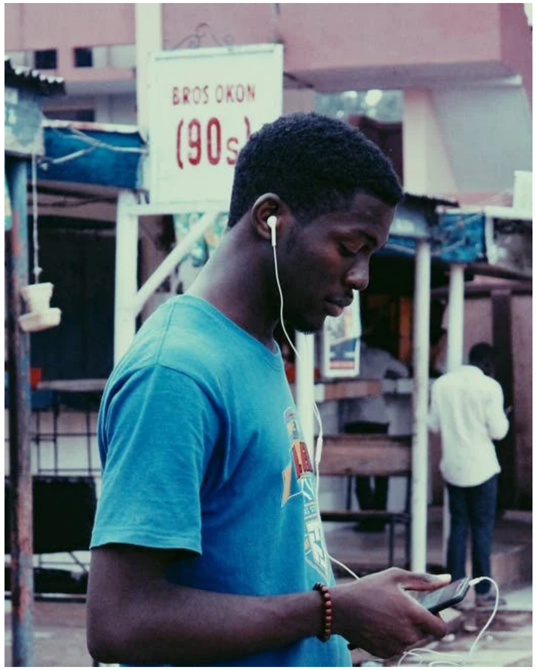
Stanbic Kenya acknowledges the benefits to clients of providing affordable housing, and aim to maximise these impacts in society, namely:

- Heightened wellbeing of children
- Better school performance in children
- Children participate more in activities
- Improved mental health
- Better health overall
- Financial Stability

[7] http://housingfinanceafrica.org/app/uploads/2019_yearbook-20.12.2019-compressed.pdf

Client education

A growing digital environment is changing the way money is viewed, spent, and saved, as well as how loans and mortgages are evaluated and given. The banks provision of financial literacy training to clients especially the youth, is shown to foster trust, also assists in solving problems caused by financial illiteracy benefitting both the client and the bank[8] .



The demanding increased levels of self service through apps, and online banking solutions required by clients, is reducing the burden on banks, but has inadvertently shifted the responsibility of making key financial decision to the client without the traditional specialised advise provided for previously. This need for financial education programmes will only grow as more products and services including those not traditionally accessed through traditional banking, such as share trade and investments, become available to choose from. As the younger generations grow older, they will also face more complicated financial decision, such as retirement funding.

Financial education programs for banks not only improve client satisfaction with self-service solutions. They also offer amazing opportunities to build client relationships while helping them navigate these increasingly complicated choices. This benefits the bank as it ensures our clients pay on time and are less likely to default or go into bankruptcy. For emerging economies, financially educated consumers can also help ensure that the financial sector makes an effective contribution to real economic growth and poverty reduction[9].

FINANCIAL FITNESS ACADEMY

Target: employees of our corporate clients

Reduced Inequality — 01

FINANCIAL LITERACY FOR EMPLOYEES

Target: our employees

Customer Protection — 02

FINANCIAL LITERACY AND BASIC BUSINESS SKILLS TRAINING

Target: start ups and small businesses

Economic Growth and Job Creation — 03

ONLINE EDUCATION ON SHARE TRADING

Target: employees and customers

Education and Economic Growth — 04

APP BASED TOOLS

Target: personal banking customers

Reduced Inequality — 05

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[8] https://everfi.com/blog/financial-education/5-reasons-your-bank-needs-to-be-thinking-about-financial-education/
[9] The Importance of Finance Education. OECD. 2006. Available at URL: http://www.oecd.org/finance/financial-education/37087833.pdf

Financial fitness academies

We partner with our corporate clients to provide financial literacy training for their employees. These events are well attended and provide us with an opportunity to connect with clients and potential clients. We have also expanded these trainings to social groups. Since inception we have hosted 30 financial fitness academy sessions for 27 corporates, training a total of 2371 individuals.

The academies build on a client's wealth journey enabling them to create, build and preserve wealth. We believe that all individuals have a wealth aspiration and we seek to provide them with the knowledge, tools and solutions to achieve their wealth goals. Our client education includes personal financial management, financial literacy, and entrepreneurship covering key skills such as goal setting, budgeting, saving, investing, sharing and legacy.

Our wealth framework inculcates key disciplines such as starting with the end in mind, recognizing that wealth creation is a marathon and not a sprint, and avoiding "get rich quick" schemes. We use our vast Group expertise in finance, banking, investment, insurance and business to provide tailored information and solutions.

In 2019 – 2020 we moved from face to face sessions which were 2-3 hours in duration to 1.5 hours digital sessions.

Year	Sessions	Individuals Trained
2019	30	2371

SME Financial Literacy Training and Development :

- Financial literacy training instilled bookkeeping skills in SMEs. This in return improved prospects of business expansion.
- Financial literacy in bookkeeping reduced the SMEs running costs and ultimately enabled advance planning on loan repayment.
- The ability to perform internal self auditing, enabled SMEs to improve competitiveness in the various sectors that the SMEs operated.
- Financial literacy training enabled SMEs acquire more funding from financial institutions.

There is a positive relationship effect between budgeting and financial statement analysis skills which in turn improved loan repayment performance by SMEs.

It is never too early to pursue your wealth agenda. Under the youth academy, you will learn to:

Providing Solutions to encourage people to save and plan for their future financial security

The consistent use of financial services can help the world's poorest people better manage risks, step out of poverty, and build a better life. Strong evidence indicates that savings are an essential part of this package. And while savings rates are higher in Sub Saharan Africa than in other developing regions, they are still much lower than in higher-income regions. The persistence of dormant accounts and infrequent use of digital savings, along with poor households' predominant use of informal savings mechanisms, indicate that people, particularly the poor, continue to face significant barriers to formal saving.

Savings are critical for people's consumption smoothing, risk management and financing of important life goals such as education and starting a business. Savings are also good for financial service providers' bottom lines and are required for economic growth. The low-income savings market is served by a range of providers such as banks, microfinance institutions, savings and credit cooperatives, and mobile money providers. All providers continue to face challenges in reaching this market segment. This is because low-income people tend to keep small balances, transact often and live and work far from traditional banking outlets.

Despite the challenges, significant advances have been made in reaching this demographic through alternative delivery channels, the rise of digital financial services, the proliferation of linking savings groups to formal finance, and the use of client-centric approaches. Increasing this demographics ability to use savings mechanisms effectively is fundamental to shifting the industry's focus from access alone to financial health and meaningful financial inclusion[10].

[10]Savings in Sub Saharan Africa: Access, Policies and Priorities. Centre for Financial Inclusion 2019. Available at URL: https://www.centerforfinancialinclusion.org/savings-in-sub-saharan-africa-access-policies-and-priorities

In Kenya the top five rated motives for saving were:

- Saving for down payment for durable goods,
- Saving for future emergencies,
- Accumulate funds for starting a business,
- Reserve for future necessities, and
- To gain financial independence in the future.

Other motives that were also rated highly include:

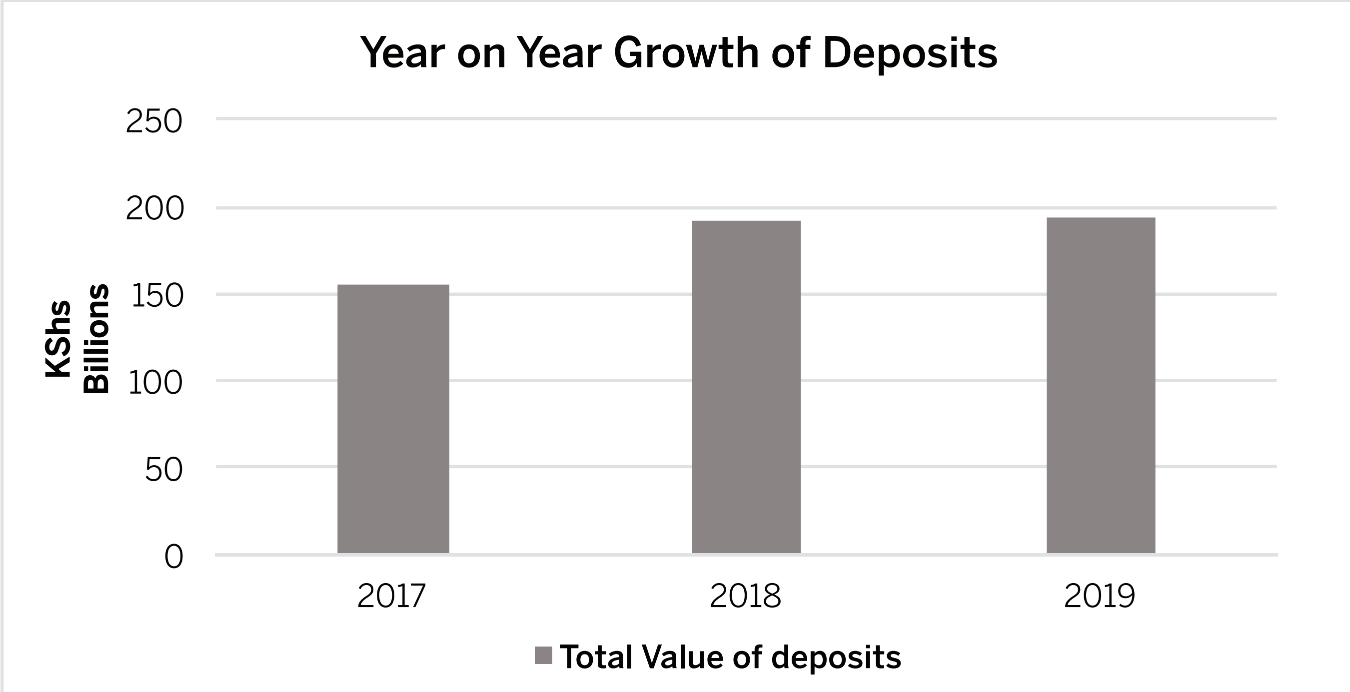
- To secure the future of their children and their needs,
- Savings plan for the long term,
- Save as a precaution since the future is unknown,
- Inheritance for my children.

The least ranked motives were:

- To buy a house,
- To prepare for old age,
- To go on holiday.

Drivers of savings culture in Kenya are cited as:

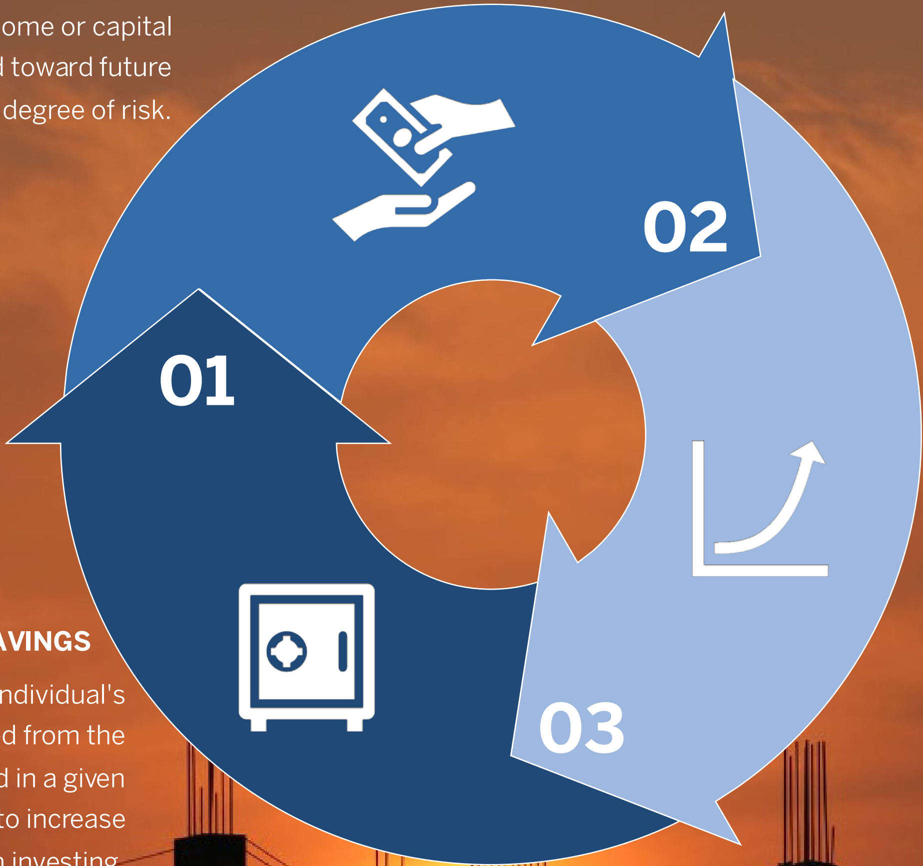
- Level of education (higher educated Kenyans save more),
- Age (the young and middle aged are more likely to save),
- Marital status (married individuals save more),
- Monthly income (higher income earners save more),
- Interest rates (higher interest rates mean greater savings),
- Inflation (unstable inflationary environments lead to greater savings).
- Economic growth (Kenyan's save more during periods of higher economic growth).



Stanbic Kenya have seen a marked increase in deposits by number and value over the last three years.

INCREASED INVESTMENT

The act of putting money to work to start or expand a business or project or the purchase of an asset, with the goal of earning income or capital appreciation. Investment is oriented toward future returns, and thus entails some degree of risk.



INCREASED ECONOMIC GROWTH

An increase in the production of economic goods and services, compared from one period of time to another.

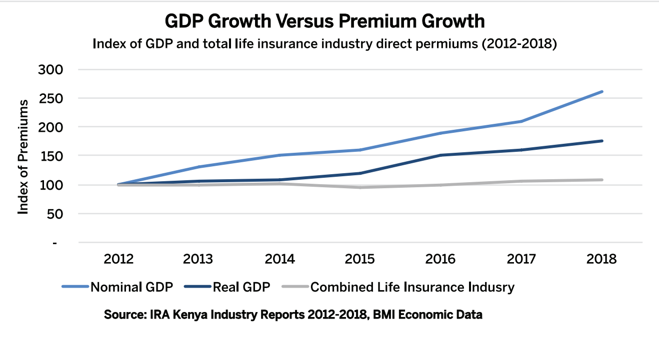
INCREASED SAVINGS

The amount left over after an individual's consumer spending is subtracted from the amount of disposable income earned in a given period of time. Savings can be used to increase income through investing.

Impact to Society realised – Benefit to society unpacked

Insurance

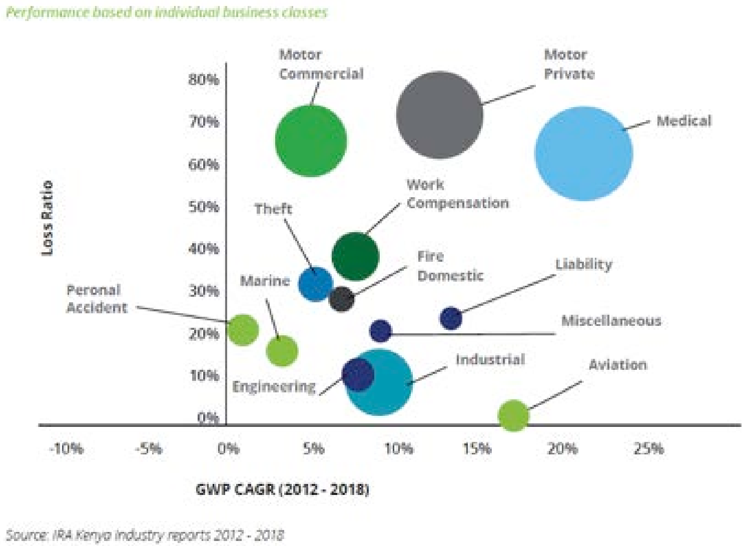
Insurance penetration in Kenya, which is the ratio of gross direct insurance premiums to Gross Domestic Product (GDP), declined to 2.4% in 2018 (2017: 2.7%). The world average insurance penetration stood at 6.1%. Insurance density, which is the ratio of gross direct insurance premiums to total population, increased from KShs 4,455 in 2017 to KShs 4,525 in 2018 indicating an increase in spending on insurance[12].



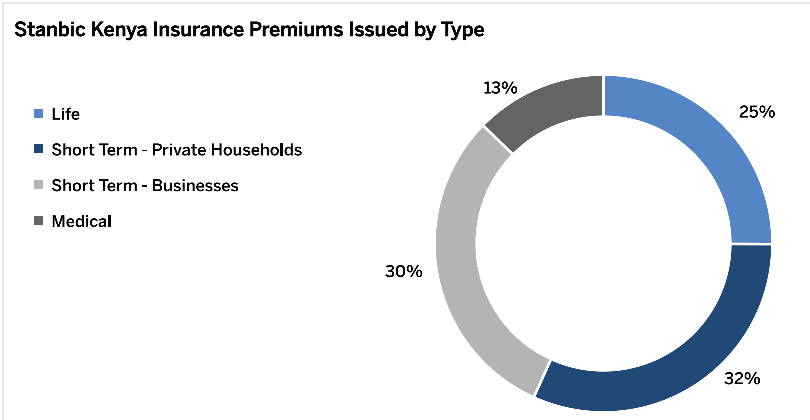
Most of the top ten insurers have experienced reasonable premium growth. The larger insurers have not performed as well in profitability, due to the investment performance slump following elections in 2017, and high cost of acquiring policies through intermediaries[13].

The returns on equity have been on a downward trend despite a rising growth in gross written premium. A slow growth economy is expected to continue exerting downward pressure on return on equity as insurers compete with new and existing players for market share.

Motor private and medical business classes are the largest insurance classes in Kenya. However, they are also amongst the most loss-making businesses. Insurers are investigating other emerging business classes that have a potential for growth to diversify their business mix. Insurers are also investigating means of reducing the loss ratios on the large business classes using big data and AI.



The size of the bubble represents the gross written premiums for the year 2018.



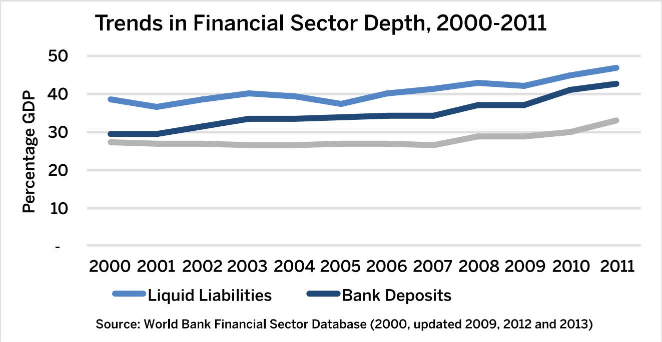
[12]Insurance Industry Annual Report. Insurance Regulatory Authority. 2019. Available at URL: https://www.ira.go.ke/images/docs/annual/2019/Insurance-Industry-Annual-Report-2018.pdf

[13]Insurance Outlook Report 2019/2020 East Africa. Deloitte. 2019 Available at URL: https://www2.deloitte.com/content/dam/Deloitte/ke/Documents/financial-services/ea_insurance_outlook_report_2019.pdf

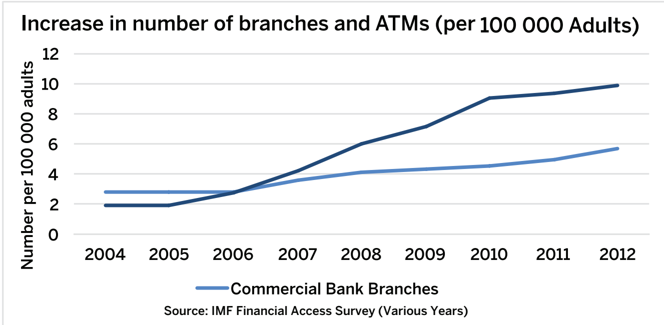
Digital solutions to improve access and affordability

While the expansion of bank branches has been impressive, mobile money has made an even stronger contribution to financial access. As a result, 73% of the Kenyan population now live within 3 kilometres of a financial sector touch point. Perhaps for the first time, mobile money represented a direct response to a demand-side need, fuelled by the country's migrant labour economy.

Mobile money has also created a bridge to the formal sector for some (though not all) groups who previously relied entirely on informal institutions for their economic and financial needs. Between 2009 and 2013, populations in Kenya with a lower likelihood of formal uptake – urban poor, rural populations, women and less educated populations – saw a very substantial increase in formalisation (driven both by mobile money usage and uptake of other formal products). More recently, M-PESA has also created direct access to formal banking[14].



Bank access increased by 64% between 2006 and 2013. On the supply side, the increase in outreach can be assessed by looking at the availability of access points and the uptake of accounts. For access points, two common measures are bank branches and ATMs, while for accounts the key measure is the number of deposit accounts.



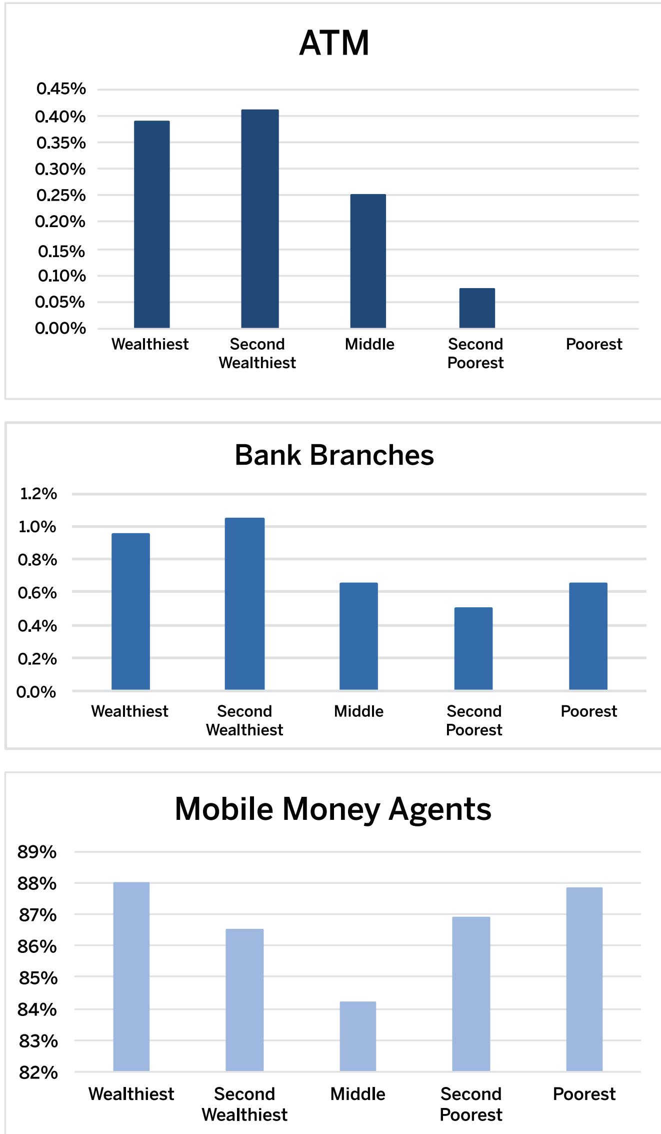
During the same period there was also a six-fold increase in the number of deposit accounts in Kenya, from 2.5 million accounts in 2005 to 17.6 million accounts in 2012. This growth significantly exceeded the growth in population, with the number of deposit accounts per 1,000 adults therefore increasing from 50 to 662. This growth has mainly come from the large private banks.

Stanbic Kenya has seen a steady increase in the number of deposit accounts year on year by 15% (2017 – 2018) and 3% (2018 -2019) respectively, this equating to a 24% and 1% increase in the value of deposits for the same periods.

Proximity to a financial services provider thus appears to be positively related to the population's level of financial inclusion. Those who live close to any type of financial services provider benefit from the positive externalities generated by the presence of the mobile money agent, a bank agent, a bank branch, and so on. However, the causal relationship can go in the opposite direction - financial services providers are more likely to target relatively wealthier areas, which would ensure a higher volume of activity and greater profits.

Stanbic Kenya undertaken ongoing client surveys and outreach engagements to determine the specific needs of their client base. This has led to the roll out of bank note acceptor machines (increase of 62% year on year), to augment their existing branch and ATM network. This has facilitated the increase in deposit taking and loan repayments, as well as increased their reach within the SME sector, who are now able to access banking facilities 24/7, and in areas previously not services by formal banking infrastructure.

Relationship between wealth and closest financial services provider



[14]Kenya Financial Transformation in the 21st Century. 2015. Available at URL: http://s3-eu-central-1.amazonaws.com/fsd-circle/wp-content/uploads/2015/12/30093446/Kenyas-Financial-Transformation-in-the-21st-Century.pdf52%

Enabling Home Ownership

New housing construction and it's letting over time, enabled by finance, has a profound impact on the economy. It was found that residential construction activity in South Africa, by both formal and informal contractors, produced housing valued at US$5.3 billion in 2017 including a total value added of US$2 billion. In Kenya, the value added by residential construction was US$1.4 billion. This activity contributed 4.2% to the Kenyan GDP in 2017. Housing also creates jobs. In Kenya, we estimate that total employment in residential construction in 2017 was more than 484 000 full time jobs (noting that over 90% of this was informal).

Kenya has a housing deficit of nearly 2 million, growing at a rate of approximately 200 000 units a year. Informal settlements are on the rise in urban areas, with 61% of the urban population living in slums and overcrowded homes.

The World Bank in 2017 estimated that 83% of the existing housing supply is for the upper middle income and high-income population while, only 2% is for the low-income population. In Kenya, the formation of the Kenya Mortgage Refinancing Company (KMRC) will promote affordable housing by enabling long term loans at attractive market rates.

Stanbic Kenya Contribution

Financing for Real Estate Developers to the Value of
KShs 13.6 Million
18 Commercial, 2 Residential, 4 Estates

Total First Time Mortgages 2019 2 486
Total Value of First Time Mortgages Disbursed
KShs 7.6 Million

Total Mortgages 2019 3 748
Total Value of Mortgages Disbursed
KShs 19 Million

Published sources indicate that for every US$ million loaned for housing finance the impact on GDP per capita is a factor of 1.365[15] . The 2018 reported GDP per capital for Kenya was US$ 1 710.51. Based on the funding provided in the form of mortgages by Stanbic Kenya, GDP per capita due to this funding could have be influenced by as much as 15% for those provided loans in 2018 and 2019 respectively.

Further contributions made in this sector by Stanbic Kenya, have required the innovation of lending terms, with specific focus on enabling first time home ownership with a 105% mortgage facility. When compared to the African Mortgage market Kenya has created an enabling environment for home ownership, areas of improvement however which could assist with increasing access would include increasing the average mortgage term in years, and making the administrative process of registering a home easier.

Description[16]		Mortgages to GDP 2019	Number of Mortgage Providers	Prevailing Mortgage Rate
Africa	Average	3.55%	11	14%
	Min	0.01%	1	3%
	Max	24.57%	51	34%
Kenya		2.50%	31	14%

Description[16]		Mortgage Term in years	Down Payment on a Mortgage if Required
Africa	Average	17	23%
	Min	9	10%
	Max	30	60%
Kenya		12	10%

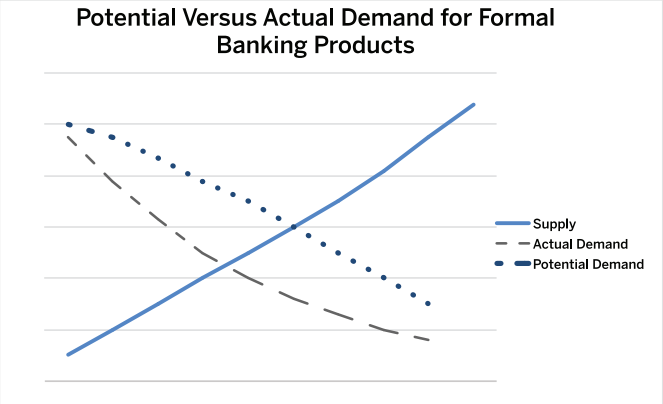
[15]Housing Finance and Inclusive Growth in Africa: Benchmarking, Determinants, and Effects, Nguena, Tchana Zeufack, World Bank Group, December 2016

[16]Centre for affordable housing finance in Africa, November 2019. A review of Africa's housing finance markets, Available at URL: http://housingfinanceafrica.org/app/uploads/2019_yearbook-20.12.2019-compressed.pdf

Client Education

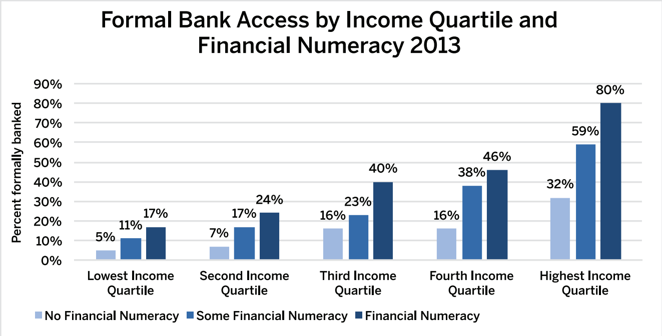
The current actual Kenyan demand for banking products is noted to be lower than the potential demand for these products in the market. This is driven in part by individual Kenyans level of personal financial literacy.

Increasing Kenyan's level of financial literacy (FinL) can thus help expand formal financial inclusion (Dermirgüç-Kunt and Klapper, 2012), increasing demands for formal banking products (Beck and Brown, 2011), and narrowing the gap between actual and potential demands in the market.



As financial literacy increases, trust in banks increase, and understanding around perceived discrimination, relative cost of products and documentation requirements improves.

Interestingly, within each income quintile, financial numeracy plays a key role in determining financial access. We see that individuals in lower income brackets but with financial numeracy skills are three times more likely to have a bank account compared to those in the same income category with no financial numeracy skills. For those earning above KShs 10,000 per month, this gap narrows slightly [17].



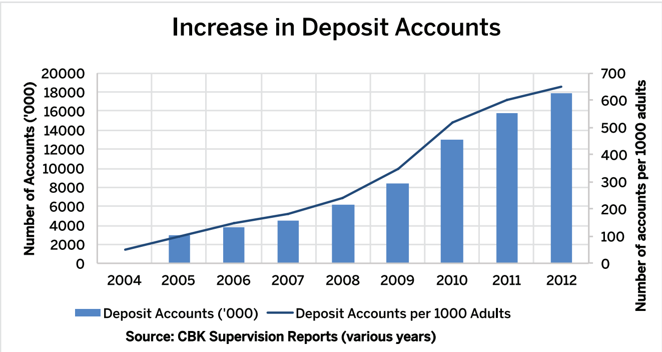
Similarly, when analysing the relationship between awareness of formal financial terms (or 'terminology') and being formally banked, it is shown that the greater the awareness, the more likely a person is to have a formal bank product. The marginal effect of being aware of financial terms increased the likelihood of being formally banked by 3.3% (significant at the 1% level).

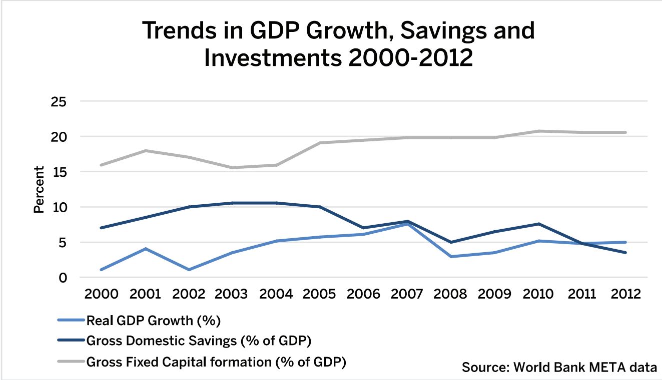
Stanbic Kenya's investment in their financial fitness academy has translated to the onboarding of 470 clients under the following themes.

Create & Build	Live & Enjoy	Save & Invest	Plan & Protect	Share & Legacy	Other
23.9%	20.2%	20.8%	8.7%	5.7%	20.7%

Providing Solutions to encourage people to save and plan for their future financial security

Kenya's Vision 2030 goals entail a significant increase in domestic savings to 30% by 2030 with an explicit view that this increase in savings will be propelled by the financial sector (Republic of Kenya, 2007).





Households need financial tools that are affordable, accessible and trustworthy in order to improve their savings and consumption behaviour (Kendall, 2010). Yet the supply of and access to a bank product is not enough to ensure demand. Trust has a fundamental role to play in determining individuals' demand for formal banking products. In a field experiment in Kenya's Western Province, Dupas et al. (2010) found that while 63% of people took up the offer to open a free basic savings account, only 18% actively used the account. One of the main reasons they found was that people do not trust banks. The role of trust is interesting here, as the banking sector in Kenya has been relatively free of scandal [18].

Demand for financial services changes during a person's lifetime. Working-age individuals will engage in savings and investment, while older individuals will divest to maintain consumption levels.

Previous research has highlighted the importance of access to finance for women as a means of economic empowerment (Cheston and Kuhn, 2002). Recent research found that for female entrepreneurs, enabling access to savings could increase enterprise investment, as well as savings (Dupas and Robinson, 2013). In the last seven years, Kenya has broadened access to formal banking products across ages, incomes and gender. Even with this progress, over 71% of Kenyans still do not have a savings, transaction or credit product from a formal prudentially regulated institution.

At Stanbic Kenya, a specific focus on extending their deposit taking offering to existing and new clients. This has seen a significant uptake in number and the value of deposits by youth (< 18 years of age), as well as an increased, although marginal uptake by women. Deposit taking clients by value remained steady for the last three years.

[17] Kenya's Financial Transformation in the 21st Century, 2015, Available at URL: http://s3-eu-central-1.amazonaws.com/fsd-circle/wp-content/uploads/2015/12/30093446/Kenyas-Financial-Transformation-in-the-21st-Century.pdf

[18] Kenya's Financial Transformation in the 21st Century, 2015, Available at URL: http://s3-eu-central-1.amazonaws.com/fsd-circle/wp-content/uploads/2015/12/30093446/Kenyas-Financial-Transformation-in-the-21st-Century.pdf

Job creation and enterprise growth

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

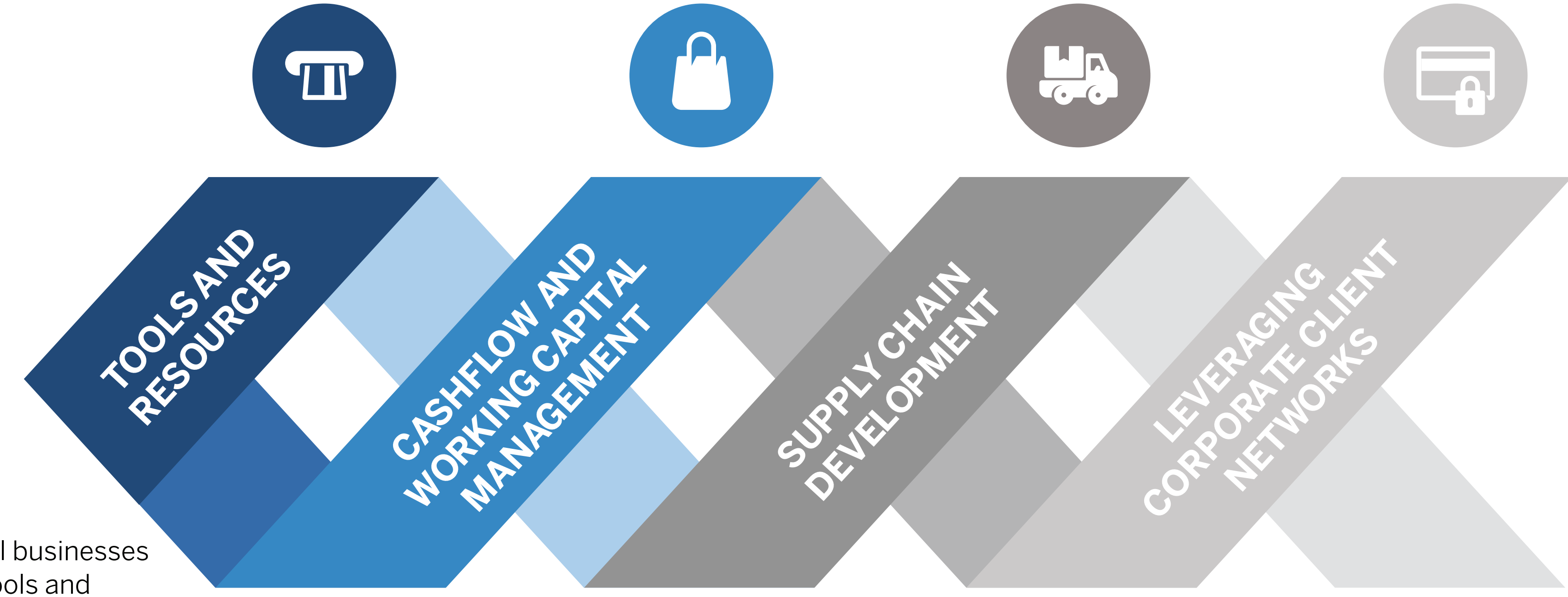
SEE IMPACT AREA TWO

Job creation and enterprise growth drives economic development and alleviates poverty. Stanbic Kenya works with their clients to understand their challenges and priorities, provides them with appropriate financial solutions to support their growth and expansion into new markets, and deliver digital solutions to meet their unique needs. They provide targeted support to Micro, small and medium enterprises (SME) clients, to help them develop their businesses, grow their skills, manage cash flow and access new business opportunities.

Stanbic Kenya supports SME growth and job creation through finance, mentoring, training and market access. The bank works with SMEs to understand their challenges and priorities, so that they are able to provide appropriate financial solutions, and targeted business support as well as mentoring and training, to drive their growth and expansion into new markets. This knowledge is also used to develop digital solutions that meet their unique needs.

SMEs are key drivers of economic growth and job creation. But many struggle to move from start-up businesses to sustainable firms with the potential to expand and employ others.

SME DEVELOPMENT OBJECTIVES



Helping small businesses access the tools and resources required to become sustainable. This includes working space, capacity building, access to new market opportunities and coaching and mentoring.

Providing financial products that meet the needs of SMEs and entrepreneurs, particularly products that address SME cash flow and working capital challenges.

Focused growth and capacitation of SMEs in the Banks Supply Chain.

Leverage relationships with the Banks Corporate Clients to create opportunities for the SMEs in the Banks Supply Chain. Extend tools and training provided to SME clients to SMEs in our corporate clients supply chain.

MOUNT KENYA MILK
"The Cool Mountain Freshness"

Meru Central Dairy Co-operative Union is a Dairy Processor that collects raw milk from farmers, processes, sells the processed milk and pays the farmers. It's made up of 54 societies and 30 groups comprising of about 60k farmers.

Meru Central Dairy was finding that they had a massive reconciliation problem for their collections. The paperwork required to keep track of transactions was cumbersome. Matching collections to respective accounts, distributors, sales agents, invoice numbers etc was becoming a nightmare.

Stanbic Kenya, spent time with them to understanding their need, and engaged developers to custom design an ERP platform which is integrated into the Stanbic Bank core banking platform. The integration to core banking ensured payments made to their account stream swiftly in real time through notifications to their ERP with unique references. Transactions from various channels can be accommodated (Cash, Cheque, Swift & M Pesa etc). Once the Stanbic Kenya core banking platform identifies payments received into the businesses Stanbic account, real time transaction updates are sent to Meru Dairy's ERP.

This brought about reconciliation efficiencies, confirming their collections received through various channels. Previously, Meru Dairy had to hire a team of about 20 interns to do this reconciliation manually. This new integrated solution provided saves costs, time and resources.

A distributor finance solution (supply chain) is a current solution that the team is engaging the client on to pilot with some of their distributors to extend these benefits to their broader ecosystem.

Supply chain finance innovation

Enhanced integration between financiers, fintech's and global and African corporates enabled by digital innovation, especially in supply chain finance, is providing banks sight and capability across the entire trade finance ecosystem.

An increase in the number and commitment of European and Asian multinational companies (MNCs) in Africa, especially in the agricultural, consumer, mining, oil and gas and telecommunications sectors, is increasing the need for more sophisticated working capital support on the continent.

These supply chain finance techniques include:

- Purchase and lending based supply chain finance techniques, such as receivables discounting and payables finance.
- Affordable risk-managed balance sheet optimisation solutions, allowing financial institutions to take on more direct risk on a non-recourse basis.
- A growing demand to balance working capital needs with the counter party risk inherent in multinational companies' value chains. The fact that multinational companies are showing a willingness to share the risk inherent in some of these solutions indicates that, multinational companies in Africa are under pressure to respond to strain and risks in their supply chains.
- Increased requirements for supply chain finance lending base techniques. Aimed at supporting the value chain, financing of distributors demonstrates the growing expectation from multinational companies for their banking partners to support their value chains and assist in maximising their local presence.
- An increase in regional or local corporate demand for other supply chain financing lending base techniques, like invoice financing and pre-shipment financing.
- Increasing demand for simple and easy-to-use digital solutions that meet the growing working capital needs of corporates in Africa.
- The integration of digital solutions into companies' corporate supply chains. Multinational companies increasingly expect their financial institutions to provide, a degree of integration matching the complexity of each client's supply chain funding needs.
- Collaboration with digital intermediaries from a financial institution perspective.

Our customers are increasingly demanding us to be more 'customer-centric' in the supply of core working capital finance by closely aligning financing to the physical supply chain. Corporate customers are increasingly managing the risk in their supply chains holistically as a source of enhanced efficiency and liquidity and expect us to engage in this area of real importance to them.

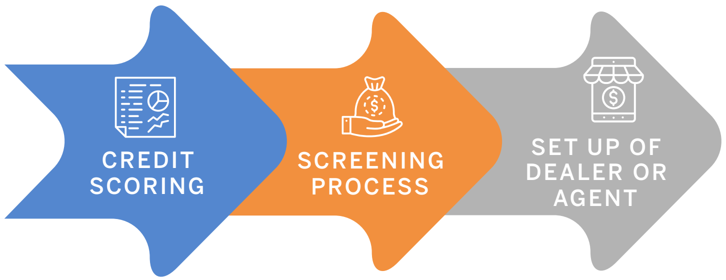
Stanbic Bank Kenya have partnered with Safaricom limited to automate their product offering in the market, the roll out of this platform not only provides automation, but increased levels of efficiency and scale. This empowers Stanbic Bank Kenya to:

- Closely track and align financial services and products to actual movement of goods and payments throughout the supply chain.
- This alignment creates greater visibility and control of a banks' exposure, as funding meant for suppliers/anchors is paid directly to them to avoid diversion.
- Further, this platform allows the Bank to promptly identify early signals of potential repayment problems, thereby allowing early remedial activity on problem credits.

In the current economic and credit environment in the country, it is less easy for SMEs to access funds through traditional channels; Supply Chain Finance provides a new opportunity to unlock new sources of finance and liquidity for many SMEs (including Agricultural Small-Scale Producers).

Effectively integrated and delivered supply chain finance techniques can also provide preferential rates for small and medium enterprises, especially if structured around an integrated multiclient ecosystem where risk is borne by a global MNC. While the benefit for the MNC is that it builds a secure and healthy supply chain, insights gained also identify opportunities to begin funding the supply chain much earlier on.

M-Jeki with Safaricom



Data exchange takes place between anchor client (Multinational) and Stanbic Bank Kenya to determine vetting procedure for their suppliers.

Dealer and Agents of the Anchor client looking to borrow and are screened.

- Confirm contract in place
- Ensure provision of KYC documentation
- Pass credit bureau checks

Once screening is successful, the dealer or agent can access short term financing through a sort code

SME

- Supplements working capital requirements of Safaricom dealers and agents
- access to real time credit, at affordable rates

ANCHOR

- Efficient route to market with its dealers and agents well-funded and in return growing the foothold in the market place.
- In addition the anchor has Better management of trading relationships between Anchor and the distributors/dealers
- Increased sales through distributor/dealer network by unlocking under-utilised potential
- Improved Cashflow
- Guarantees definite receivable days for Anchor thus aiding proper planning

> *"The product is modelled on distributor finance offering and acts as the basis on which other supply chain finance solutions are aligned on a closed loop basis."*

Impact to Society realised – Benefit to society unpacked

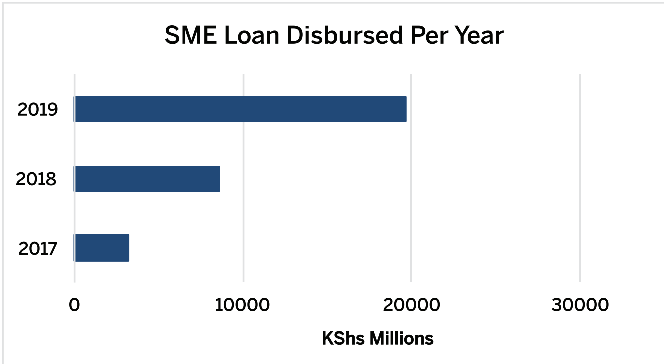
Economic Development

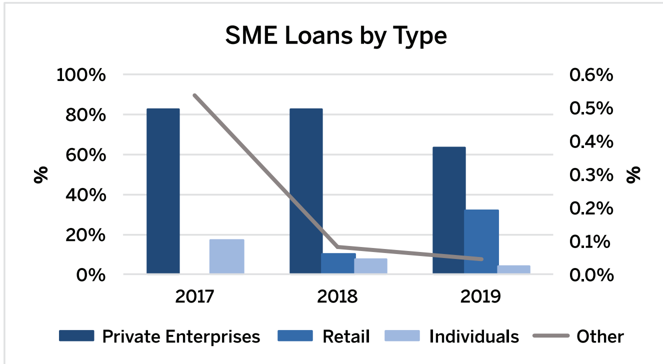
In Kenya, there has been as steady growth in the loan book to the SME sector over the last three years, reflected as a 129% increase in the portfolio from 2018 to 2019.

For every 1 US$ loaned to an SME business it is noted that 12 US$ are released into the economy. Of these funds released 41% are not related to that enterprise .

Of the loans disbursed this equates to an additional KShs 23.5 Billion being released into the economy, up from KShs 10.3 billion in 2018. Of this KShs 9.6 billion was related to activities outside of the entities in 2019 an increase from KShs 4.2 billion in 2018.

With the further use of mobile banking solutions to service the SME sector, research shows that this can result in a 5% increase in the SMEs income stream , as the cost of operations such as making payment to suppliers, placing orders and paying them automatically saves then in time and physical expenditure. Of these SME businesses supported 26% made use of Stanbic Kenya Mobile solutions to receive and disburse the funds provided.





Infrastructure

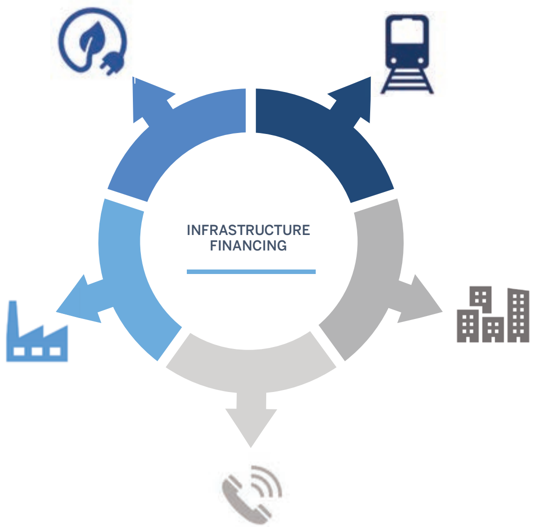
7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SEE IMPACT AREA THREE

Improvements to energy, water, transport and telecommunications infrastructure facilitate economic growth and create opportunities for job creation and human development. Crucial public infrastructure, like schools and housing, helps people improve their standards of living and future prospects. Stanbic Kenya works with governments, development finance institutions and other commercial banks to structure and provide appropriate financial solutions to address Africa's infrastructure gaps.

We work in key economic sectors to finance large-scale infrastructure projects, addressing Kenya's infrastructure gaps and enabling inclusive and sustainable industrialisation. We partner with our clients to ensure environmental and social risks are appropriately managed and minimised.

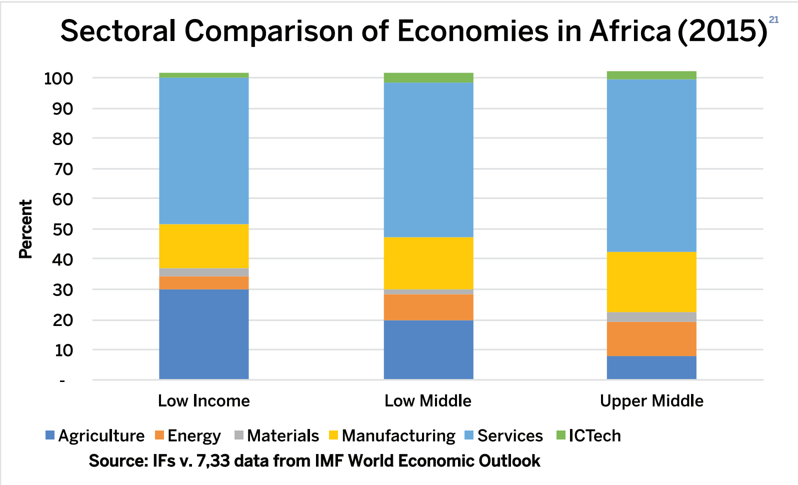


ENERGY
3% of loan book

TRANSPORT AND COMMUNICATIONS
6% of loan book

REAL ESTATE
8% of loan book

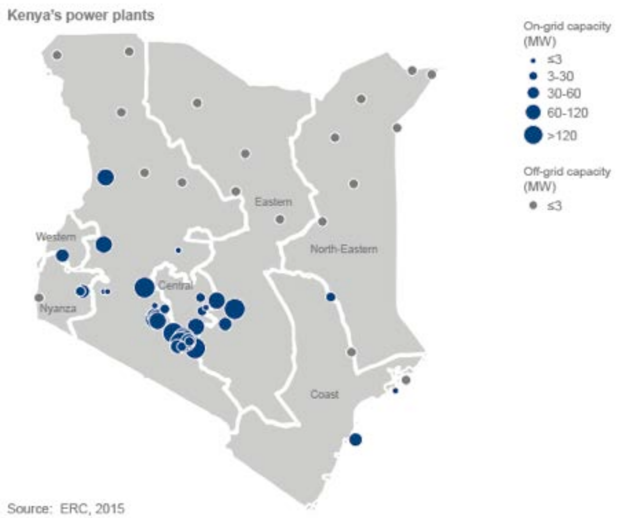
MANUFACTURING
21% of loan book



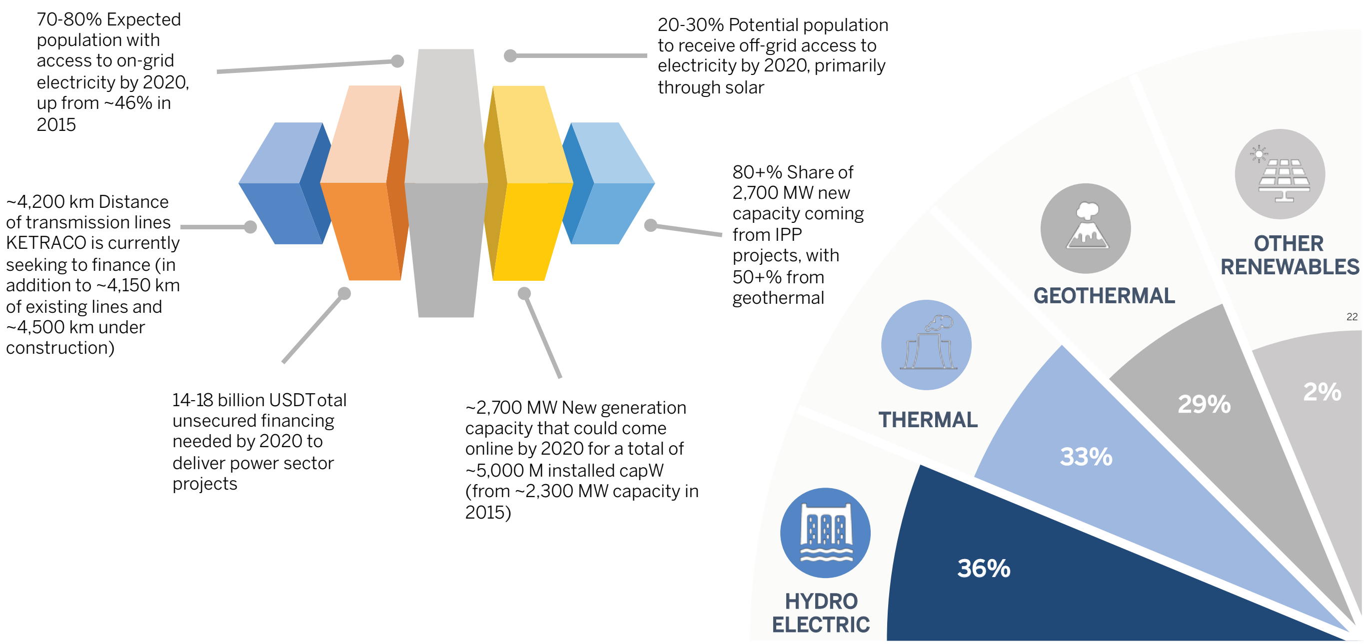
[21] Made in Africa. Manufacturing and the fourth industrial Revolution. Institute for Security Studies. 2018. Available at URL: https://sun-connect-news.org/fileadmin/DATEIEN/Dateien/New/Made-in-Africa.pdf

Energy infrastructure

Kenya has one of the most developed power sectors in sub-Saharan Africa, having opened its market to Independent Power Producers (IPPs) in the mid-1990s. Kenya benefits from factors including an active private sector and abundant renewable energy resources, especially geothermal, wind and solar.



ENERGY INFRASTRUCTURE



Stanbic has been a major player in providing financing for Power and Infrastructure projects in Kenya to the tune of Kes.29 billion.

[22] Development of Kenya's Power Sector 2015-2020. Power Africa a U.S. Government-Led Partnership, 2015. Available at URL: https://www.usaid.gov/sites/default/files/documents/1860/Kenya_Power_Sector_report.pdf

CASE STUDY

Lake Turkana Wind Project (LTWP)

KShs 2.9 billion
Value of commercial risk guarantee provided by Stanbic Bank

Stanbic Bank
Security agent for the consortium of lenders

May 2019
Stanbic partners with LTWP to support families affected by drought in Laisamis

KShs 72 billion
Overall project value

Current electricity demand in Kenya is estimated at 1,800 MW and is projected to grow to 2,600 -3600 MW by 2020 while installed capacity before the LTWP stood at 1429MW and now stands at approx. 2700MW. Thermal energy sources have been used in the past to make up for the shortfall, providing between 16% -33% of overall electricity output. This means that the country relied on expensive and environmentally unfriendly sources to mitigate its electricity deficit. In addition, a quarter of Kenyans still lack access to electricity. Responding to this challenge, in December 2018 the government launched the Kenya National Electrification Strategy (KNES) – a roadmap for achieving universal access to electricity by the year 2022.

LTWP is located in Loiyangalani sub-County in Marsabit County, Kenya. It comprises of 365 wind turbines, each with a capacity of 850kW, and a high voltage substation that has been connected to the Kenyan national grid. The wind farm provides reliable, low cost energy and currently produces approximately 17% of the country's installed capacity. The project is the largest utility-scale wind farm in Sub Saharan Africa.

It is estimated that the project will displace approximately KShs 14 billion of fossil fuel imports and mitigate the equivalent of 740,000 metric tonnes of carbon dioxide every year. This will have both economic and environmental benefits.

The project also showcases the potential of large-scale and complex projects in Kenya as it is the largest private sector investment in the country. The low-cost energy produced by the project also heralds the potential of lowering of electricity tariffs. Since being connected to the national grid in September 2018, the power project has injected more than 1.2 billion kilowatt hours of electricity and saved taxpayers up to KShs 8.5 billion in fuel-cost charges from reduced usage of heavy diesel-generated thermal power.

Since the Project's inception, LTWP has been ensuring that the local communities benefit from the project. As part of this commitment, LTWP established the Winds of Change Foundation (WoC), which has been working hard to improve the livelihoods of the communities in the project area. To date, the foundation has spent Euro 2.2million on implementing projects that enhance employability via primary & secondary education and vocational training support; improve access to health services by supporting health education and facilities; and, improve access to water by constructing boreholes and water supplies

Euro 2.2 million
Amount spent by project on community development

310.25 MW
Installed capacity

365
No. of Wind Turbines

KShs 14 billion
Fossil fuel imports to be displaced

740,000 metric tonnes
Annual carbon dioxide emissions to be defrayed

Transport infrastructure

The transport sector contributes between 5 to 15 % of the GDP in the countries in the Great Lakes Region. However, the impact of transport goes well beyond its share of the economy as it serves as an intermediary service to all sectors and is therefore critical to economic growth and poverty alleviation [23].

In comparison with other countries in the region, the transport sector in Kenya is relatively well developed in terms of both infrastructure and services. Kenya road sub-sector accounts for over 80% of the country's total passenger traffic and 76% of the freight leaving a small proportion to water, rail and transport. Kenya road sub-sector accounts for over 80% of the country's total passenger traffic and 76% of the freight leaving a small proportion to water, rail and transport. The length of the classified road network is 63,292 kilometres. The network is used by approximately 740,000 vehicles with an annual traffic growth rate of around 6%.

Kenya's rail system is skeletal linking the major population and production centres. It provides access to the port of Mombasa for both Kenya and much of East Africa. The mainline (Mombasa-Nairobi-Malaba) has relatively heavy track, allowing the use of standard locomotives with 18 tonne axle-loads. Kenya has a 3,360 km single track railway system which passes through the major industrial and agricultural areas of the country. The principal lines connect Mombasa with Malaba and Nakuru to Kisumu. In total, the railway has to 163 crossing stations throughout the country, and 3 Inland Container Depots (ICD's) are located in Embakasi, Kisumu and Eldoret.

Mombasa, the largest port in East Africa, is well endowed with equipment and facilities, and has a natural port whose berths do not require constant dredging with adequate dock infrastructure. It is Kenya's only international seaport and handles cargo not only for Kenya but also for Uganda, southern Sudan, Rwanda, Burundi and DRC. Mombasa, handles about 13 million tonnes/ year. The port should have adequate capacity for the foreseeable future. In addition to conventional and bulk liquid berths, it has a dedicated container terminal with 600 meter berth length.

Air transport has become increasingly important to the economy of Kenya. It provides Kenya's only first class, connection to the global economy. Air transport sustains the tourist industry and has been instrumental in facilitating Kenya's entry into the fresh flower and horticulture markets. Kenya, with its fresh produce exports, has shown that it can develop world-class logistic chains, the delivery of produce from field to European market in 24 hours, if given the opportunity and incentives. Kenya Airways has become a market leader in Africa, and Air Kenya is developing a domestic scheduled network and has launched a regional schedule. However, the civil aviation infrastructure has not kept pace with the quality of the air transport services. It is again not a problem of quantity, Kenya has three international airports, but of service quality and the financial structure of the sector. However, passenger terminals at Nairobi will probably require major investment to meet forecast demand and post-September 11 security requirements.

Investment required in transportation infrastructure is estimated to range between 1.5% and 2.5% of GDP, the lower range matches with the current level of investment in the Kenyan economy (KShs 131 billion). To achieve shared connectivity targets - that is, to bring people closer to jobs, services, and markets - a much greater share of investment must be directed to rural and urban roads, and, to a lesser extent, to railways, airports, and seaports. Stanbic Kenya investment in the transport sector currently equates to KShs 3 billion.

[23] Kenyan Transport Sector Details, Available at URL: http://krb.go.ke/our-downloads/NCTIP/Annexes/Annex%203.1%20Kenyan%20Transport%20Sector%20Details%20ver%201.pdf

Telecommunications infrastructure

According to the World Bank, Kenya's ICT sector's growth has outperformed every other sector, expanding by 23 percent annually during the last decade. The sector is now six times larger than it was at the beginning of the decade.

This remarkable growth can be attributed in part to innovations, such as the introduction of revolutionary mobile money revolutions such as MPesa (Swahili word meaning money).

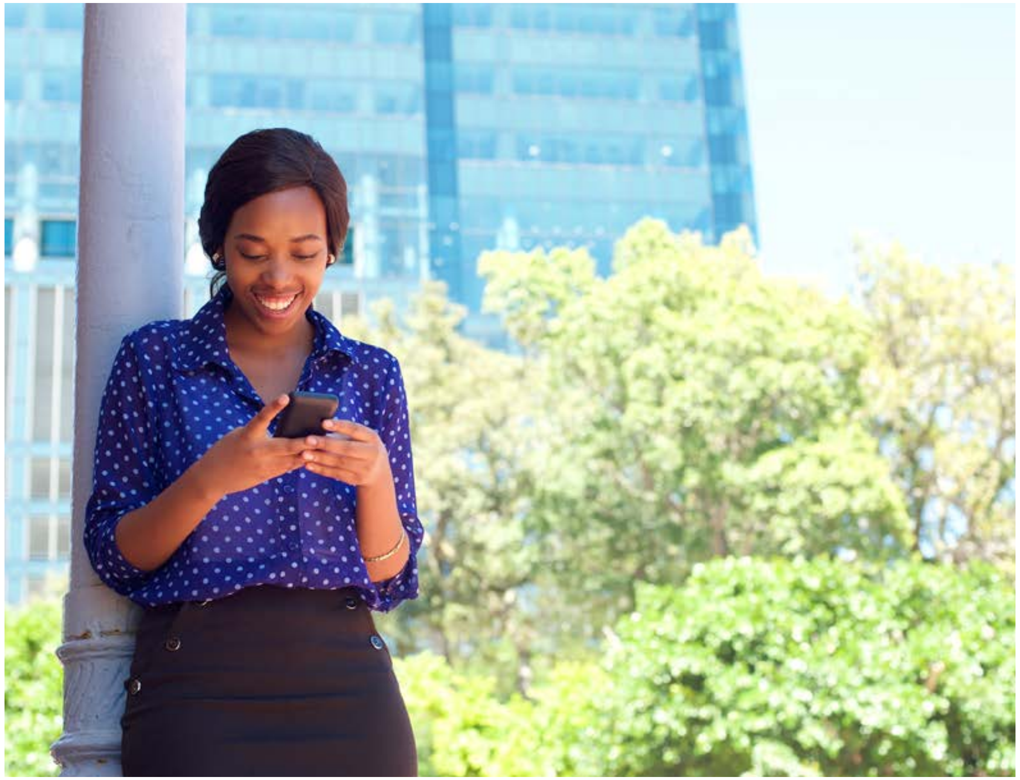
The country is a regional leader in terms of internet connectivity, value-added services, most notably mobile money transfer service, and mobile banking services. The country's ICT sector is set to contribute up to 8 % of the country's GDP through IT-enabled services (ITES) and create 250,000 jobs by 2020. Internet access has continued to spur economic growth and led to the government's launch of the Digital Economy Blueprint, a framework to improve Kenya's and Africa's ability to leapfrog economic growth. The document is hinged on five pillars: Digital Government; Digital Business; Infrastructure; Innovation-Driven Entrepreneurship and Digital Skills and Values [24].

In Kenya, access to the internet is mostly obtained through mobile phones, which have become increasingly available and affordable, with data subscriptions standing at 46.8 million in 2018, out of which nearly half were on broadband [25].

Kenya's mobile internet speed is faster than it's neighbouring African countries, in fact, Kenya has been ranked second in Africa and 64 worldwide . The power of analytics enables enhanced product and service offerings, better forecasting, risk mitigation, streamlined marketing, increased personalization and improved business systems.

Artificial intelligence (AI) is revolutionising the telco industry to enable the automation and processing of client data for business insights that are actionable. Analytical insight gives rise to new services and products that aim to attract and retain clients. Analysing huge amounts of data has prompted the creation of new facilities in Kenya. One such example is Liquid Telecom Kenya who partnered with Strathmore Business School (SBS) to develop a new data analytics centre for African businesses. Liquid Telecom Kenya provides them with dedicated rack space and colocation services at the East Africa Data Centre (EADC) and is establishing a direct fibre link between the SBS campus and EADC in Nairobi, to provide data analytic services.

The need for Fibre is increasing and Africa continues to push aggressively for the deployment of Fibre infrastructures. Telkom Kenya has commenced the survey for the 30 Terabyte Fibre cable that runs for approximately 4,000 kilometres, interconnecting Djibouti, Somalia and Kenya. At the moment, Kenya is served by four cables, and the development of regional backbones will increase connectivity. The availability of high-speed broadband should see faster speeds with the aim to generate more services and revenue [26]. Currently this economic segment only represents 2.68% of loans issued by Stanbic Kenya in 2019.



Size of Market in US$ Millions	2018	2019
Market Size	625.07	628.21

Stanbic Kenya Loan Book in the Sector: KShs 6.6 Billion

[24] International Trade Administration, Kenya Information, Communications and Technology (ICT), 2019. Available at URL: https://www.trade.gov/knowledge-product/kenya-information-communications-and-technology-ict

[25] The Telecommunications Industry in Kenya 2019: Growth in the Digital Economy, Mobile Telephony & Internet Penetration, Research and Markets, 2020. Available at URL: https://www.prnewswire.com/news-releases/the-telecommunications-industry-in-kenya-2019-growth-in-the-digital-economy-mobile-telephony--internet-penetration-300990299.html#:~:text=The%20Telecommunications%20Sector%20in%20Kenya&text=The%20Kenyan%20government%20identified%20the,and%20cybersecurity%20markets%20in%20particular.

[25] Kenya: At the Forefront of Telecommunications, Adapt IT, 2019. Available at URL: https://telecoms.adaptit.tech/blog/kenya-at-the-forefront-of-telecommunications/

Manufacturing

Under the auspices of the overarching Vision 2030 economic development plan, industrialisation remains a top priority for the Kenyan government.

Industrial stakeholders continue to face hurdles, however, and manufacturing's contribution to GDP has not kept pace with broader macroeconomic growth. Low-cost imports across nearly all segments of the sector have had a negative impact on many local producers, while overlapping and unclear regulatory frameworks have created uncertainty about the role of the country's export processing zones against a backdrop of planned new special economic zones. Although rising imports, shilling depreciation and unclear legal reforms will continue to challenge Kenyan industrial producers, the sector's growth outlook for 2020 is positive.

Key targets and specific goals have been set to steer industrial growth. These include the development of Special Economic Zones, industrial parks and clusters, and niche products. There are a wide range of direct and joint-investment opportunities in this sector, including agro-processing, garments, the assembly of automotive components and electronics, plastics, paper, chemicals, pharmaceuticals, metals and engineering products for domestic and export markets [27]. This economic segment contributes a significant proportion to the Stanbic Kenya Loan book at 13% (KShs 37.1 Billion), with investment noted across various subsectors

[27] Regional Manufacturing Hub, KenInvest, 2020. Available at URL: http://www.invest.go.ke/manufacturing/#:~:text=Manufacturing%20is%20key%20sector%20in,and%20clusters%2C%20and%20niche%20products.

CASE STUDY

KEDA (Kenya) Ceramics Company Limited

Stanbic Bank is the lead arranger of a financial facility to KEDA Ceramics. The funding is used for general Corporate purposes including the procurement of factory equipment and workshop construction. The factory is based in Kajiado county providing a major source of employment and income opportunities. The company is the largest ceramics producer in Africa with plants in Tanzania, Kenya, Ghana and Senegal and upholds the highest standards of environmental and social practices.

KEDA Ceramic is a major social actor in the Kajiado area supporting several initiatives aimed at creating benefits for the community through its Corporate Social Responsibility (CSR) activities. The company has contributed over 7 million shillings to rehabilitate 10 kilometers of gravel roads, planted over 3,000 trees, improved water access to 70 households and provided 70 scholarships for secondary, college and university students from the neighbouring community.

The company has partnered with other corporate stakeholders and the County Government to support health, cultural and youth empowerment initiatives. KEDA Ceramics has participated in the Kajiado Half Marathon and collaborated with the County Government in executing the Maasai Culture & Heritage preservation project.

Through partnership with the County Government, the company has helped improve access to health insurance for 5,000 vulnerable families by helping them secure National Hospital Insurance Fund (NHIF) medical cover.

Additional social impacts attributed to KEDA that is made possible by funding obtained from Stanbic include the creation of employment in a rural setting which has limited manufacturing enterprises and a high rate of unemployment. In addition, it has enabled the provision of good quality locally made ceramic tiles which are sold at a lower price enabling the local community to benefit from high quality products at discounted prices hence improving their lives.

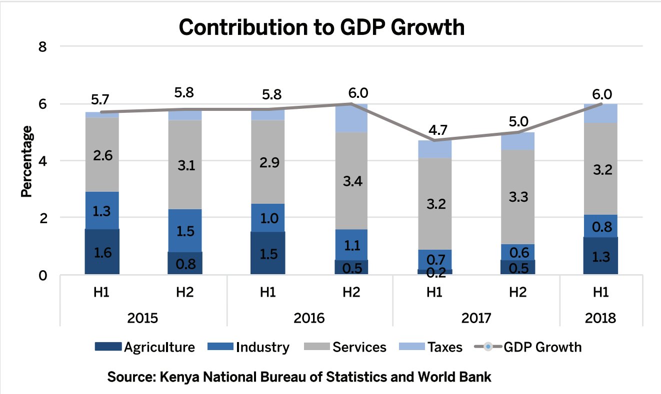
KEDA's products are exported to neighbouring countries (Uganda, Rwanda and South Sudan) leading to foreign exchange earning of between US$15 – 20 million per year. The company has trained local employees to acquire specialised skills used in the ceramic industry while also transferring exceptional high-end technology for the sector.

KEDA aims to transition manufacturing operations and capacity to African Nations including Kenya enabling them to become key players in the industry. Stanbic Holdings views KEDA as a representative of the Group's agenda to support businesses with a clear sustainability agenda and proven social impacts.

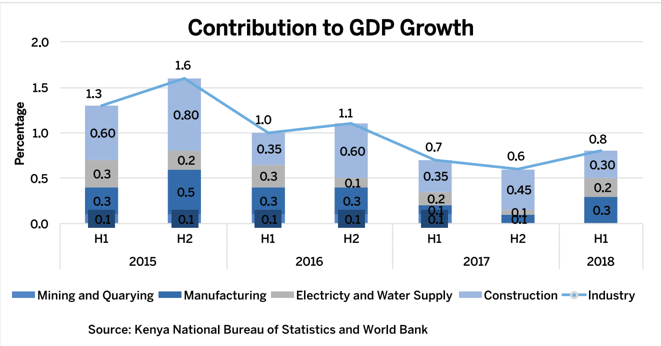
Impact to Society realised – Benefit to society unpacked

Economic Development and Job Creation

Kenya's economy is rebounding after the slowdown in activity in 2017. Reflecting improved rains, better business sentiment and easing of political uncertainty, a rebound in economic activity is taking root in 2018. Growth was supported by a strong rebound in agricultural output, steadily recovering industrial activity, and still robust performance in the services sector.



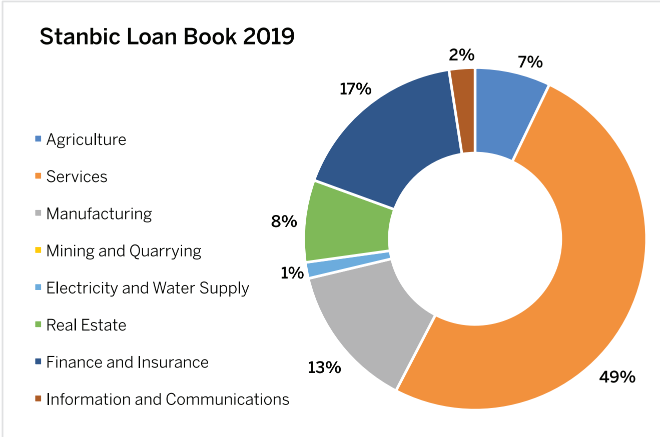
Source: Kenya National Bureau of Statistics and World Bank



Source: Kenya National Bureau of Statistics and World Bank

The Stanbic Kenya Loan book is dominated by support provided to the Services sector which is noted to be equivalent to 3.36% of the sectors contribution to GDP. This is significant as this sector also contributes 43.2% [28] to the overall Kenyan GDP. This is followed by support to the manufacturing, real estate and agricultural sectors, all strategic focus areas driving the Kenyan Governments Big 4 Agenda.

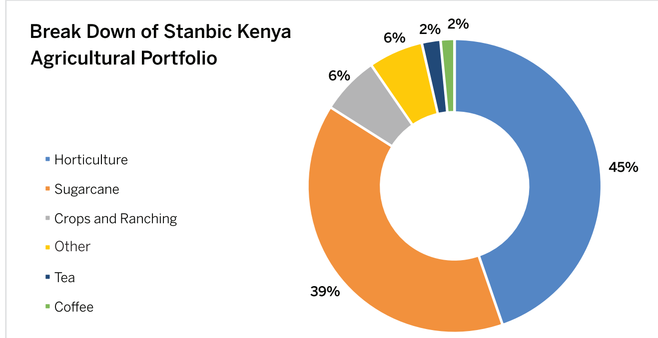
Agriculture	Services	Manufacturing
Stanbic Loans as % of GDP per Sector		
0.6%	3.36%	0.24%



Agriculture

A total of KShs 19.4 Billion was disbursed to entities in the Agricultural sector. It is noted that loans provided to farming households can increase production by around 8% [29]. Evidence from Ethiopia has shown that US$ 1 of output generated in agriculture stimulated a further US$ 1.23 in economic activity in other parts of the economy [30].

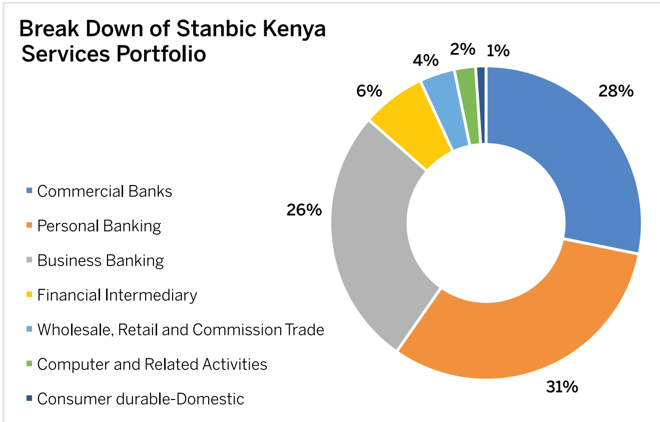
Of the investment made an additional KShs 23.9 Billion was thus potentially injected into the local economy due to the issuance of the Stanbic Kenya Loans. An IFC study has shown that the impact on employment of US$ 1 million invested in agriculture is 1,566 jobs [31]. Based on the current investment value this equates the support of 283 000 employees in the agricultural sector through the deployment of the Stanbic Kenya Loans.



Services

The service sector makes an important contribution to GDP in most countries, providing jobs, inputs and public services for the economy. Trade in services can improve economic performance and provide a range of traditional and new export opportunities. The total loan book for the services sector equates to KShs 143 Billion almost half of the loan book issued.

Evidence suggests that the financial sector plays a crucial role in the economy by underpinning private sector development, facilitating investment in businesses, technology, and training, and contributing to productivity, competitiveness and growth. Access to financial services also contributes directly to poverty reduction, enabling poor households to strengthen their livelihoods, e.g. by investing in microenterprises, and to better manage the risks they face [32].



[28] Kenya: Share of economic sectors in the gross domestic product (GDP) for 2009-2019. Statistica. 2020. Available at URL: https://www.statista.com/statistics/451143/share-of-economic-sectors-in-the-gdp-in-kenya/#:~:text=In%202019%2C%20the%20share%20of,sector%20contributed%20about%2043.22%20percent.

[29] "The Impact of Food and Cash Loans on Smallholder Farmers in Zambia." The Abdul Latif Jameel Poverty Action Lab. Accessed July 24, 2018. Available at URL: https://www.povertyactionlab.org/evaluation/impact-food-and-cashloans-smallholder-farmers-zambia.

[30] The future of work in African agriculture: Trends and drivers of change, Jayne et Al., ILO, 2017

[31] Socio-Economic Impact of IFC Financing in Ghana, IFC, 2012

[32] The contribution of services to development and the role of trade liberalisation and regulation. ODI Briefing Note DFID, UK. 2008. Available at URL: https://www.oecd.org/investment/globalforum/40302909.pdf

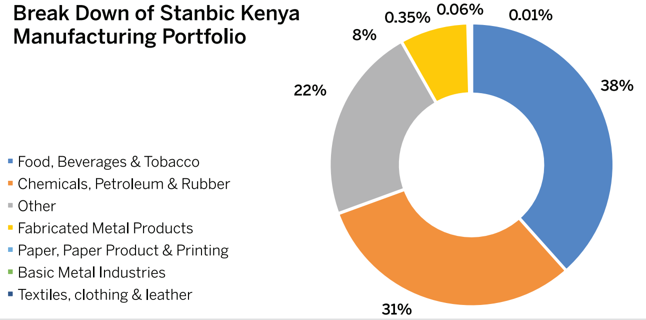
Manufacturing

Earlier projections have calculated that 1 US$ worth of final demand for manufacturers generates US$1.48 in other services and production. This is higher than any other sector. University of Maryland, suggests the manufacturing multiplier is much higher - US$1.92, almost doubling the base value of the manufacturing output itself [33].

A South African study commissioned by the Department of Trade and Industry puts this multiplier for ever R1 of additional output as high as 2.23 (measured as difference in turnover compared year on year, and as a combined multiplier for both direct and indirect economic output) [34].

The total loan book for the manufacturing sector equates to KShs 42.6 billion.

Break Down of Stanbic Kenya Manufacturing Portfolio

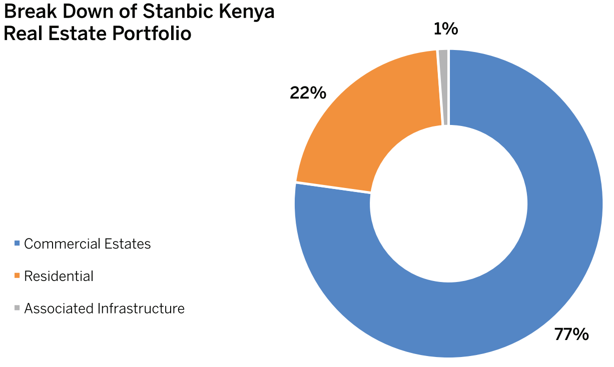


Real Estate

Stunted growth in the real estate sector was one of the outcomes of the decline in economic growth. The credit crunch experienced in 2019 was particularly detrimental to the real estate industry, which is significantly dependent on the availability of financing for both individuals and bodies corporate. The credit crunch which has prevailed for the past few years further strained the belts of both financiers and consumers and was particularly aggravated by the continuance of the interest rate capping introduced by the amendment to Kenya's Banking Act in 2016.

Development of residential housing, specifically apartment blocks and high-end townhouses, played a big role in the construction portfolio in the last year. Middle-income to high net worth individuals are the main targets of these units and are the focus of many property developers. In 2020, property developers may opt to shift their focus to providing affordable housing, which is in high demand and constantly low supply [35]. The total loan book for the real estate sector issued by Stanbic Kenya in 2019 equates to KShs 521.1 million.

Break Down of Stanbic Kenya Real Estate Portfolio



[33] The Competitive Edge: Manufacturing Multiplier Effect – Its bigger than you think. Industry Weekly. 2020. Available at URL: https://www.industryweek.com/the-economy/article/21963552/the-competitive-edge-manufacturings-multiplier-effect-its-bigger-than-you-think

[34] Fiscal Policy in South Africa: Closed input-output income and employment multipliers. Institute for economic Justice. 2020.

[35] Real Estate 2020. Trends and Developments. Chambers and Partners. 2020. Available at URL: https://practiceguides.chambers.com/practice-guides/real-estate-2020/kenya/trends-and-developments

Trade and investment

8 DECENT WORK AND ECONOMIC GROWTH

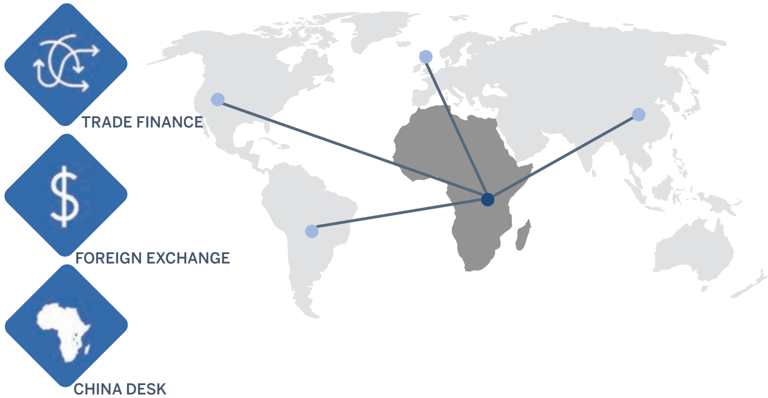
10 REDUCED INEQUALITIES

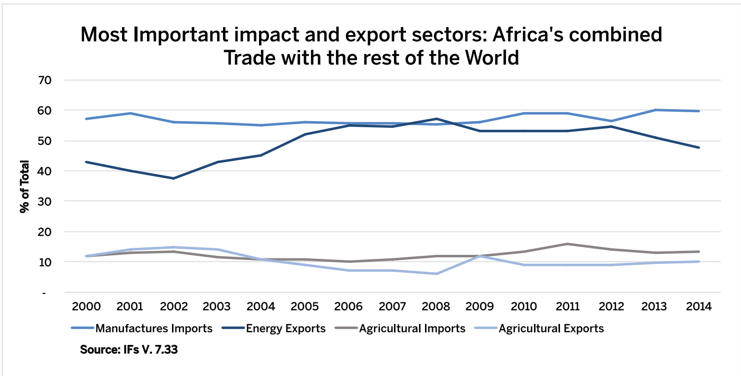
SEE IMPACT AREA FOUR

African economic growth depends on the ability of African governments and businesses to access international investment and value chains. Stanbic's purpose is to drive Kenya's growth. This is facilitated through stimulating investment and trade flows between African countries, and between African countries and global markets.

We can draw on our existing presence in major international markets, ability to access international pools of capital, strong client relationships with global multinationals, and strategic partnership with ICBC to realise these goals. This is further facilitated through the provision of innovative trade finance solutions and cross-border payments and investment solutions.

Stanbic Kenya also partner with international investors to connect them to opportunities in Kenya, and with government and businesses to facilitate their access to global capital markets [13].





[36] Made in Africa. Manufacturing and the fourth industrial revolution. Africa in the world report. 2018. Available at URL:https://sun-connect-news.org/fileadmin/DATEIEN/Dateien/New/Made-in-Africa.pdf

We are delighted to be awarded Kenya's Best Investment Bank at the Euromoney Awards for Excellence 2020. The award recognizes our commitment to providing innovative solutions that meet our clients' growing business needs. Thank you to our clients for making this possible **#ItCanBe**

Trade Finance

Bank-intermediated trade finance (or trade finance, in short) performs two vital roles: providing working capital tied to and in support of international trade transactions, and/or providing means to reduce payment risk.

It is noted that trade finance directly supports about one-third of global trade, with letters of credit (L/Cs) covering about one-sixth of total trade [37]. Stanbic Kenya provide specialised loans for importing goods from, and exporting goods to, foreign partners. They do not just finance the trade, but also provide letters of credit, bill discounting and invoice discounting.

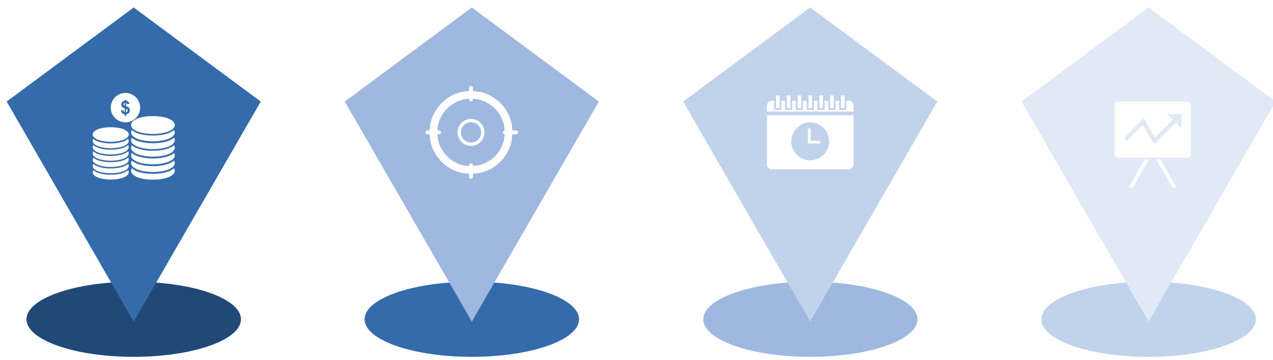
TRADE FINANCE

Role:
Accept to make payment and make payment

Role:
Facilitated payments at defined time intervals as per set agreements and terms.

Role:
Conclude agreements, ship goods and receive payment for goods or services

PRODUCTS ON OFFER



SHORT TERM DEBT FINANCE

Simplify transactions for your business by financing trade.

TAILORED FINANCIAL SOLUTIONS FOR MULTINATIONALS

Funding the day-to-day operations of multinationals operating in Kenya and across the continent

AFRICA MARKET TRACKER

Round the clock access to Market Indicators

TRADE SUITE

End to end servicing of our client's trade finance and importation requirements

[37] Committee on the Global Financial System. CGFS Papers Trade Finance: Developments and Issues. 2014. Available at URL: https://www.bis.org/publ/cgfs50.pdf

"Trade Suite solution provides end to end servicing of our clients' trade finance requirements. It offers single point of contact for all their importation requirements from order to delivery."

TRADE SUITE

Achieved through leveraging the Groups extensive African footprint, our strategic partnership with ICBC, and by helping to establish the International Trade Alliance

TRADE CLOUD	TRADE ALLIANCE	MY IMPORTS	TRADE CLUB
Cloud-hosted business to business import trade management platform	Alliance of 16 Banks around the world, connecting buyers and seller in pre-execution phase of trade finance	End to end import management solution using a digitised, modularised platform.	Network of more than 15 000 trusted businesses from around the world ready to trade with African Businesses

The service includes supplier tracking, liaising with logistics service providers, monitoring the goods while they are in transit, and ensuring customs is cleared in good time. We ensure currency fluctuations are covered n line with the companies hedging strategy and that all documentation required for payments and importation is available when needed.

An all-in landed cost on each item is calculated on each order to help ensure that pricing is accurate. By helping to improve the reliability of the supply chain, the product also assists us in the lending process. Using technology and AI, we can help our clients to access new international trade opportunities.

TRADE CLOUD

- Benefits Corporates and SME.
- Cost aggregation platform that costs an entire shipment of goods across the calue chain.
- Includes logistics rates, customs duties, finance rates, insurance costs and so on.
- Accessed as an integrated web based platform for importers .

TRADE ALLIANCE

- Working to digitise the financial supply chain.
- Working to digitise documents chains including proof of concept tests using blockchain to digitise bills or lading, and letters of credit issued on a block chain.

MY IMPORTS

- Assist with management of importation process.
- Management of supplier delivery.
- Tracking of goods around the world.
- Ensuring availabilty of adequate facilities.
- Having adequate forext cover.
- Costing and managing all individual providers that support a single transaction.

Foreign Exchange

A range of tools allowing Kenyan clients to send and receive money from overseas. Transfer payments to foreign partners, draw Travellers Cheques for safe payments when travelling abroad, or buy and sell foreign currency.

PRODUCT OFFERING

CASH	CARD TRANSACTIONS	TRAVELLERS CHEQUES	FOREX TRANSFERS
Exchange of national currencies with each other in cash	Facilitation of payment of bills in foreign currency using a credit card	Preprinted fixed amount cheques, allowing payment between parties using foreign currencies	Use of digital banking solutions to exchange national currencies between parties.

Africa China Banking Value Chain

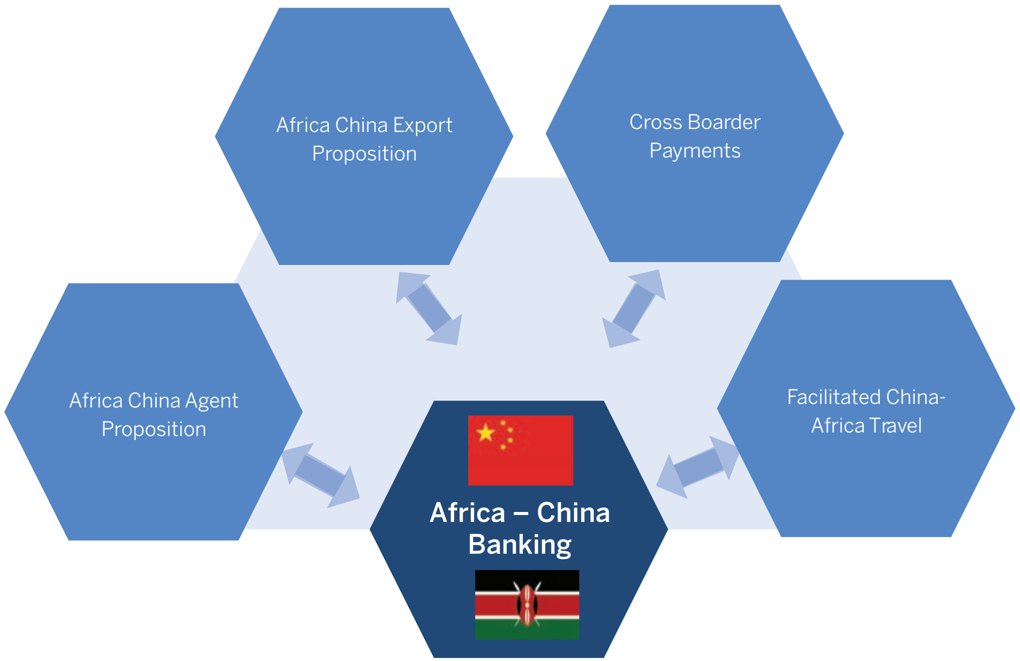
China remains Africa's largest financier of infrastructure, and the Belt and Road Forum held in May 2017 estimated pledge of funds of about US$40 billion. Reportedly, projects worth much more than the pledged funds are in the planning or have been underway, making the "Belt and Road Initiative (BRI)" the biggest development initiative in history. The "21st Century Maritime Silk Road (MSR)" under the BRI and its socioeconomic and cultural impact on China-Africa relations, emphasises China's relationship with Kenya, a founding member of the East Africa community (EAC).

The MSR relates to the maritime route; there are plans to build transport routes connecting major seaports along the Belt and Road to strengthen Asia-Europe-Africa connectivity. Africa is reflected in the initiative with Kenya identified as a key maritime pivot point. While China has been actively engaged in Africa since 1960, the MSR promises an intensification of Chinese investment on the continent, particularly in infrastructural ventures. Now, the MSR is poised to become a route linking Europe, Asia and Africa through the sea, with two ports in Kenya Mombasa and Lamu as important links to expand trade and connectivity with the African continent.

The MSR will also entail the construction of large industrial parks and special economic zones (SEZs), coupled with manufacturing plants within these areas. Apart from these SEZs and industrial park investment dynamics, the MSR will witness further investment in shipping, construction, energy, commerce, tourism, information technology, biotechnology and alternative energy. In addition, the MSR will encompass trade fairs, exhibition halls and other structures that facilitate and support economic activities along the entire breadth of the MSR.

However, the MSR is not just about hard infrastructure. The development of soft infrastructure is also an integral part of the MSR. For the MSR to achieve its full potential, nations along the MSR will need to, among other things, conclude or build upon existing free trade agreements in order to remove barriers to the exchange of goods, negotiate aid accords for projects, and conclude bilateral investment treaties that create a favourable ecosystem for infrastructure deals and construction initiatives, as well as liberalize market sectors for foreign investment and come to terms on agreements that allow for greater cargo and passenger flights and establish or bolster financial institutions [38].

STANBIC KENYA
AFRICA CHINA BANKING VALUE CHAIN



[38] Kenya and the 21st Century Maritime Silk Road. Implications for China-Africa Relations. World Century Publishing Corporation and Shanghai Institutes for International Studies. 2018. Available at URL: https://www.worldscientific.com/doi/pdf/10.1142/S2377740018500136

Africa China Agent Proposition (ACAP)

Supports African Importers to source and validate quality goods, safely and efficiently from the most competitive suppliers in China. These services are offered for free; all a client needs to do is open an account.

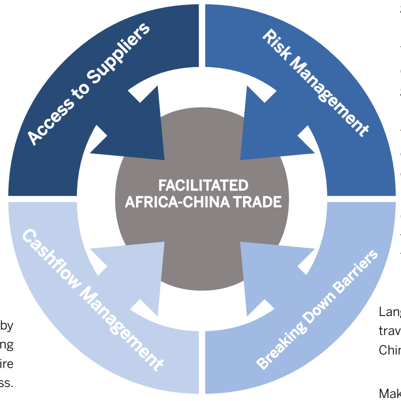
ACAP OFFERING UNPACKED

African Importers on their own, have access to limited number of trusted Chinese suppliers, restricting negotiating power

Stanbic Kenya and ICBC connect African Importers with dedicated trade agents in China.

ACAP deepens the trust relationship guaranteeing African importers access to the best suppliers in China, providing excellent payment terms and ensuring product quality.

ACAP helps importers to manage cashflow, by providing access to finance and giving importers oversight and control of the entire importing and logistics process.



On their own, African importers carry a disproportionate degree of risk, often with the need for advanced payments without reciprocal guarantees of delivery or quality.

The ACAP offering is underpinned by a letter of credit. This allows African Importers to receive goods before payment is made.

This significantly strengthens the negotiating power of African importers in relation to price, quality and efficiency of importing process.

Chinese suppliers have the confidence that once the letter of credit is met, payment will be made in full and on time, guaranteed by Stanbic Kenya and ICBC.

Language and cultural barriers pose a challenge when travelling and negotiating supplier agreements in China.

Making us of ACAP offering assists in breaking down these barriers and ensures a shared risk approach is followed.

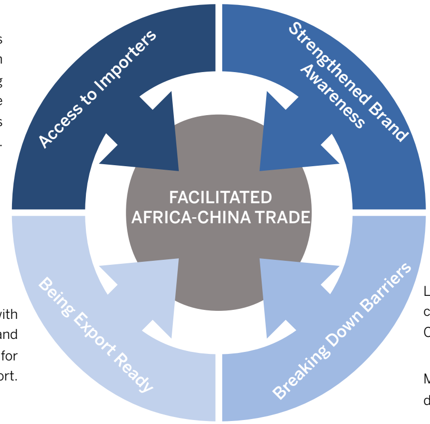
Africa China Export Proposition (ACEP)

Aim to boose the export of African products to China, by easing language, cultural, logistics and regulatory challenges. This is further facilitated through connecting our export ready clients from across Africa with suitable importers in China.

ACEP OFFERING UNPACKED

African exporters benefit from access to trusted market opportunities in China, leverage through accessing the ICBC client database, while simultaneously being able to access trade finance.

Stanbic Kenya supports African exporters with information on regulatory requirements and how to adequality prepare their products for export.



Leveraging Stanbic's strategic partnerships and trade agents Chenshia Group and Axis Group International, we assist African exporters with introducing their brands into the Chinese market.

This is enabled through 20 years of experience in foreign trade services, a deep understanding of the African and Chinese trade and cultural landscape, and a solid track record in introducing new brands to the Chinese market.

Language and cultural barriers pose a challenge when travelling and negotiating with Chinese importers.

Making us of ACEP offering assists in breaking down these barriers.

Cross Border Payments

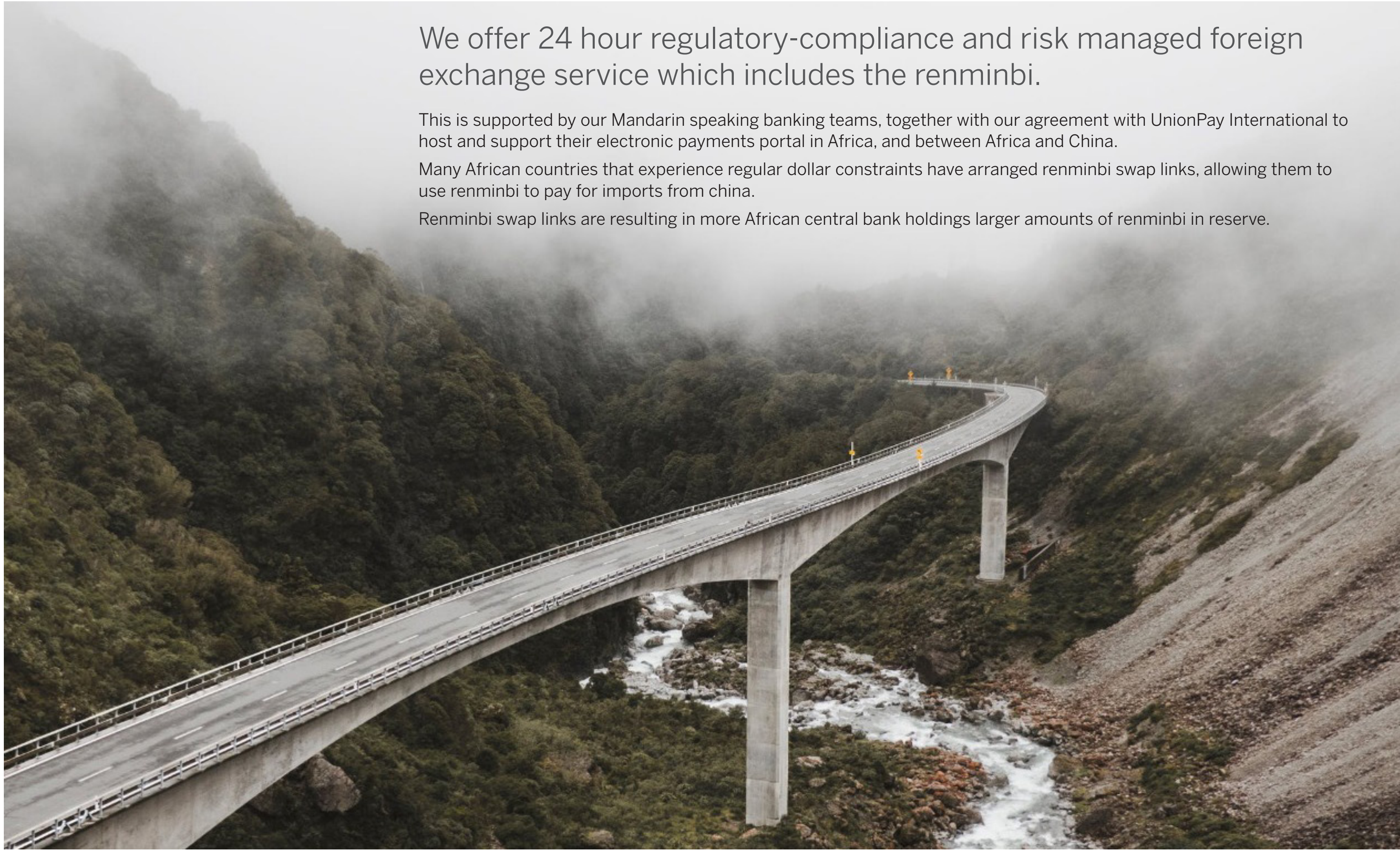
CROSS BORDER PAYMENT

Increased use of renminbi across Africa

Volumes offers opportunity to increase efficiency and reduce risk and cost of trade.

CNY Capacity Provided

- Short term renminbi credit.
- Money market deposits
- Call accounts
- Global market trading products
- CNY denominated accounts, cash settlement transactions and notes for Chinese businesses.



We offer 24 hour regulatory-compliance and risk managed foreign exchange service which includes the renminbi.

This is supported by our Mandarin speaking banking teams, together with our agreement with UnionPay International to host and support their electronic payments portal in Africa, and between Africa and China.

Many African countries that experience regular dollar constraints have arranged renminbi swap links, allowing them to use renminbi to pay for imports from china.

Renminbi swap links are resulting in more African central bank holdings larger amounts of renminbi in reserve.

Impact to Society realised – Benefit to society unpacked

Economic Stimulus

Beginning in the 1990s, Kenya's domestic economy has developed steadily, creating an ever larger market for international commodities. With deepening regional integration in eastern Africa in recent years, more foreign direct investment (FDI) and overseas businesses have come to Kenya, treating it as a gateway to east and central African markets. In 2008, the government of Kenya launched a national strategy called "Vision Kenya 2030," concentrating on the three areas of legislation, economy, and society, rigorously promoting development and striving to transform Kenya into a middle-income emerging market by 2030. To realize the Vision, the Kenyan government is taking every effort to improve infrastructure nationwide so as to enhance the local economy.

Kenya exports of goods and services as percentage of GDP is 13.18% and imports of goods and services as percentage of GDP is 23.01% [39]. In 2018, Kenya exported US$6.63 Billion and imported US$19.7 Billion, resulting in a negative trade balance of -US$13 Billion. In 2018, Kenya's exports per capita were US$129 and its imports per capita were US$382.

The top exports of Kenya are:

Tea (US$ 1.46 Billion),

Cut Flowers (US$ 616 Million),

Refined Petroleum (US$ 347 Million),

Coffee (US$ 243 Million), and

Titanium Ore (US$ 152 Million).

The top imports of Kenya are:

Refined Petroleum (US$ 3 Billion),

Cars (US$ 518 Million),

Packaged Medicaments (US$ 454 Million),

Palm Oil (US$ 441 Million), and

Hot-Rolled Iron (US$ 410 Million).

Kenya exports mostly to:

Uganda (US$ 643 Million),

Pakistan (US$ 575 Million),

United States (US$ 527 Million),

Netherlands (US$ 511 Million), and

United Kingdom (US$ 433 Million),

Imports mostly from:

China (US$ 4.72 Billion),

India (US$ 2 Billion),

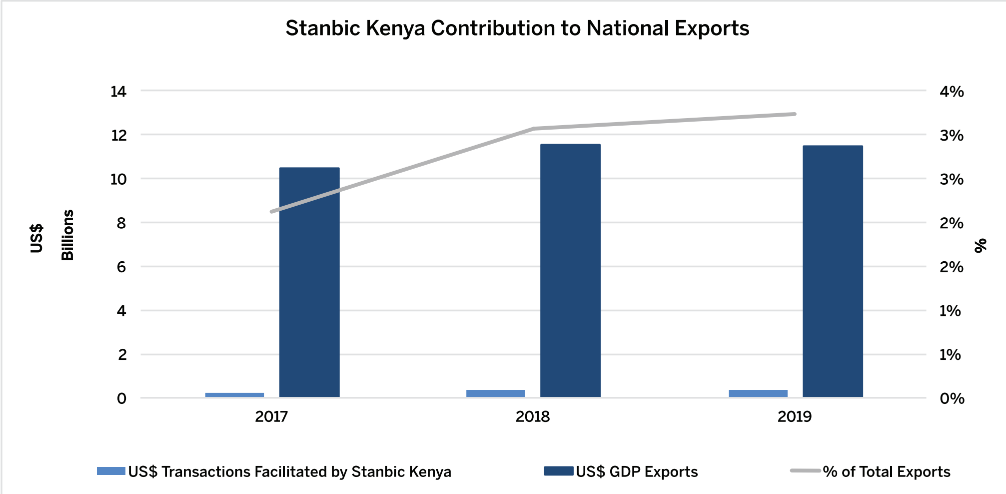
Saudi Arabia (US$ 1.66 Billion),

United Arab Emirates (US$ 1.61 Billion), and

Japan (US$ 944 Million).

[39] https://wits.worldbank.org/CountryProfile/en/KEN#:~:text=Kenya%20All%20Products%20Exports%20and%20Imports&text=Kenya%20exports%20of%20goods%20and,percentage%20of%20GDP%20is%2023.01%25.

Kenya exports of goods and services as percentage of GDP is 13.18% and imports of goods and services as percentage of GDP is 23.01%. Stanbic Kenya facilitated exports to the value of US$ 371.7 in 2019, up by 5% from 2018 total facilitated exports, and 68% from 2017 facilitated exports. This equates to 3% of total Kenyan exports recorded in 2019.



Africa China Banking Value Chain

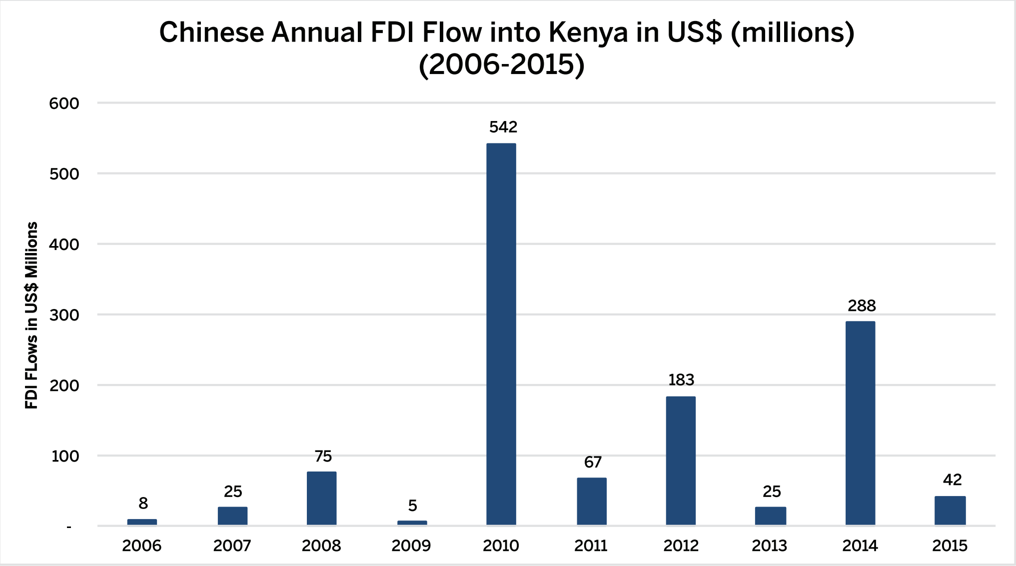
China's friendship with Kenya dates back to more than 600 years ago, when Zheng He, the great navigator of the Ming Dynasty, arrived in Kenya's Malindi during the fourth voyage of his Treasure Fleet. Chinese Premier Li Keqiang visited Nairobi on his Africa tour. He and President Kenyatta witnessed the signing of 17 deals to fund multiple infrastructure and other projects, including establishment of the China-Africa Development Bank.

In 2013, President Xi and President Uhuru Kenyatta jointly kicked off the China-Kenya Comprehensive Cooperative Partnership. In May 2017, President Xi and President Kenyatta declared to further upgrade their relationship into a Comprehensive Strategic Partnership. Such shared political trust has laid a solid ground for China-Kenya cooperation in other fields. So far, both countries have signed a number of bilateral agreements on economic, trade, technological and cultural cooperation. Kenya is a major source of raw materials for China's industry, whose finished products constitute the largest imports for Kenya, mainly including household electric appliances, industrial and agricultural tools, textile goods, commodities for daily use, building materials, and drugs.

Kenya is a natural point of entry for the MSR into Africa from Asia. Through an analysis of documents and news items, we can see clearly the projects linked to the MSR initiative. Among the core projects are upgrading of the Mombasa Port, building of a new ultra-modern port in Lamu, and building of a new standard gauge railway line linking Mombasa port, the capital Nairobi, and the land-locked neighbouring countries. The railway and pipeline are planned to link the ports in Kenya to oil fields in South Sudan and Uganda, and even to Ethiopia, Rwanda and Burundi, facilitating exports for those countries. The railway line is expected to cover 2,700 kilometres in phase I, with construction of the 610-kilometer stretch from Mombasa to Nairobi already underway. The estimated cost of the railway line is US$25 billion, 90 percent of which is financed by China EXIM Bank, while the financing source for the construction of the new port and the pipeline is still unclear.

To Kenya, the most salient impact of the MSR is on improvement of its infrastructure, with an estimated foreign investment of US$25 Billion on railway modernization, US$4 Billion on construction of a pipeline from Kenya to South Sudan, and US$27 Billion on building the Lamu port and related infrastructure. As Kenya itself cannot raise the funds, the BRI and its associated financial institutions have come in to help [40].

By the end of 2015, Chinese FDI stock in Kenya amounted to US$ 1.1 billion - more than 22 times that of 2006 and placing Kenya 12th among African countries. Kenya was also the largest recipient of Chinese investment in Africa in terms of FDI flows in 2015 [41].



[40] https://www.worldscientific.com/doi/pdf/10.1142/S2377740018500136

[41] https://static1.squarespace.com/static/5652847de4b033f56d2bdc29/t/5d657c6d44756300019e37ad/1566932078004/WP+30+Xia+Chinese+Investment+Kenya.pdf

Climate change and sustainable finance

SEE IMPACT AREA FIVE

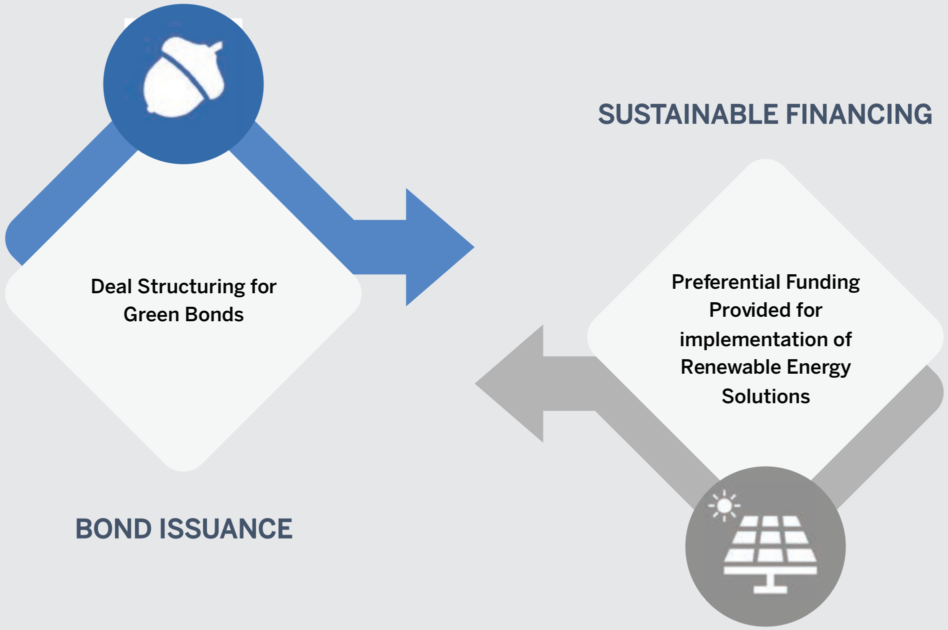
Africa is extremely vulnerable to climate change, with major implications for agricultural production, food security, access to water, health and livelihoods. Many parts of the continent are already experiencing increased water stress as a result of prolonged drought, while yields from rain-fed agriculture are declining in many areas.

The cost of climate change adaptation in Africa has been estimated in the range of US$20–30 billion per annum over the next 10 to 20 years. Similarly, there are significant investment opportunities in the infrastructure sector with estimates showing that this may be as much as US$93 billion per year. Available estimates show that in 2013, the annual global climate finance flows reached about US$331 billion out of which sub Saharan Africa got only about 4%.

There are other emerging innovations for financing green and inclusive development initiatives. One of these is Green Bonds. Green bonds are used exclusively to fund projects that have environmental and/or climate benefits. In 2007, the green bond market kicked off with a triple A investment grade issuance from the European Investment Bank (EIB) and the World Bank. The wider bond market started to react after the first US$1 billion green bond sold within an hour of issue by IFC in March 2013.

The annual global issuance of green bonds has subsequently increased by more than thirty-five folds within seven years since its inception in 2007. In Africa, since 2010 the AfDB has been active in the green bond market with a record; triple A investment grade green bond issuance of US$ 500 million issuance in October 2013. Other players in the continent are mainly in South Africa and include the IDC (US$700 million) and Nedbank (US$490 million). With the first green bond issuance in 2019 for East Africa structured by Stanbic Kenya, and listing on the Nairobi and London Stock Exchange, raising US$ 40 million. Estimates from S&P show that the global market for green bonds is expected to reach US$1 trillion by 2020.

PRODUCT OFFERING



Stanbic Kenya is affiliated to:

FINANCE UNEP INITIATIVE

Climate Bonds INITIATIVE

Edge

Green Bond

Acorn Holdings Limited ("AHL") was originally founded in 2001 and became one of the largest and most successful developers in Kenya. It has delivered over 50 projects, valued in excess of US$550 million. These include some of the most iconic projects in the region over the last decade such as the Coca-Cola Regional Head Office, Deloitte Regional Head Office, Equity Centre and UAP Tower.

In 2015, Helios Investment Partners acquired a 50% stake in AHL. After the acquisition, AHL has been developing capabilities in youth and student housing with a strategic focus on Purpose Built Student Accommodation ("PBSA") in Nairobi and its environs.

AHL has rolled out three PBSA properties in Kenya with over 1,600 beds. The intention is to be the largest PBSA provider in the region.

Largest purpose-build Student accommodation property Developer in Kenya

Stanbic Holdings Plc Involvement

Stanbic Holdings has played a key role in executing the first ever green and project bond in East Africa

Stanbic was the Lead Arranger, Placing Agent and Fiscal Agent on the Transaction

Stanbic arranged non-deal and deal roadshows spanning more than 25 different investors.

Acorn was able to raise the full KShs 4.62bn despite the challenging environment in the debt capital markets in Kenya

The notes finally priced at a fixed coupon rate of 12.25%. The subscription book was well diversified with significant interest from Kenyan domestic pension funds, commercial banks, insurance/re-insurance companies and non-resident funds

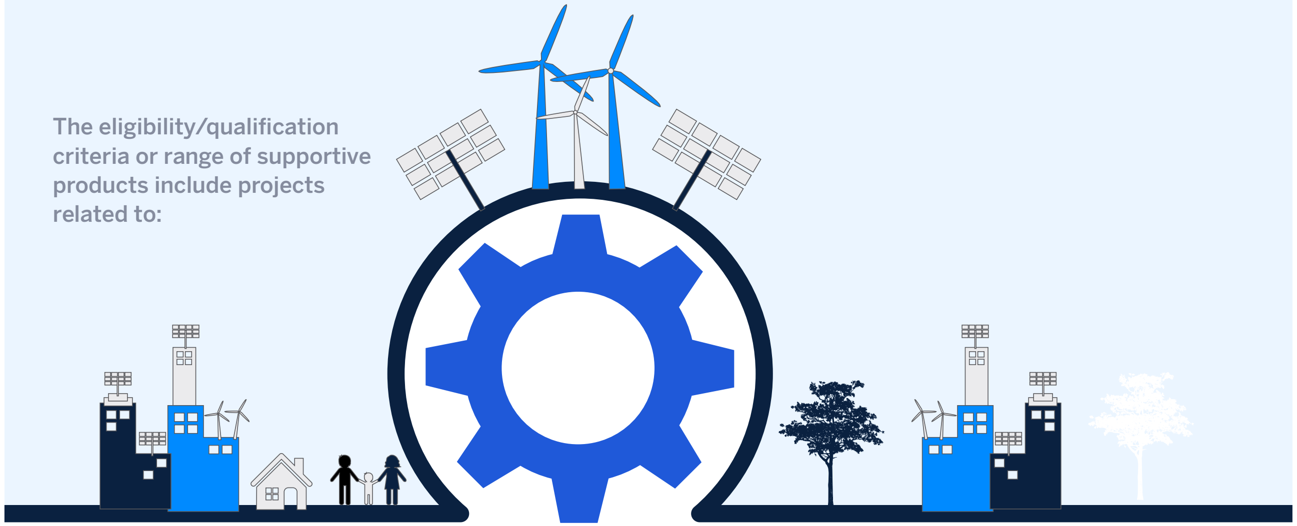
Highlights/ Key Features

- First Green Bond to be issued in East Africa
- First Project Bond and in the Real Estate Sector, to be issued in East Africa.
- The first corporate bond in Kenya to be to be rated by Moody's Investor Services in East Africa – Bond was rated B1 Global .
- The first corporate bond in Kenya to be approved as a Restricted Public Offer by the Capital Markets Authority.
- First corporate bond to be cross-listed on the Nairobi Securities Exchange ("NSE") and the London Stock Exchange ("LSE").
- The transaction was awarded the Bond Deal of the Year by Bonds, Loans & Sukuk Africa Deals of the Year in December 2019.
- Lastly, the Student accommodation has been certified with the IFC Excellent in Design for Greater Efficiencies (EDGE) certification

FC Media Group's Bonds, Loans & Sukuk Africa Awards

"Stanbic Bank Kenya Limited Recognised for their innovative, and ground breaking deal in 2019 for their involvement in closing Kenya's first ever Green Bond by Acorn Project (Two) Limited Liability Partnership."

The eligibility/qualification criteria or range of supportive products include projects related to:



- Renewable energy
- Pollution prevention and control
- Climate change adaptation
- Energy efficiency
- Green buildings

- Clean transportation
- Environmentally sustainable management of living natural resources and land use
- Terrestrial and aquatic biodiversity conservation
- Sustainable water and wastewater management

- Electricity distribution networks
- Affordable housing
- Health and education infrastructure

- Improved access to funding for SMEs and micro-businesses
- Projects that aim to improve inclusion of women and minority groups in education systems, and projects that aim to provide women, women-owned enterprises and minority groups with access to financial services, including affordable credit.

Sustainable finance

There are increasing opportunities to deliver sustainable and impactful investment expertise to our clients and stakeholders across a broad range of growth themes. As a first step in that effort, we have established a sustainable finance business unit, the first of its kind in Africa. The unit is responsible for partnering with our businesses to better serve our clients, drive innovation and capture emerging opportunities as sustainable growth becomes increasingly important for investors, institutions and companies globally.

Urgent measures are needed to support African countries to reduce vulnerability and build resilience to the impact of climate change, and to facilitate the development of renewable sources of energy and energy efficiency across the continent. The UN Environmental Programme reports that global warming of 2OC would put over 50% of Africa's population at risk of undernourishment, and that climate change is likely to lead to an equivalent of 2% to 4% annual loss in GDP in the region by 2040, together with climate change adaptation costs of US$ 50 billion per year by 2050.

We are working with our clients, including governments, large corporations, smaller businesses and individuals, to help them mitigate and adapt to the impacts of climate change.

Provided asset finance for business and commercial banking clients to install small scale renewable energy solutions at their businesses.

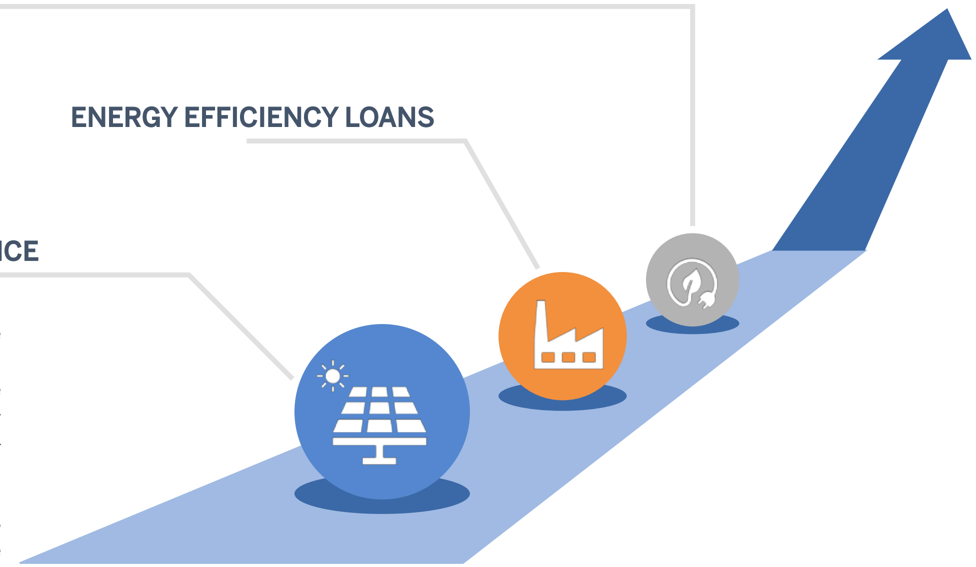
BUSINESS FINANCE

RENEWABLE ENERGY

ENERGY PRODUCTION LOANS

ENERGY EFFICIENCY LOANS

SOLAR PV ASSET FINANCE



Energy security has become a strategic imperative for businesses operating on the African continent. The reduction in costs associated with alternative energy, and the parallel increase in electricity tariffs, has led to huge growth in the demand for alternative energy solutions from local businesses.

Our in depth-industry knowledge and expertise has enabled us to design and implement innovative financing solutions within the areas of energy production and efficiency.

Impact to Society realised – Benefit to society unpacked

Edge Certification

Acorn Holdings is an example of what can be achieved when a green building mindset is adopted. The developer was the first in Kenya to issue a green bond in the amount of US$ 43 million with proceeds financing EDGE-certified student accommodations. The bond was 86% subscribed with pricing at 12.25%, which is 225 basis points above Kenya's five-year treasury bond. Acorn was happy with the result given the corporate bond market had been inactive. Several thousand units will be built for rent by university students and young professionals in six developments across Nairobi. The issuance "marked an important milestone for the capital markets in Kenya and the region," according to a tweet by Geoffrey Odundo, the CEO of the Nairobi Stock Exchange.

Structured as a project bond and the first with a deferred draw down structure, the programme is also the first ever to achieve green certification in Kenya which ensures that it genuinely contributes to reducing carbon emissions. The construction of the environmentally friendly student accommodation will meet international green building standards for water, energy and construction materials, ensuring lower operation costs and a low-carbon impact over the long-term [42].

With Edge certification the objective is to achieve net energy, water and embodied energy savings when compared to a traditional unit build of the same type in the country. The average annual electricity consumption of a student is on the order of 1230 kWh per residential unit per annum, with the average annual water consumption amounts to 42.3 m^3 per residential unit. For the 5 000 university student accommodation being proposed this equates to a total of 6.15 million kWh, and 211 500 m^3 respectively per annum. On completion and demonstration of the savings achieved, the complex to be build will be certified level 1, 2 or 3. This will equate to a saving of 1.23 million kWh – 2.46 million kWh of electricity and 42 300 m^3 – 84 600 m^3 of water respectively. Based on the electricity consumption figures this will result in a reduction in greenhouse gas emissions of 787 – 1573 tCO_2 equivalent [43].

Benefits of Edge Certification

Home Builders	Commercial Owners	Build to Sell
Attract better for you and your clients	Increase occupancy rates	Attract investors
Label your home as green	Drive profitability	Distinguish your properties
Promote resource-efficiency savings	Ensure cost control across properties	Complement efficiencies in construction and labour
Earn client referrals	Take a portfolio approach with EDGE or mix and match with LEED	Accelerate turnover
		Quantify your sustainable brand

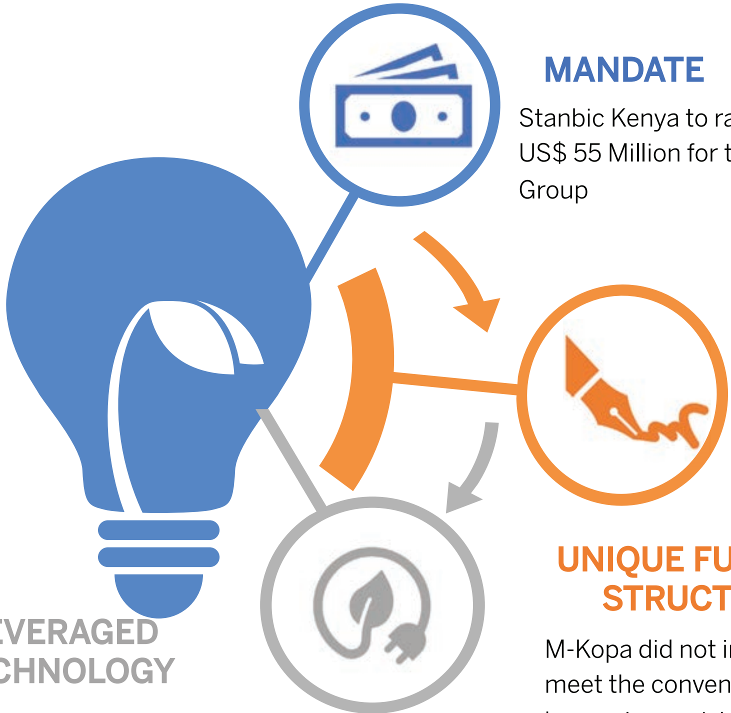
Edge Level 1 Certification	20% or more savings in energy, water, and embodied energy in material.
Edge Level 2 Certification	40% or more on site energy savings achieved.
Edge Level 3 Certification	100% renewables on site or off site or purchased carbon offsets to top off at 100%. All energy must be accounted for including diesel and LPG.

[42] https://www.pidg.org/2020/01/acorn-holdings-student-accommodation-developer-in-kenya-listed-on-nairobi-securities-exchange/

[43] Combined grid emission factor estimated at 0.6396 tCO2/MWh, obtained from https://orkustofnun.is/gogn/unu-gtp-report/UNU-GTP-2010-21.pdf

Sustainable financing

K-KOPA
Kenya and Uganda Subsidiaries
Group leaders in Pay as You Go Household Solar systems



MANDATE

Stanbic Kenya to raise US$ 55 Million for the Group

UNIQUE FUNDING STRUCTURE

M-Kopa did not immediately meet the conventional corporate borrowing metrics. Funding structure developed that took into account the highly cash generative nature of the business.

LEVERAGED TECHNOLOGY

Made possible by harnessing:

- Global Systems for Mobile (GSM),
- Machine-to-Machine communications (M2M)
- Solar technology

Goals:

Aim to Power 1 million homes in Africa by 2020

By early 2019 750 000 units distributed

Estimated impact 3.5 million people

Enabling low income households to access clean energy and finance

Displacement of CO_2 and black carbon emissions over the unit's lifetime

Saving of income due to displacing kerosene and phone charging expenditure (estimated US$ 650 over the lifetime of the unit)

Creates additional income generating opportunities

Creating a pathway out of poverty

US$ 250 million micro loans for low income customers unlocked

1,7 M Mt CO_2 displaced

US$ 400 M increased household expenditure

25% of Customers purchase more food

24% of Customers focus on children's education

32% increase in income earning potential

Create credit history for customers who currently cannot access a formal bank account

Education

4 QUALITY EDUCATION

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

SEE IMPACT AREA SIX

Africa has the world's youngest population. The region's prosperity depends on all her people having access to quality education, skills training and lifelong learning opportunities. But sub-Saharan Africa has the highest rates of education exclusion globally. About 77% of children are enrolled in primary school on average. However, about a third of children between the ages of 12 and 14 are not in school, and over half of sub-Saharan Africa's children aged 15 to 17 are not in school.

Stanbic Kenya support access to inclusive, quality education, promote lifelong learning opportunities and enable Kenya to harness the opportunities associated with the Fourth Industrial Revolution.

Kenya's growth depends on her people having access to quality education, and the promotion of skills training and lifelong learning opportunities in the context of the fourth industrial revolution. Stanbic Kenya supports this in various ways. We work with partners in the education and corporate sectors to address the challenge of accessing affordable and accessible student finance. Additionally, we also support educational initiatives through our Corporate Social Investment (CSI) activities.

EDUCATION OFFERING

FINANCIAL FITNESS ACADEMY

UNEMPLOYED YOUTH

We invest in work readiness programmes through our internal leadership and graduate programmes. We enroll unemployed young people in leadership programmes

EMPLOYEES

Continuous learning and development to ensure our people are equipped to meet the demands of a rapidly changing, increasingly digital world or work.

SHARE TRADING

Both staff and customers are provided access to investment training, this includes online share trading.

CUSTOMERS

BizConnect training and mentorship of our SME Customer Base, focused on enhancement of efficiencies, imparting skills on basic methods of business and financial management. Undertaken in partnership with Strathmore Business School.

BURSARIES AND SCHOLARSHIPS

Bursaries and scholarships are provided to students.

SUPPLY CHAIN

Trial launched in 2019, full rollout in 2020.

Live and Spend

Create and Build

Invest

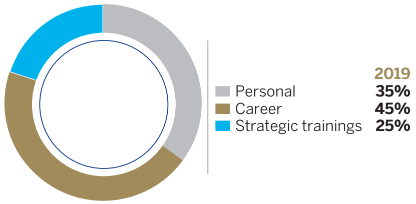
Share and Legacy

Plan and Protect

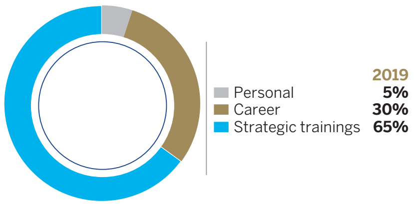
Our employees

We want our employees to have the right skills so as to deliver, not only on our strategy but also for their careers and personal development. We have identified and prioritised the organisational capabilities that are important across the Group and required to execute our strategy and drive growth in each of our markets. We provide our people with targeted, role-based learning and mandatory, role-specific training. This is complemented with formal training and on-the-job skills development driven by the needs of our strategy.

E-LEARNING TRAINING



CLASSROOM TRAINING



Effective learning can also lead to greater employee motivation and satisfaction as employees feel valued and able to grow and develop throughout their careers. And importantly, learning and change are interlinked because it enables organizations to respond to changes and adapt to an increasingly competitive and ever-changing financial landscape. In the age of increased automation and smart tools performing job-related tasks, what's important now is soft skills. We're talking about highly transferable skills like leadership, communication and collaboration that are key to driving businesses forward and leveraging the opportunities presented by new technologies.

In 2019, we enabled employees to undertake 106 948 hours of training on diverse subjects including client focused trainings, digital curriculum, SME development, DADA proposition, leadership development and interpersonal skills.

The future of work is being shaped by two powerful forces: The growing adoption of technology in the workplace and the arrival of a younger cadre of employees who epitomise the ideal that there are no careers for life. As new technologies like Artificial Intelligence (AI), machine learning and autonomous systems become more mainstream, the workplace will become more. That means the future skills required will be broader than technical skills including digital competencies as well as key interpersonal skills. In this respect, we have conducted a digital curriculum for our employees aimed at enhancing tech-based skills. In addition, we launched an entrepreneurship skills training for employees, enabling them to plan for their future which could be within or outside the Group.

OUR PEOPLE

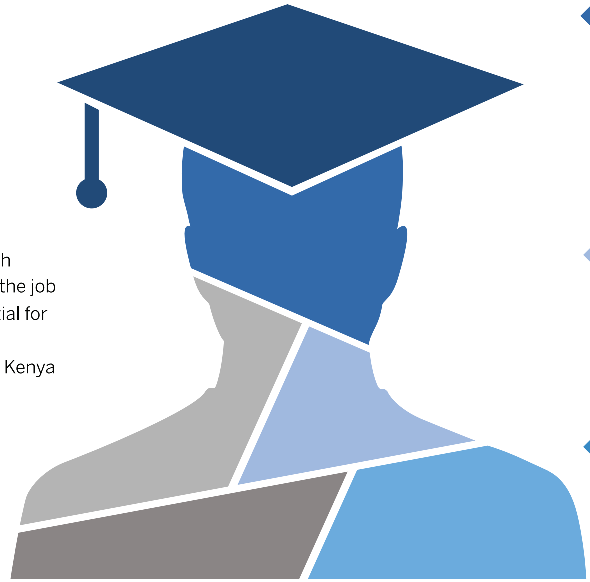
PREPARING THEM FOR THE FOURTH INDUSTIAL REVOLUTION

BURSARIES AND SCHOLARSHIPS

The provision of bursaries and scholarships aims to improved access to education.

INTERNSHIPS

Youth Unemployed are provided with internships providing them with on the job training. This improves their potential for acquiring employment elsewhere. Sometimes even within the Stanbic Kenya Operations.



EXCHANGE PROGRAMME AND SECONDMENTS

Opportunities developed to allow for the transfer of staff between departments within the broader Standard Bank Group to facilitate increased levels of exposure and training while working on the job.

INTERNAL LEADERSHIP AND GRADUATE PROGRAMME

Staff with high potential are provided with opportunities to fast track their careers within the bank, through participation in the leadership and graduate programme.

CLASSROOM AND E-LEARNING

Training programmes are developed and distributed using online platforms ensuring staff are trained on the latest developments in the sector including regulatory changes.

Our clients

BizConnect is a training and mentoring programme for small and medium enterprises (SMEs) run by Stanbic group in partnership with Strathmore Business School. Launched in 2017, this capacity building initiative aims at providing strategic solutions to SMEs to enhance their operational efficiency and imparting skills on basic methods of business and financial management.

The initiatives also expose business owners to critical skills and tools for effective leadership in business and gives them the unique opportunity to reflect on their current leadership abilities as well as enhance their leadership and management skills.

The SME sector in Kenya is very significant, it is estimated to constitute 98% of business, contributing 80% of new jobs and 3% of GDP. Yet SMEs in Kenya face several challenges such as access to fiancé and the lack of financial skills and business management capabilities., weak adoption of new technologies and low adherence to regulatory and legislative changes. Stanbic Group is committed to support our SME clients not just in providing basic banking services but more importantly helping them acquire the right skills required to be successful.

The two-day enterprise development training sessions benefits the banks current and potential clients. The training also helps to build a close community of business owners who encourage and support each other to build successful and sustainable businesses. The group conducted 30 sessions of the BizConnect Financial literacy training across the country in Mombasa, Kisumu, Eldoret, Meru/Nanyuki, Nakuru and Nairobi in 2019. A total of 2 371 participants were trained in the eight regions.

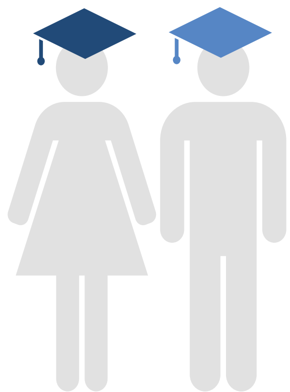
The enterprise banking team are actively involved in putting together the training sessions together with the training provider – Strathmore Business School. The programme has impacted about 2 996 enterprises banking clients to date.

EDUCATION PROTECTION PLAN

Underwritten by Liberty Life Kenya

OFFERING

- Protection cover against death and physical impairment of the main member by paying a lump sum amount to cater for education of the child before age 22.
- There is also a child funeral benefit paid in the unfortunate event that the child covered passes on.
- If the main member survives to expiry of the policy, a cashback benefit ais paid equivalent to 10% of the sum assured.
- The Plan offers critical illness benefit as a rider to the main cover. This benefit pays out 30% of the sum assured on first diagnosis of selected conditions.
- Variable waiting periods apply.



BENEFIT OPTIONS UNPACKED

The main member has a choice of five benefit options. The face value of benefit options 1 – 4 give an indication of the annual cost of school fees that the main member pays for their child. The full sum assured is then the benefit option multiplied by the term of the policy i.e. number of school-going years left for the child.

Benefit option 5 is an open cover where the main member specifies the level of cover (Max KSh 7m) and term of cover that they desire. This benefit option is also suitable for clients who do not have children but desire protection cover.

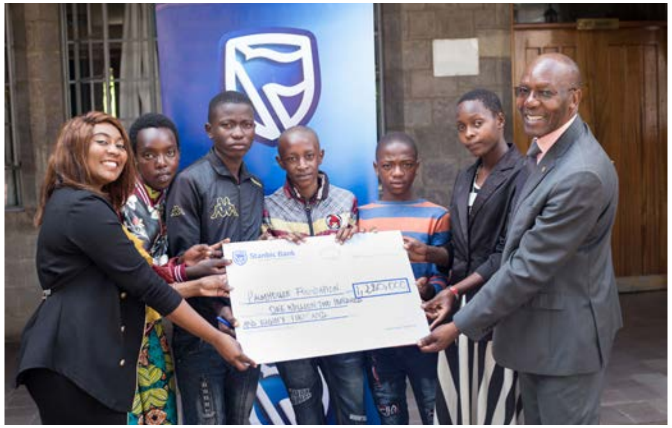
	OPTION 1	OPTION 2	OPTION 3	OPTION 4	OPTION 5
Core Benefit	KShs 100 000	KShs 200 000	KShs 300 000	KShs 400 000	Max KShs 7 Million
Child Funeral Benefit	KShs 100 000	KShs 200 000	KShs 300 000	KShs 400 000	KShs 200 000

Our communities

Six projects were driven by branches and corporate functions

- Kenyatta Avenue, Gikomba, Garden City and Buruburu branches collectively donated KShs 385 000 to Maua Primary School. The funds went towards providing the pupils with adequate water supply, this was achieved through resuscitation of the school borehole.
- Meru branch donated KShs 98 541 worth of learning materials to Kimuthii Primary School.
- Chiromo, Waiyaki, Westgate and Warwick branches – provided Precious Blood Secondary School Rituta a KShs 400 000 donation. The funds were used to procure an assortment of science laboratory equipment for the school.
- The Hub branch donated KShs 100 000 to Shining Hope for Communities (SHOFCO). The donation went towards student scholarships.
- Operations department donated KShs 278 000 to Nyumbani Children's Home, the funds were used to procure medical supplies for the kids.

Our communities



Palmhouse Foundation and SOS Children's Village

It has been nine (9) years since we partnered with Palmhouse Foundation to sponsor bright and needy students through their four years of secondary school education. Currently, 20 students are enrolled in various secondary schools across the country with 36 having successfully completed their secondary education since the inception of the program. Four other students will be sitting for the Kenya Certificate of Secondary Education at the end of this year. Throughout the year, our employees are constantly involved in the mentoring of these students during the school holidays and are involved in the selection process. The annual scholarships are valued at KShs 1.28 million for the 4 students for four years of secondary education.

Strathmore University Scholarship

2019 was the sixth year of the scholarship fund in partnership with Strathmore University, offering bright needy students an opportunity to pursue careers in finance and banking.

The scholarship is offered on an annual basis and caters for both tuition fees and accommodation for seven students and is open to all undergraduate students who meet the admission criteria, are academically outstanding and financially in need.

SOS Children's village

The SOS Children's Village in Buruburu Nairobi continued to benefit from Stanbic Bank as it renewed its sponsorship of two houses for another year. The sponsorship caters for the education and upkeep of 20 children of different ages throughout the year to the tune of KShs 1 800 000.

SOS Children's Villages is the largest child welfare organisation in Kenya that taKShs action for orphaned and abandoned children. SOS Children's Villages are driven by the vision of providing "a loving home to every child." And Stanbic Bank Kenya sponsors two homes catering for 20 children.

Impact to Society realised – Benefit to society unpacked

Return on Investment to Society

Return on Investment (ROI) to society for loans disbursed for secondary education is a factor of 4 [44]. Stanbic Kenya has invested in secondary education to the value of KShs 13.42 Million, which results in an estimated KShs 53.68 Million as a return on investment to society.

With improved levels of education, the % increase in income can also be expected. The completing every year of secondary education increases a student's income by 18%. An increase of 20.2% can be expected with every year of tertiary education completed [45].

A total of 76 secondary school pupils have been supported through scholarships, with 56 supported through scholarships covering the full 4 years of secondary school. The Kenyan Minimum wage is reported as KShs 13 572 per month, an 18% increase in the minimum wage would equal a sum of KShs 2 443 per month.

Kenya's Average Wage Earnings data was reported at KShs 778 248 in 2019, this is further broken down as follows [46]:

- 1 759 562.70 in finance and insurance
- 529 968.40 in manufacturing
- 281 424.20 in real estate
- 477 731.20 in agriculture, forestry and fisheries

The Strathmore scholarship currently supports 7 tertiary undergraduate students. Based on an Average Kenyan Wage an increase of 20.2% would equal a sum of KShs 157 206.

ESTIMATED RETURN ON INVESTMENT

DONATIONS FOR SECONDARY EDUCATION

Total Investment in 2019 KShs 100 000

ROI to society KShs 400 000

SCHOLARSHIPS FOR SECONDARY EDUCATION

Total committed funds KShs 13.42 Million

ROI to society KShs 53.28 Million

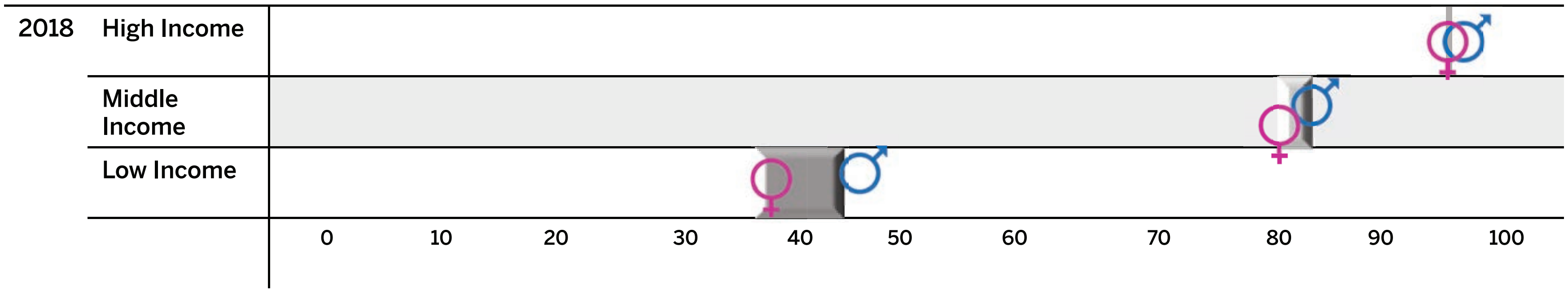
% of future committed spend is 48% of the Total

This equates to KShs 6.4 Million future spend and a future ROI to society of KShs 25.6 Million

STAFF TRAINING

Total Investment in 2019 KShs 75.8 Million

Lower Secondary Completion Rate by Sex (% of Relevant age group)



[44] Benefits and Costs of the Education Targets for the Post-2015 Development Agenda, Psacharopoulos, P., Copenhagen Consensus Center, July 2014

[45] Returns to Investment in Education: A Decennial Review of the Global Literature, Psacharopoulos. P & Patrinos. H, World Bank, April 2018

[46] Kenya Average Wage Earnings 2008 -2019. Available at URL: https://www.ceicdata.com/en/kenya/average-wage-earnings-by-sector-and-industry-international-standard-of-industrial-classification-rev-4/average-wage-earnings

Health

SEE IMPACT AREA SEVEN

Stanbic Kenya adopted health as an additional SEE impact area in 2019, in line with SDG 3, to ensure healthy lives and promote wellbeing for all at all ages. Attainment of several other SDGs, including ending poverty and reducing inequalities, depends on improving the health of Africa's people.

01 INSURANCE

02 CSI INVESTMENT

03 PROVISION OF FINANCE

Employee Wellness

Health initiative: The Group conducts wellness check-ups yearly for employees and their dependants.

Medical: The Group meets the cost of medical expenses of staff and their nuclear family for the permanent staff.

Pension scheme: All permanent Staff are eligible to join the Group's Pension Fund Scheme.

Nursing room is accessible to expectant and nursing mothers.

Break out rooms are provided in each department, whereby employees take a break when having lunch or tea breaks.

Counselling services: ICAS (Counselling & Advisory Services) can be accessed by all employees and their immediate family.

Group personal accident: Cover for non-occupational injuries or death within and outside workplace.

WIBA (Workers Injury & Benefits Act): Cover for occupational injuries or death within the workplace.

Sports: 248 employees participated in the 35th edition of the Kenya Bankers Association (KBA) interbank games competition. We ranked position 8 out of 37 Banks. 28 employees participated in the Nairobi Basketball League competition. We ranked position 1 with a record of 40 wins and 0 losses. Our employees also participated in the Mashujaa day tournament in Kisumu and Jamhuri day tournament in Mombasa where we ranked 3rd and 2nd respectively. End of year party and team building events were organized for staff in the year.

The boldest strategic investments in Kenya's private sector

In response to the call from to the Ministry of Health and the wider Government of Kenya to mobilize resources to combat the Coronavirus pandemic, Stanbic Bank Kenya in partnership with Base Titanium, Centum, Gulf Power, Valar Frontier and Africapractice, have committed to acquire and donate a total of one hundred and ninety-two (192) ventilators worth one hundred and thirty-four Million Kenya Shillings (Ksh134 Million). The acquisition of the EC certified oxygen ventilators is an initiative driven by the Stanbic Bank Foundation in partnership with their clients and private sector partners to tackle the pandemic that has affected Kenya and the entire world in various facets.

Healthcare systems all over the world are under pressure to fight the virus. This private sector response to delivering the critical lifesaving equipment will have a positive impact on the healthcare system in Kenya and assist in saving lives during this crisis. The investment will also remain a valuable tool beyond the immediate need and will be used long after the pandemic in improving the long-term capacity of our healthcare system.

Commenting on the acquisition of the ventilators, Stanbic Bank Kenya Chief Executive, Charles Mudiwa said, "When abled stakeholders come together, we can achieve a lot and help flatten the curve. The fight against the Coronavirus is a task that requires us to pull our resources together to ensure that Kenya can come out of this situation stronger and more resilient. At Stanbic Bank we believe that Kenya is our home and we must therefore always play our part in driving her growth."

The ventilators play a vital role and are in high demand globally. This is due to their critical role in managing severe cases of patients who develop breathing complications – they offer the best chance for survival in those instances. In dire cases, the virus causes a build-up of fluid in the lungs, causing the body's oxygen levels to drop and making it harder to breathe. To alleviate this, a ventilator is used to push air, with increased levels of oxygen, into the lungs.

The Cabinet Secretary for the Ministry of Health, Hon. Mutahi Kagwe conveyed the government's appreciation for the generous donation towards helping Kenyans during this period noting that the contribution will go a long way in assisting the Government in its efforts to mitigate the pandemic across the county.

The Ministry remains optimistic that collective efforts will enable the Government to contain the spread of the pandemic and mitigate its devastating effects on the country.

The business community has been greatly affected by the COVID-19 pandemic mainly due to the rigorous adherence to all social distancing measures, including limitations on gatherings and travel. Despite these challenges, the private sector remains a key source of support for the response to the pandemic.

The Ministry of Health has been at the forefront in steering the country through this turbulent and difficult period, ensuring that the public is well informed about the safety regulations that they must adhere to, in order to reduce the spread of the virus. The private sector players are also doing their part in ensuring the healthcare system in the country is equipped to manage the pandemic.

Stanbic Bank and its partners have commended the hard work that the Ministry of Health has done so far in ensuring that the public is well informed and that the right measures and precautions are being taken to ensure that we keep Kenya safe and overcome the pandemic.

COVID 19 Response

Global economic prospects in 2020 have been negatively affected by the Covid-19 pandemic. Restrictions on movement of people, goods, services, raw materials, and measures aimed at containment such as city lock downs, factory and service outlet closures have impacted the global economy. The impact has stretched to other sectors like agriculture, travel, tourism, supply chains, commodities, investments and retail.

The Kenyan economy is also expected to bear the brunt of this pandemic, not only through the inevitable direct impacts on health, manufacturing, tourism and labour but also through a slowdown in key economic sectors. 2020 is a critical year for us as we seek to support our clients and employees through difficult times.

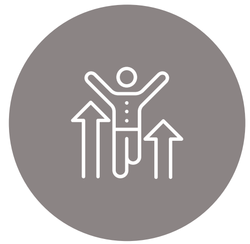
OUR EMPLOYEES

STANBIC KENYA COVID-19 RESPONSE

Training

Hygiene Control

Remote Working



Social Distancing

OUR CUSTOMERS

STANBIC KENYA COVID-19 RESPONSE

Individuals

- 3 Month Loan Holiday effective 1st April 2020.

SMEs

- 3 Month Loan Holiday effective 1st April 2020.
- Continued Commitment to support the SME Sector through the development of innovative solutions, and provision of access to finance

Corporates

- Loan Restructuring based on Sector risk profiles identified.

Regulators

- We are working closely with the Central Bank of Kenya (CBK) and Kenya Bankers Association (KBA) to consult on extra measures to implement to protect customers against the economic effects of COVID-19.

Stanbic Bank takes precautions to minimise risk for clients and staff

As Africans continue to face challenges around precautionary measures to minimise the risk of spread of the Covid-19 virus, Stanbic Bank is encouraging clients to consider digital banking as a preferred option to visiting a physical branch.

The safety of our employees and clients is something that we care deeply about and we strongly encourage clients to use Stanbic Bank's suite of digital banking tools for their financial needs, whether this be from a personal or business perspective. Digital platforms provide an efficient, fast, safe and nearly instantaneous solution to many, if not all of your daily banking requirements, away from public spaces.

Stanbic Bank's digital products offer ease and convenience, no matter where the person is located, and replace the need to visit a physical branch. During times like these, digital banking will help clients to carry on with their personal and business lives without disruption.

Clients can manage their accounts, make payments to local or international beneficiaries, stay connected by accessing prepaid airtime, television subscription and electricity, view statements or use Instant Money almost anywhere and at any time. Relationship managers are available via phone and email to assist wherever possible.

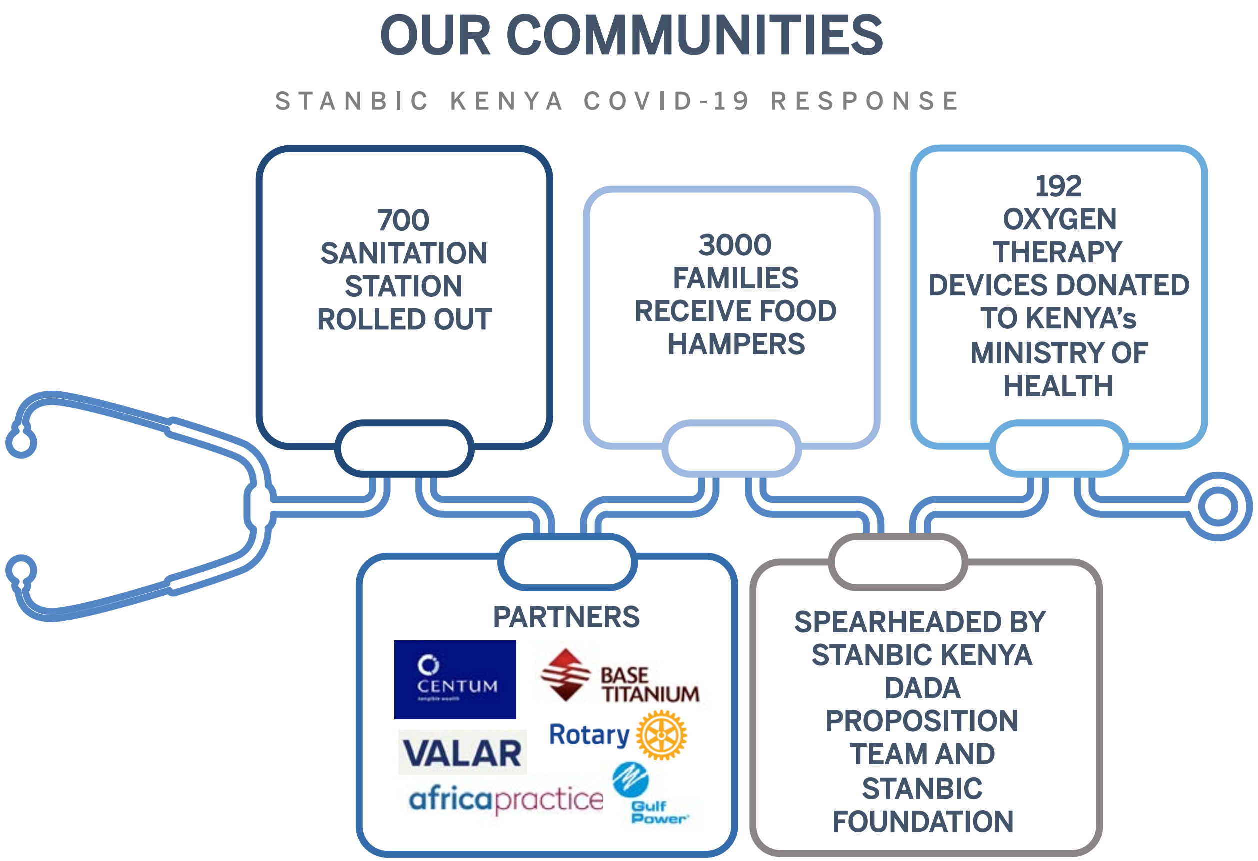
Stanbic Bank representatives at the contact centre will be available to assist clients should they require advice or have specific questions related to their financial needs. This will likely see a higher volume of calls at call centres, and we are preparing internal systems for this eventuality.

Stanbic Bank has rigorous business continuity processes and practices in place. These are rehearsed and planned on a regular basis. All our plans are designed to ensure effective business continuity, the integrity of our systems and processes and the safety and wellbeing of our staff and clients. Part of this plan would be to ensure the ability of our employees to fulfil their duties at other locations where the bank operates or from home depending on business and personal requirements.

In order to reduce risk to our staff and our communities, we have taken the decision to suspend all cross-border travel and bank events until further notice.

Stanbic Bank adopted the principles recommended by the World Health Organisation and advise staff and contractors who return from high risk destinations to adopt the fourteen day self-isolation principle. The high risk destination lists are reviewed daily to remain relevant.

Stanbic Bank continues to closely monitor developments on Covid-19 both in Kenya and abroad to ensure precautionary health measures are in place for our employees, clients and all our stakeholders.



Stanbic Bank's flagship women's proposition DADA partnered with the Rotary District 9212 to invest in 700 sanitation stations in different parts of the country.

The sanitation stations worth approximately KShs 3 Million were handed over to the Rotary District 9212 Emergency Response Team at Four Points by Sheraton Hotel in Nairobi.

As Stanbic Bank, we strive to contribute to progress in society and sustainable development. The sanitation stations will play a significant role in stopping the spread of the dangerous virus. The sanitation donation aims to reach more than two million Kenyans across the country.

Over 3,000 vulnerable families have received food hampers. The top priority is to ensure that communities in low-income areas are not left behind.

Indeed, unprecedented times like this require forging together of strategic partnerships and the mobilization of resources to protect the most vulnerable in our communities while enhancing public health systems.

Stanbic Bank Foundation together and its partner's contribution enhances Kenya's COVID-19 response by surpassing KShs 147 million, making it one of the boldest strategic investments in Kenya's private sector.

The interventions include a partnership with Base Titanium, Centum Investment Plc, Africapractice, and Valaar, which saw one hundred and ninety-two (192) Oxygen Therapy Devices committed to Kenya's Ministry of Health.

Health Care Financing

In Kenya, Stanbic Bank and General Electric Healthcare are working together to improve access to quality and affordable healthcare. In 2019, we provided loan finance to Metrocare Imaging Limited, a company comprising two doctors working to provide affordable medical care to patients in remote areas. The loan enabled Metrocare to install a CT scan machine in a remove village in Nyeri county. The machine enables early detection of a wide range of diseases. Within the first month after installation, the doctors were seeing an average of six patients a day. We are also engaging with a number of other organisations regarding financing for MRI upgrades and/or replacement equipment.

Impact to Society realised – Benefit to society unpacked

Economic Development and Job Creation

A total of KShs 183 Million had been invested in the form of loan provision or grants and leveraged partnerships in health care by Stanbic Kenya in 2019. Research tell us that the degree of increased levels of employment productivity and longer life due to every US$ Million spent on the provision of health care represents an additional 7 US$ Million into the economy. Based on the investment made to date, this equates to an additional KShs 1.3 Billion into the economy.

For every person employed in the health care facility supported you facilitate the creation of 4.64 additional jobs in the economy, with the provision of a CT scanner which supports the livelihoods of two doctors, this equates the support of an additional 9 jobs in the economy.

Estimated economic stimulus and indirect to jobs supported

Investment

- Total Investment in 2020 KShs 183 Million
- Additional Economic Stimulus KShs 1.3 Billion
- 9 additional indirect jobs supported

Return on Investment to Society

It is noted that there is a return on investment to society for every US$ Million invested in the health sector which ranges from 0.26 – 2.12 US$. With the KShs 150 Million invested as part of the COVID-19 Relief efforts, this is noted to have an effective return on investment to society of KShs 47.6 Million to KShs 388.4 Million respectively.

Estimated return on investment

COVID-19 Support

- Total Investment in 2020 KShs 150 Million
- ROI to society KShs 47.6 Million – KShs 388.4 Million

DADA
DARE TO ASPIRE DARE TO ACHIEVE

Your Well-Being Is Our Priority

At DADA by Stanbic, we recognise that sometimes health factors are beyond one's control. However, we do find that there are several things that you can do as women to improve your health and fitness, and get those happy hormones going!

Regular exercise, having a healthy diet, and consciously taking care of your mental health can improve overall health. Meeting your doctor or a health professional for regular well-woman tests and for access to information is also an important part of your wellness.

Let Us Look After You

Which is why when you join the DADA by Stanbic community, you gain access to wellness information, experiences and clinics. Our wellness partners have been selectively identified and brought on board to partner in the provision of wellness clinics and rewards, because you matter to us. Join the DADA by Stanbic community to find out more.

Gender equality

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

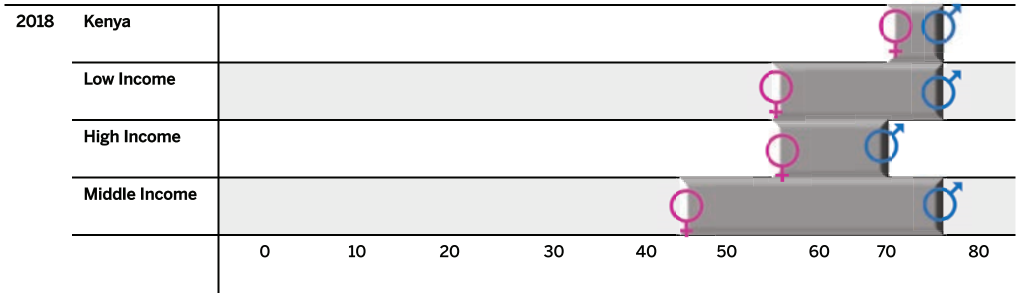
SEE IMPACT AREA EIGHT

Stanbic Kenya adopted gender as an additional SEE impact area in 2019 after a review of the needs in the market, with a large portion of the underserved citizens with respect to financial services identified as being women.

During 2019, the focus was on developing a female focused set of services, based on observed best practice globally. This led to the Bank joining the Financial Alliance for Women.

The focus is on the empowerment of this untapped economic potential, and significantly untapping business potential. This is specifically pertinent in the Kenyan context with the large disparity noted between genders when assessing participation in the labour force.

Labour Force Participation Rate by Sex (% of Population Ages 15+)



Did you know

- Out of a population of 47 million people in Kenya, approximately 50% are women.
- 82% of total savings in Kenya are by women!
- 70% of women contribute to the household budget and make key buying decisions.
- And that's not all. Women play a very significant role in driving the economy. 33% of all micro and formal SMEs are owned by women.

Yet

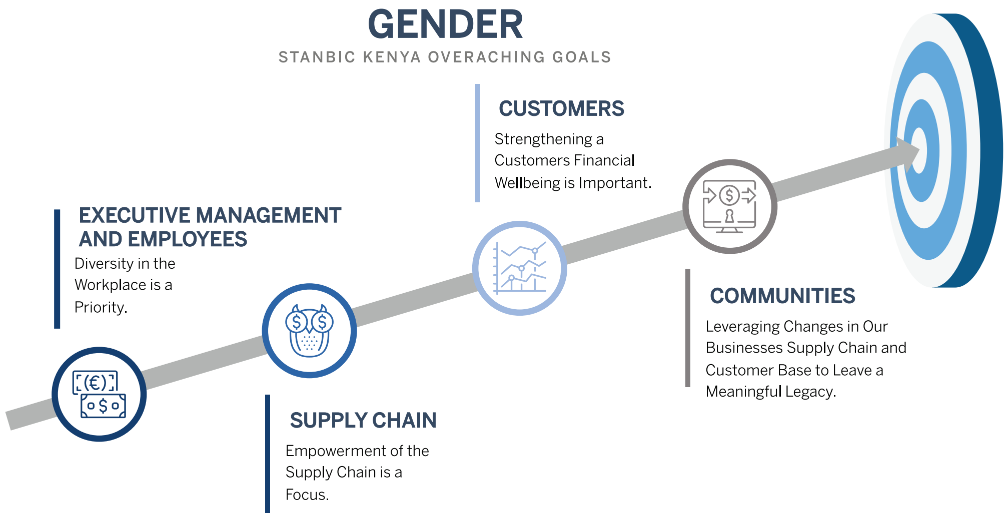
- Data shows that women are under-represented when it comes to financial inclusion.
- Only 1% of women own agricultural land. Despite being 50% of the population in Kenya, women receive just 10% of available credit.

[47] Gender Data Portal. The World Bank. Available at URL: http://datatopics.worldbank.org/gender/country/kenya

[48] Kenya's Financial Transformation in the 21st Century. 2015. Available at URL: http://s3-eu-central-1.amazonaws.com/fsd-circle/wp-content/uploads/2015/12/30093446/Kenyas-Financial-Transformation-in-the-21st-Century.pdf

Stanbic Holdings Gender Goals

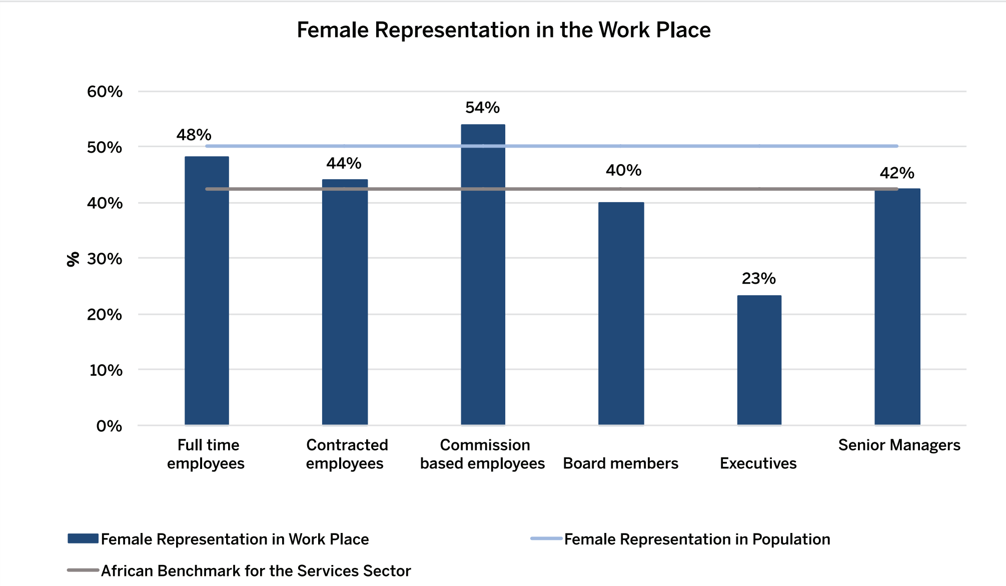
Stanbic's gender goals seek to enhance the wellbeing of women within the Bank and its ecosystem and communities. It is a proactive approach to addressing challenges of diversity and inclusion in the workplace, empowering clients with tailor made solutions that take gender specific needs into consideration, identifying opportunities for supply chain empowerment and provision of differentiated community solutions.



Our Executive Management and Employees

Diversity in top management enables businesses to benefit from a wide array of skills, competencies, expertise and perspectives. Over the past three years, we have made steady progress in achieving improved gender balance in our top-level structures including senior management, executive and Board levels. In 2019, we were able to add three more women to our executive team.

In addition, we have hosted training and networking sessions to encourage, prepare and empower women for executive positions in the Bank including 2 ignite sessions specifically focused on women employees, hosted in partnership with the International Finance Corporation (IFC). In addition, in 2019 we hosted a Diversity and Inclusion training session for staff aimed at addressing key facets underpinning the success of the delivery of our corporate strategy such as the importance of diversity, unconscious bias and emotional intelligence.

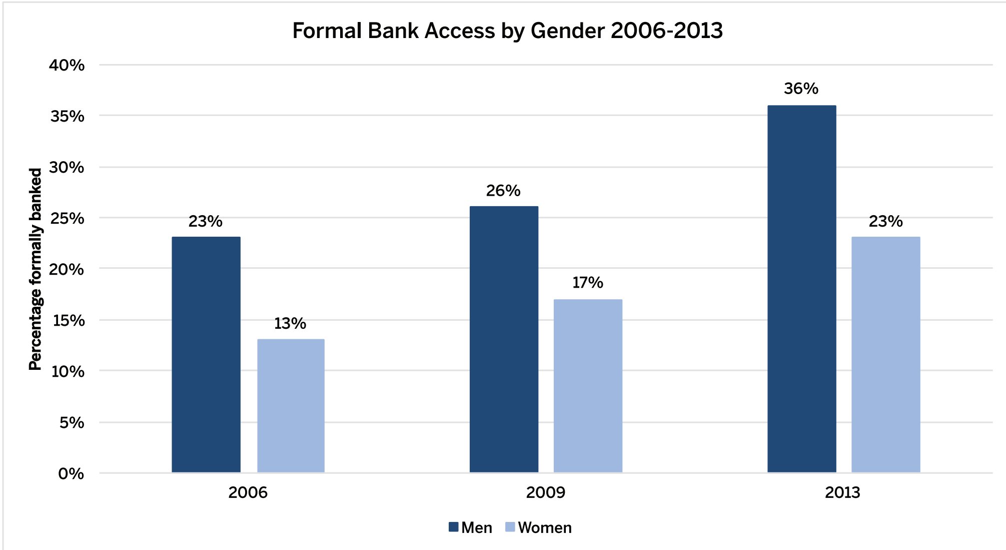


Our Clients

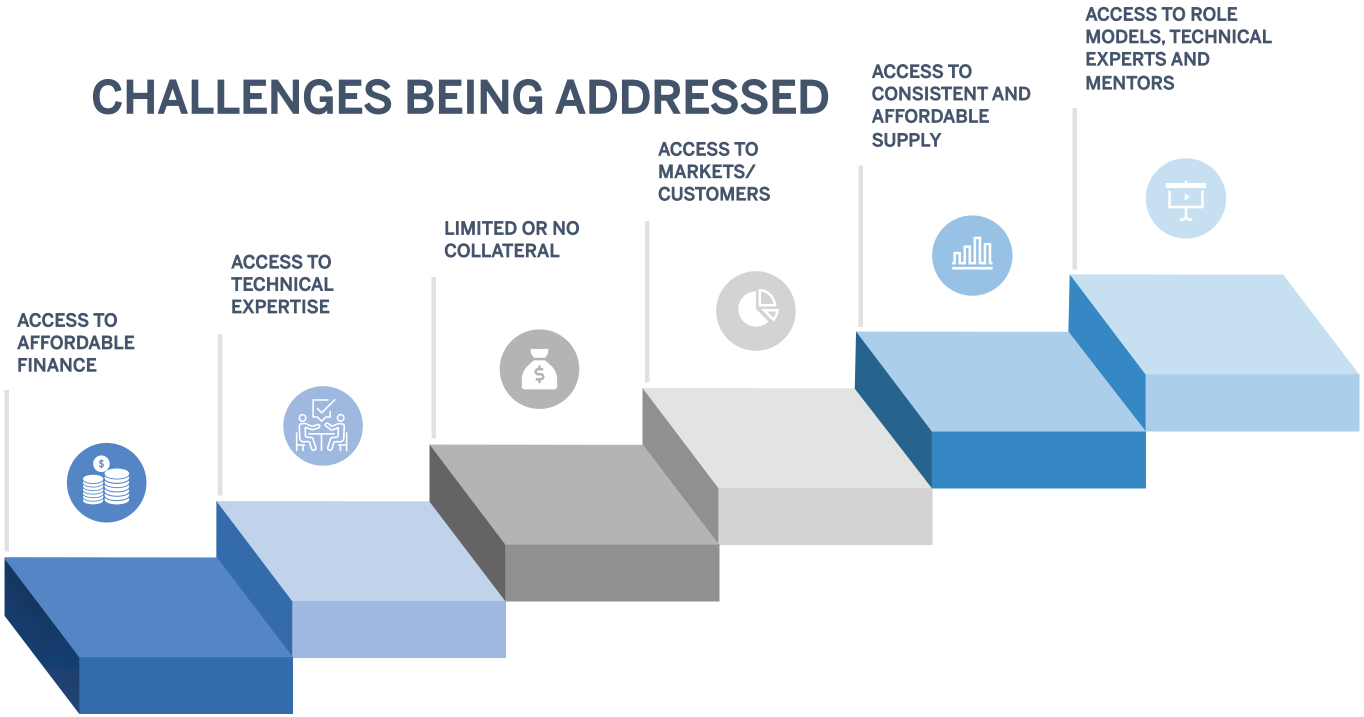
Previous research has highlighted the importance of access to finance for women as a means of economic empowerment (Cheston and Kuhn, 2002). Recent research found that for female entrepreneurs, enabling access to savings could increase enterprise investment, as well as savings (Dupas and Robinson, 2013). In an experiment carried out in Nepal that provided free savings accounts to women, Prina (2015) found that increased access affected women's ability to save, as reflected in the increased monetary and total assets of the household. Yet women are less likely to be banked than men.

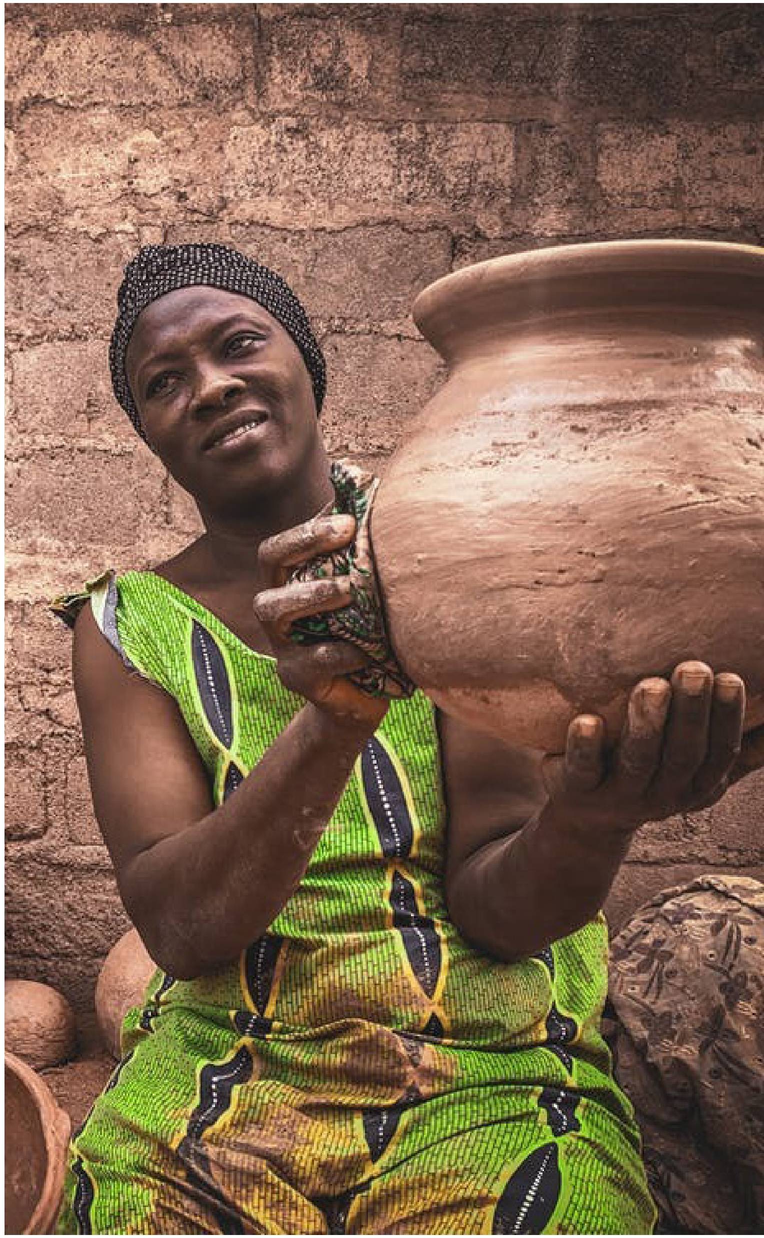
Data from the Global Findex database found that women in developing countries are less likely than men to have an account in a formal financial institution, with over 1.3 billion women globally outside of the formal financial system (Demirgüç-Kunt et al., 2013). While this gender gap is smaller in sub-Saharan Africa, where 22% of women have a bank account versus 27% of men, the gap is still statistically significant (Demirgüç-Kunt et al., 2013). The conceptual framework predicts a gender gap in formal financial inclusion, and we find that such a gap is prevalent in Kenya. In a recent study on rural banking in Western Kenya (Dupas et al., 2012), the authors found that only 10% of women have bank accounts, compared to 21% of men. This finding is echoed in the recent FinAccess 2013 survey in Kenya [48].

In response to this need Stanbic launched the DADA (Dare to Aspire, Dare to Achieve) proposition. DADA is a new initiative which aims to empower women through advancing their financial confidence by offering them financial solutions that are specific to their needs as well as value-add services that will equip them to aspire and achieve. The DADA proposition offers women: both short and long-term loans; tailored saving solutions; a wide range of insurance options; wealth services for investing, creating and preserving; tailored financial literacy and business management skills; information; networking opportunities and reward and wellness services.



DADA seeks to address key challenges faced by women identified through a systematic and thorough research process. These challenges include:





We believe in and celebrate women in our community and society. We know that across homes, bomas, estates, villages, offices, chamas and more, women are coming together seamlessly to support each other, celebrate each other and build each other. This is the spirit of Kenyan Sisterhood.

And in that spirit, we are committed to walking with you to bring your dreams to life through DADA by Stanbic Bank. We commit to playing a key role in women's holistic development and growth, and impacting the lives of Kenyan women and communities, in a positive way.

DADA

DARE TO ASPIRE DARE TO ACHIEVE

Executive Banking

As a DADA, you'll be able to manage your money more flexibly with a number of useful features through having an Executive DADA account with us.

PAYG

Pay As You Go is a DADA current account that is simple and transparent making it easy for you to manage your finances and transactions.

Credit Card

Our Stanbic credit cards are accepted at more than 20 million local and international merchants, giving you the power and flexibility to transact wherever you are.

Diaspora Banking

We now offer a suite of banking products to cater for our DADAs who live and work in the Diaspora. Wherever you're travelling to, we will be there for you too!

Smart Banking

When you choose Smart banking with DADA by Stanbic, we take care of all your essential day-to-day banking needs and more.

Diaspora PAYG

Enjoy transactional banking which will enable you do payments through cheques, bank transfers, debit card payments, drafts or online transfers and only pay when you transact. Wherever a DADA goes, we will take care of them.

"Behind every successful woman is a tribe of other successful women who have her back."

Communities

We seek to empower women in our society by providing them with diverse services and opportunities through our core business and Corporate Social Investment activities. This is in line with our overall gender approach aimed at supporting women in society to pursue their financial and non-financial aspirations. In the course of 2019, we engaged with women in society as follows:

ENGAGEMENTS WITH WOMEN IN SOCIETY

PARTNERED TRAINING

Trained over 300 women in partnership with the International Finance Corporation (IFC)

TRAINING

Trained approximately 70 women in collaboration with Invest in Africa

TRAINING WEBINARS

Training webinars focusing on wellness, leadership and legal education facilitated by diverse leading organisations and specialists reaching over 7 000 DADAs in 2020.

PROTECTION

Donation and distribution of handwashing stations through partnership with the Rotary club to various locations in the fight against COVID-19

CHILDREN

Leadership academies for DADA account holder's children.

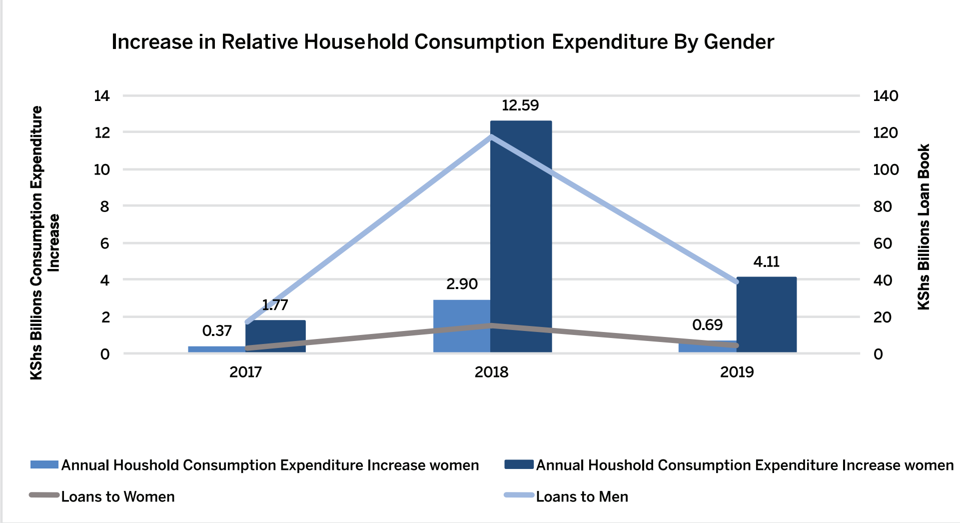
Impact to Society realised

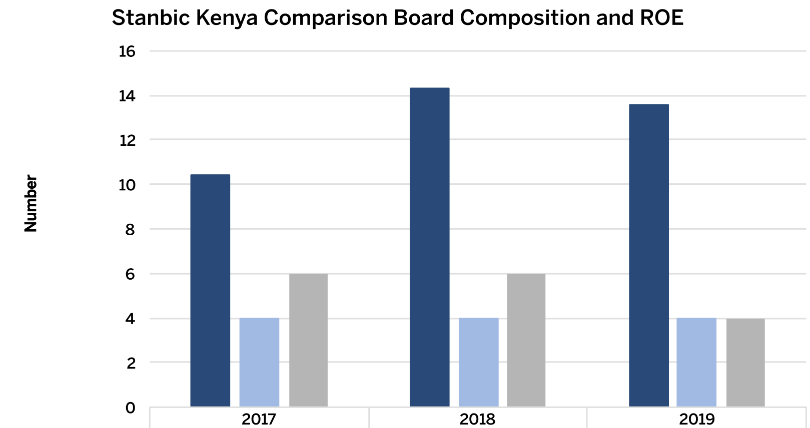
Our new study finds that greater inclusion of women as users, providers, and regulators of financial services would have benefits beyond addressing gender inequality. Narrowing the gender gap would foster greater stability in the banking system and enhance economic growth. It could also contribute to more effective monetary and fiscal policy.

According to MSCI, strong female leadership generates a Return on Equity (ROE) of 10.1% per annum vs 7.4% with those without strong female leadership [49]. Similarly Firms with at least 3 women on the board experience ROE gains of 10% points [50].

It has been found in studies undertaken by micro finance institutions, that annual household consumption expenditure increases US$ 0.22 for every additional US$ 1.22 borrowed by women from credit programs, compared with US$ 0.13 for man [51]. Assessing the Stanbic Kenya order book, the total number of loans issued to women has grown over the last three years, although the size as percentage of the loan book disbursed to women has remained relatively constant year on year.

Deposit taking has also steadily increased specifically based on value of funds being saved using the deposit taking facilities provided to Women.





	2017	2018	2019
ROE	10.4	14.3	13.6
Women on Board	4	4	4
Men on Board	6	6	4

Loans	2017	2018	2019
Value of All Loans Disbursed	KShs 18.6 Billion	KShs 134.2 Billion	KShs 42.4 Billion
% issued to women	11%	12%	9%
Number of All loans disbursed	2 477	5 228	7 554
% issued to women	25%	23%	27%
Deposits	**2017**	**2018**	**2019**
Value of All Deposits	KShs 21.2 Billion	KShs 32.3 Billion	KShs 67.8 Billion
% issued to women	6%	5%	8%
Number of All Deposits	35 984	41 247	42 566
% issued to women	31%	23%	29%

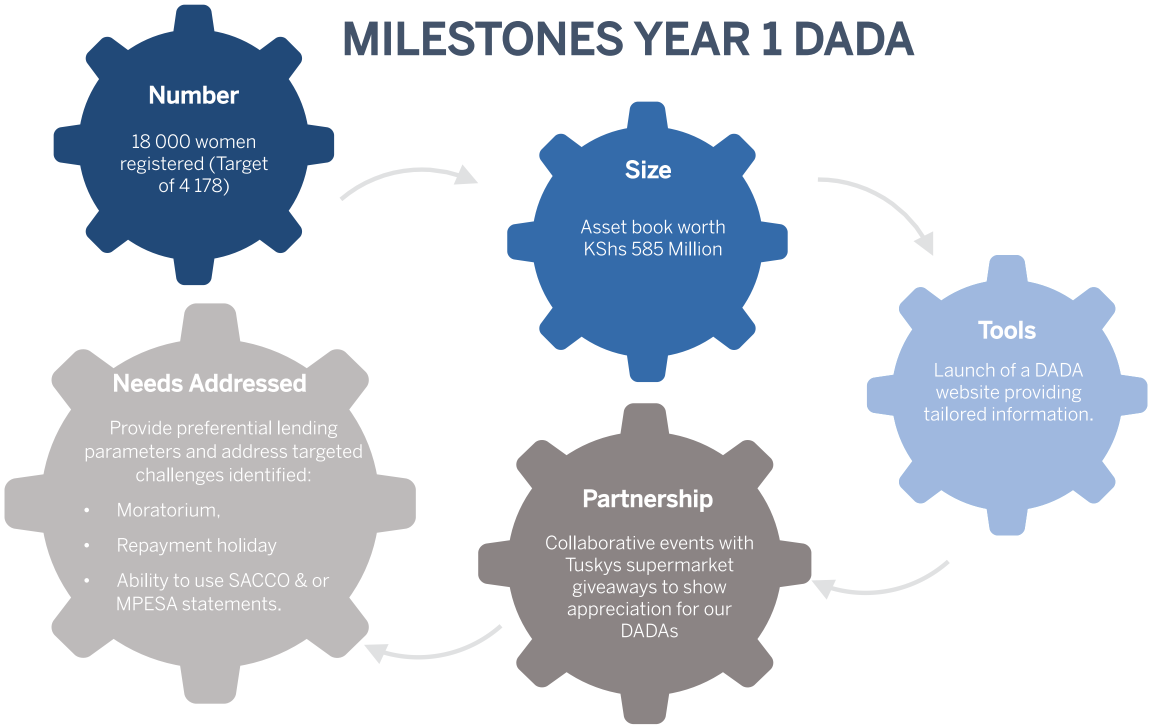
[49] Women on Boards: Global trends in gender diversity on corporate boards, MSCI Research, 2015

[50] https://www.msci.com/www/blog-posts/the-tipping-point-women-on/0538249725

[51] Empowering Women through Microfinance: Evidence from Tanzania, Kato. M & Kratzer. J, ACRN Journal of Entrepreneurship Perspectives, February 2013

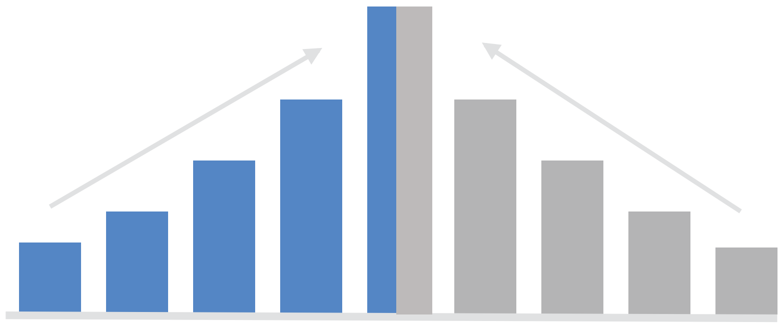
Progress with DADA

DADA proposition was very well received in the market indicating that our differentiated and gender responsive approach is meeting a real need in the marketplace. The provision of services that are sensitive to the key characteristics of this segment including time constraints, multiple roles, need for financial and non-financial services has resulted into a value adding proposition that is well positioned to enable women to aspire and achieve. The key achievements for DADA in its first year include:



Stanbic Foundation

In 2018, the Central Bank of Kenya approved the establishment of Stanbic Bank foundation and the recommended design for the foundation is now as follows:



FOUNDATION OPERATIONAL FOCUS (85%)
- SME Development (Incubator/Accelerator Programme)
- Health (Cancer Screening Programme to be Launched in 2020)

FOUNDATION GRANT FUNDING (15%)
- Legacy CSI (SOS Children's Village and Palmhouse Foundation Education Scholarship)
- Adhoc Discretionary Requests

Mission

To spur the growth of entrepreneurship ecosystems

Vision

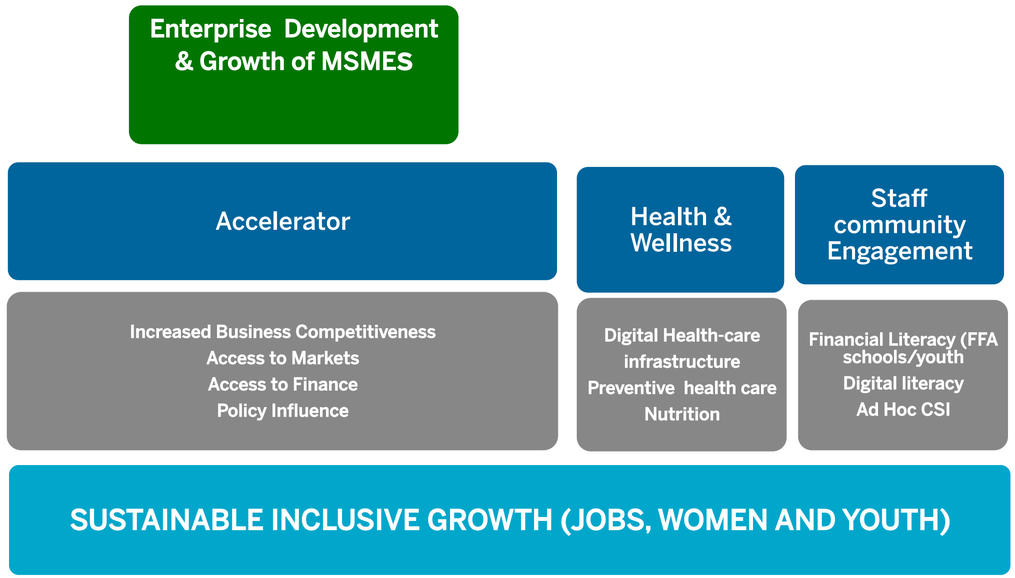
Unlocking Possibilities

The design above has been informed by the need to realign our CSI initiatives to our new strategic direction and new purpose - Kenya is Our Home, We drive Her Growth as well as to our vision which is to be a leading nationally relevant financial services organization in Kenya, delivering exceptional client experiences and superior value.. All CSI going forward must drive the new strategy/purpose while demonstrating and providing proof that we are indeed at the center of driving Kenya's growth.

The choice of focus areas is backed by research as follows:

1. Kenya has a rapidly growing entrepreneurial middle class, majority of whom run small to medium enterprises. According to CMA, SMEs offer employment to an estimated 7.5 million people, account for 80% of employment, and contribute over 92% of the new jobs created annually. However, a lack of early-stage investment capital, a lack of mentors/high-quality mentorship to help entrepreneurs; and insufficient management teams and skills are constant obstacles that they face in their bid to grow. Our Incubator/Accelerator programme will seek to address these gaps.
2. An estimated 18.1 million new cancer cases were predicted worldwide for 2018 - with 9.6 million deaths. In Kenya, an estimated 40,000 new cancer cases and 28,000 cancer deaths occur each year making cancer the third leading cause of mortality and accounting for 7% of all annual deaths. Some of these could have been prevented by early detection which our screening programme will provide.

Going forward, everything we do as a bank (including CSI) will be nationally relevant and be seen to drive Kenya's growth. Kenya is an entrepreneurial country whose economy is largely driven by SMEs and with this new direction we hope to expand our scope in this space and not limit ourselves to SMEs in the green economy which was the initial recommendation. We believe that the incubator/Accelerator is the ideal vehicle to help us achieve this.



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