Stanbic Holdings PLC

REPORT TO SOCIETY 2020

Stanbic IT CAN BE™

A member of Standard Bank Group

Contents

The purpose of this report

Stanbic Holdings' purpose is to drive the growth of Kenya and South Sudan. We achieve our purpose by working through the seven areas of our social economic and environmental framework. This makes us deliver substantive impact in the markets we operate in. The areas are financial inclusion; job creation and enterprise growth; infrastructure; trade and investment; climate change and sustainable finance; education and health. Our annual **report to society** provides an update of our activities in each area.

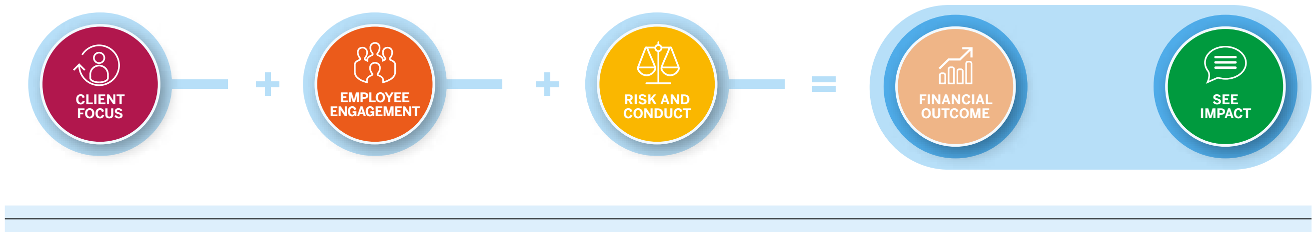
Our report

Integrated sustainability

We are committed to being more than a provider of financial products and services – we are a catalyst for economic change. We see it as core to our purpose to develop commercially sound ways to address environmental and social challenges, accelerating economic growth, human development and making a better life for communities. Our objective is to create shared value – benefiting society while achieving targeted financial returns.

We measure our ability to create shared value in terms of our five strategic value drivers.

We create value by living our purpose and achieving our vision through the diligent execution of our strategy. Our strategic value drivers measure our strategic progress, allowing us to focus on the value we aspire to create for all our stakeholders.



VALUE FOR CLIENTS
Delivering relevant and complete digital solutions to our clients

VALUE FOR EMPLOYEES
Shaping a workforce that is ready to meet our clients' needs, now and in the future

VALUE FOR STAKEHOLDERS
Doing the right business, the right way

VALUE FOR SHAREHOLDERS
Striving to generate sustainable returns

VALUE FOR SOCIETY
Driving positive SEE impact

We embed social, economic, and environmental considerations into our lending decisions and business practices in a way that helps us to continue supporting our clients, whilst producing value for society at large. We believe that the holistic understanding of our broader impact, together with associated deepening of client relationships is fundamental to becoming more than a bank. It is with this intent that we have prepared this Report to Society.

Reporting boundary and approach

The report covers the primary socio-economic activities of Stanbic Holdings Plc (the Company), and it covers the financial year from 1 January 2020 to 31 December 2020, along with historical information and forward-looking statements, all of which provide context in respect of our strategy and operations.

Our approach to this Report to Society is aligned to recognition of the aims and aspirations of United Nations Sustainable Development Goals (UNSDGs), United Nations Principals for Responsible Banking, and the African Union's Agenda 2063. The report also aligns to Kenya's and South Sudan's National development agenda.

Who we are

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

Stanbic at a Glance

Stanbic is a member of Standard Bank Group Limited, Africa's leading bank and financial services group, which operates in 20 countries. 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.

Our Purpose

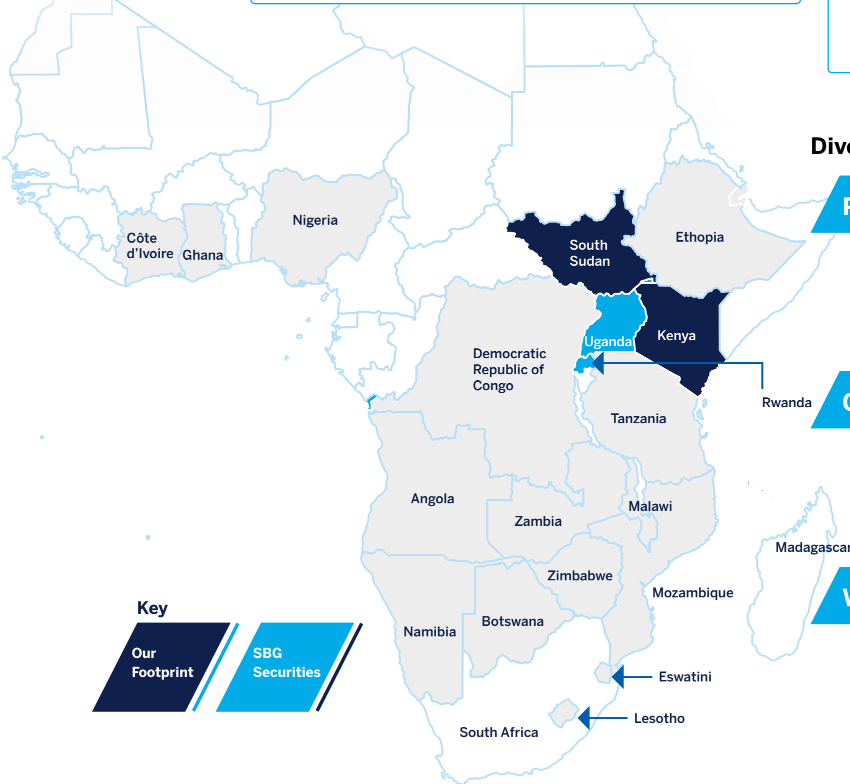
– the reason we exist

Kenya/South Sudan 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 and South Sudan, delivering exceptional client experiences and superior value.



Diversified integrated financial services offering

Personal & Business Banking (PBB)

Banking and other financial services to individual clients and small to medium-sized enterprises (SMEs) in Kenya and South Sudan.

Corporate & Investment Banking (CIB)

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

Wealth

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

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

This fosters increased returns to our shareholders, and improves access and provision of affordable banking solutions to the markets we operate in.

Through this approach we are able to respond to Kenya and South Sudan's development agenda. For Kenya we align to the government's 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
26
BRANCHES
2019: 25

Fit-for-purpose channel
55
ATMs
2019: 51

Fit-for-purpose channel
55
BULK NOTE ACCEPTORS
2019: 45

Valued people
148
AGENT OUTLETS
2018: 86

Digital capabilities
MODERNISED BANKING PLATFORMS

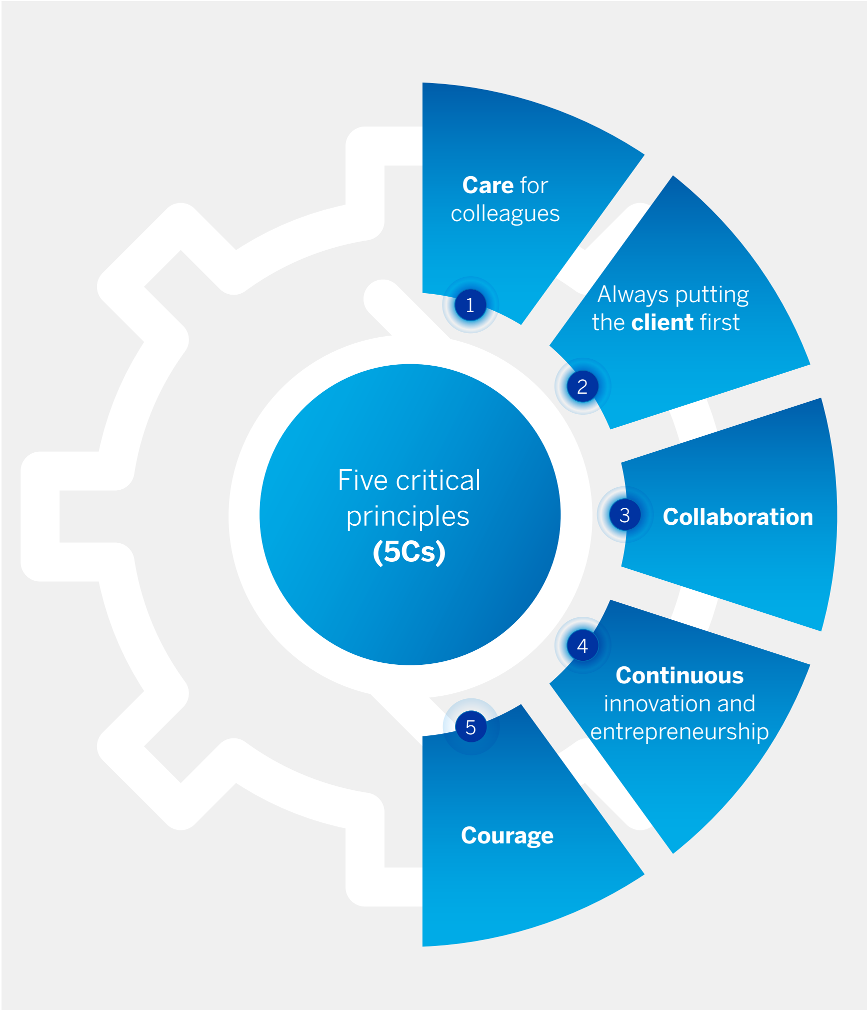
Recognised brand
STANDARD BANK
STANBIC BANK
SBG SECURITIES

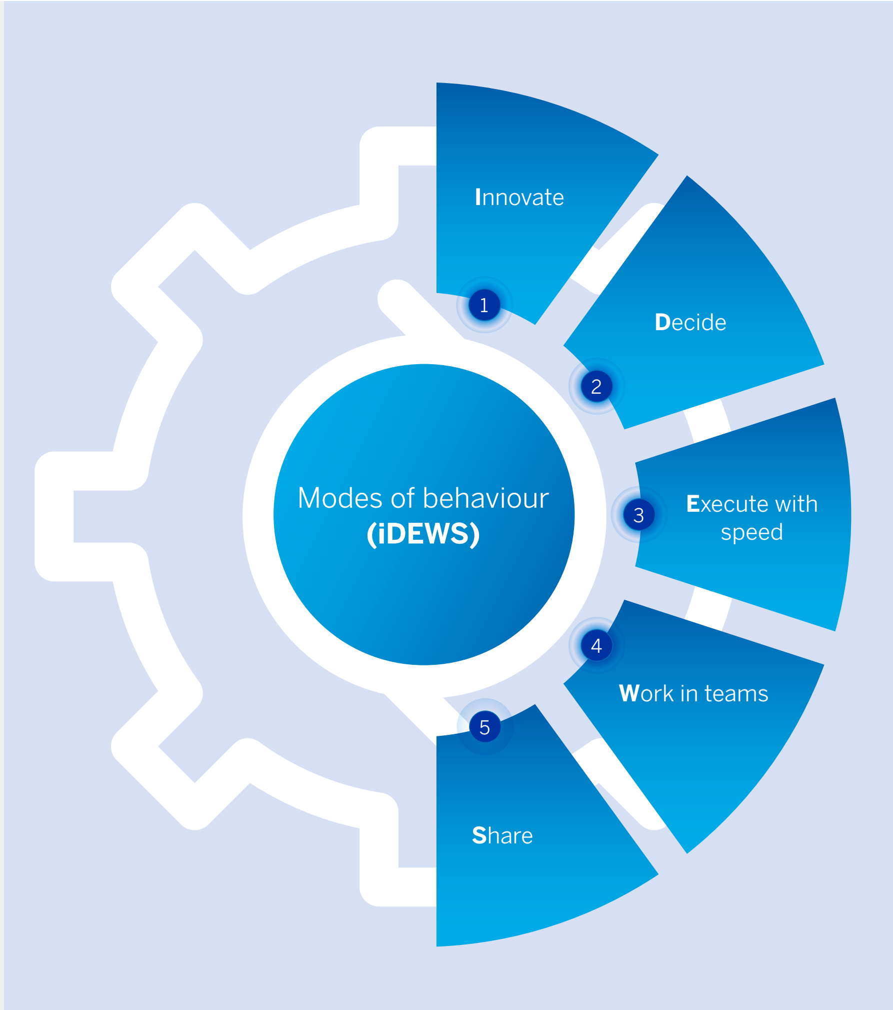
Our values-driven culture

Our culture is determined by our purpose, vision, values and our approach to ethics. It is the way we do things, and we believe that the way we do things is as important as the things we do.

Our Code of Ethics guides us in being responsible and respectful in our dealings with all our stakeholders, as we work to become Kenya's leading financial services organisation. It outlines acceptable business conduct and is an important reference point for employees acting on behalf of the Group.

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 committed to focusing on the following critical principles (5Cs) and modes of behaviour (iDEWS) so as to shift our culture and support our strategic journey:





Message from Patrick Mweheire Chief Executive, Stanbic Holdings Plc

The year was dominated by extraordinary global events, such as the Covid-19 pandemic. Hard work and collaboration across our businesses, allowed Stanbic to continue to fulfil our role as a responsible corporate citizen.

We assisted Kenya and South Sudan to stimulate economic activities during national lock downs, through the deployment of enhanced digital channels, restructuring of debt, providing pay holidays, removing interest on mobile money transfers, and more. This aided each country in weathering the crisis. This was made possible through our own levels of resilience, innovation, courage, and adaptability, enabling us to respond to a fast-changing operating landscape.

Our focused delivery on the **7 Social, Economic and Environmental (SEE) Areas** within our **Strategy** played a central role in our ability to respond to this challenge.	Financial inclusion	Job creation and enterprise growth	Infrastructure
Trade and investment	Climate change and sustainable finance	Education	Health

In fostering the ongoing development of the economic and social life in our communities, another dimension of our inbuilt strategic approach took central importance – the culture of cooperation, partnership, and collaboration. The ability of the Bank to contribute and support society in these areas was amplified by leveraging Stanbic's relationships with key stakeholders both in the public and private sector including bilateral partners.

Strengthening our relationships

Government agencies and ministries were central to much of our society-focused efforts during the year.

Ministry of Health, Kenya

Critical initiatives launched to promote the health and wellbeing of communities, staff, and clients. Projects rolled out facilitated the ability of our corporate, SME clients and communities to continue to function. This impact was maximised through enhanced access to equipment, expertise, and appropriately designed financial facilities.

Ministry of Industrialisation, Trade and Enterprise Development, Kenya

Partnered to build resilience within the vulnerable SME sector during the pandemic. This included the provision of training to a community of small business owners, and employees in the health, hospitality, and logistics sectors. These SMEs were targeted as they were significantly affected by the initial country wide shutdowns.

Key Outputs realised included:

- Training focused on the application of digital tools in our client's businesses.
- The donation of handwashing stations to businesses, schools, and Jua Kali sheds.
- Support for the informal sector promoting the adoption of and adherence to Ministry of Health's Covid-19 protocols.

Our ability to leverage off our networks and strategic partnerships allowed us to maximise the reach of our society-focused efforts:

Stanbic Kenya Foundation

The Foundation in collaboration with the Ministry of Industrialisation, Trade and Enterprise Development in Kenya continued to focus on its mandate of spurring the growth of small and micro enterprises.

Microsoft, Facebook, Instagram

Our partnership with Microsoft Academy facilitated access to an e-learning platform for individual and SME clients enabling them to retool individuals who had lost their jobs due to the pandemic. Different training modules were offered including technical and business training, introduction to technology platforms, and best practices for growing a business. SME clients were also introduced to the Facebook and Instagram portals of the SME Support Centre to enhance their online profiles and presence.

Key Outputs realised included:

- Capacity building of SME Clients to weather the Covid-19 pandemic.
- Assisted in repurposing SMEs to take advantage of new skills to grow their businesses and build resilience.
- Introduction of SMEs to brand awareness and marketing skills.

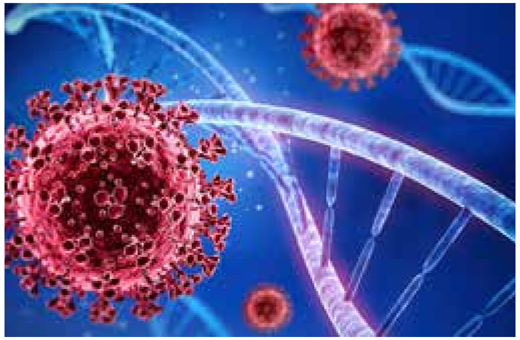
Message from Charles Mudiwa Chief Executive, Stanbic Bank

Kenya and South Sudan is our home, we drive her growth – this is our purpose, and it underpins everything we do. In adhering to this purpose, we recognise that what we do has a bearing on and impacts society, the economy, and the environment in which we operate. That is why we have embedded social, economic, and environmental (SEE) considerations into our strategy, and these inform the decisions we take every day and our organisational culture. With these considerations in mind, we have identified seven core business areas in which we believe we can make a SEE impact.

During 2020, Kenya faced a “trilemma” with the outbreak of the Covid-19 pandemic, the infestation of locusts, and floods caused by extreme weather conditions. This “trilemma” challenged the social fabric and economic stability of Kenya. Determination and facing these challenges with innovative and effective solutions, enabled us to build on our own resilience within the Bank, and on the inherent resilience of the Kenyan economy.

LOCUSTS

- Represented the return of a threat absent for 70 years
- A swarm of 1 sq km can devour the equivalent of 35,000 human meals in a day
- The largest swarm recorded in Kenya was 2,400 sq km in size, and destroyed 5,000 sq km of crops and grazing land in Mandera, Marsabit, Wajir, Isiolo, Meru and Samburu counties
- With agriculture representing 65% of export earnings and 35.2% of GDP, the locust infestation threatened a significant proportion of the economy



COVID-19

- Disrupted supply chains effectively hampering anyone with imported materials or products
- Drove a capital-markets sell-off
- Triggered currency volatility which caused uncertainty in foreign expenditures and income
- Triggered an anticipated drop in Forex remittances from the Kenyan diaspora
- Required increased government intervention
- Suppressed trade activities

FLOODS

- Resulted in 285 deaths, with an additional 800,000+ individuals affected by the upheaval
- Resulted in storm-damage to key infrastructure including schools, hospitals and roads
- Caused an increase in the price of food staples of up to 41% on maize and 25% on beans as hundreds of thousands of hectares of crop land were destroyed across East Africa

Our Response to the Trilemma

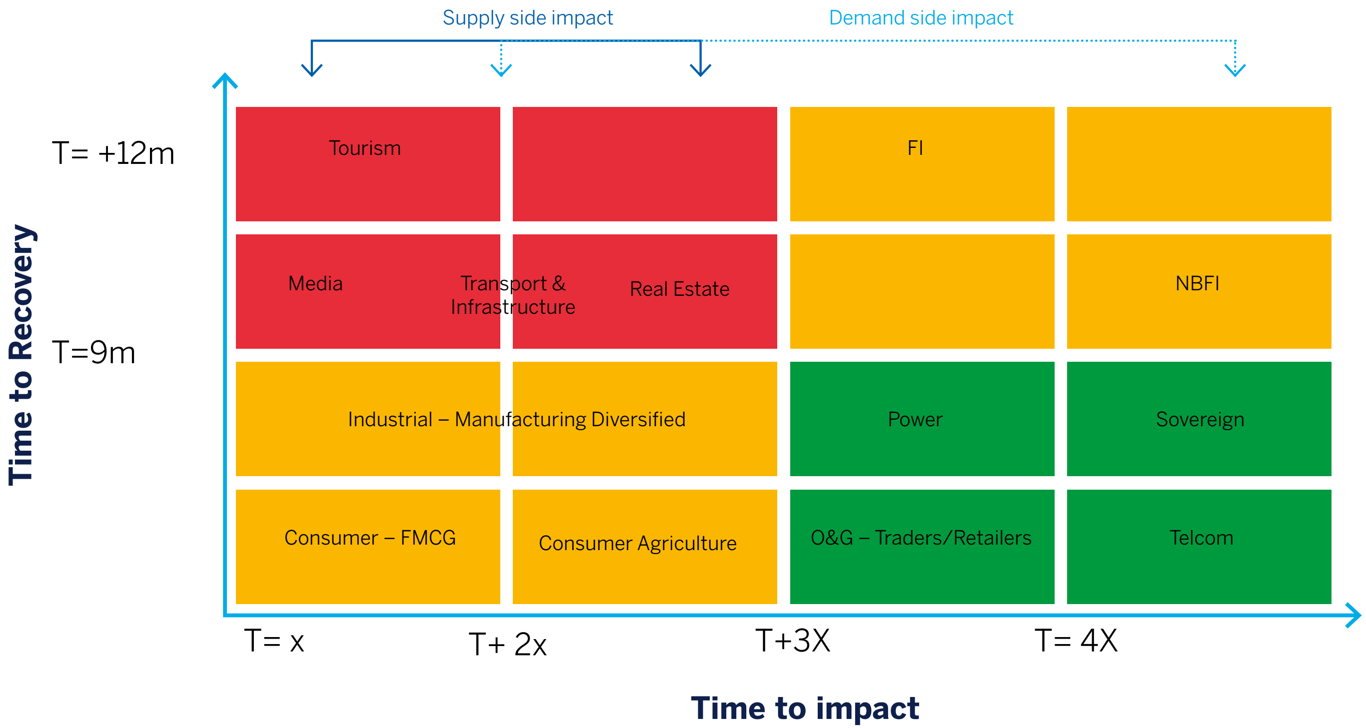
It was against this backdrop that we asked ourselves several strategic questions to enable us address these challenges. The questions included:

- How do we ensure the wellbeing of our staff, given they are affected in terms of their personal, mental, and physical wellbeing?
- How do we ensure the sustainability of the business?
- How do we cater to the needs of our clients, whose health and businesses were being threatened?
- How do we act differently to provide the required assistance needed?
- How do we provide solutions that promote economic stimulus and ongoing value-creation within the business?
- How do we help society cope with social issues, such as the displacement of people, and forced unemployment?
- How do we respond to the impact on the environment?

In asking these questions, we understood we had to broaden our response beyond our traditional approach to incorporate our seven areas of impact. We needed to look ahead at how our activities could promote the restoration of economic stability, and when appropriate respond to the rebound in economic stimulus and facilitate the means for further economic recovery.

By mapping these impacts on a sectoral basis, we were able to outline how each sector would be impacted, as well as the nature and time it would take for each sector to rebound. Our response to these market conditions enabled us to target secors proportionate to their needs.

The trilemma – the sectoral impact



The year was framed by our three-pronged approach to the market:

RESPONDING

Evolving our response to the prevailing threats associated with Covid-19

- Implement rapid response strategies that have positive societal impact.

RESTORING

Facilitate a return to growth as we emerge from the crisis

- Continue to support our clients and economies to recover from the effects of the pandemic.

REBOUNDING

Anticipate and adapt to operating conditions and trends with focus and urgency.

- Accelerate digital adoption, keeping our clients at the centre of what we do.
- Reshape our operations, infrastructure and resources to become more human and more digital.

Responding

We create SEE impact by finding innovative ways to address social, economic, and environmental challenges in our markets and solutions to help our clients and employees achieve growth, prosperity, and fulfilment. This was particularly important in 2020, as governments, businesses and individuals grappled with the twin challenges of the social and economic fallout of Covid-19, and accelerated climate risk. With the outbreak of the pandemic across our footprint, we acted quickly to protect our employees and support our clients through these difficult times. We supported our CSI partners by switching to providing virtual services wherever possible, and mobilising their efforts to tackle the pandemic.

At the same time, we strengthened our governance of Environmental, Social and Governance (ESG) risk, and introduced new oversight mechanisms and policy frameworks to enable us to assess and monitor these risks more effectively. We continued to support skills development and the evolution towards new ways of work for our employees and communities, and we did all we could to keep our employees and clients as safe as possible in the context of unprecedented risks to public health.

How these efforts translate into the contributions made to our 7 Focus Areas is summarised in the various subsections of this report.

Our Initial Response to the Pandemic

Assess our capacity to respond

- Internal steering committees formed to unpack impact to the business and response required to protect our employees and our clients.
- Developed a plan of action to discuss with the regulator

Engage with the Regulator

- Engaged with the regulator
- Confirmed approach to managing the risks to the business
- Confirmed appraoch to mitigating impact in society

Create instant relief

- Announced pay holidays
- Removed fees for all digital transactions
- Undertook loan restrucuturing with larger corporate clients

Update Operating Procedures

- Reviewed way of working to protect employees and clients
- Implemented a voluntary retirement programme to limit loss of jobs in the organisation
- Updated protocols at our China Africa Desk to allow for trade without travel
- Invested in new digital solutions
- Relaunched DADA programme tailored to create relief to women run businesses
- Developed Agri Loan Restructuring programme for those affected by country wide lockdowns limiting export of products

Our Initial Response to the Pandemic

Focus on Capacity Building

- Focused SME Training provided to enhance levels of resilience
- Covid-19 training provided to staff

Invest in Our Health and wellbeing

- Provided support to SMEs ensuring they were able to implement the Ministry of Health Covid-19 Protocols
- Donated ventalators to hospitals in need
- Provided funding to hospitals who needed to respond to the pandemic
- Defined protocols to protect our staff and clients
- Implemented initiatives to support client facing staff and those working from home

Restoring

The initial interventions implemented, aimed to strengthen our resilience and establish a foundation for individuals and SME business clients to rally, restoring their capabilities to respond to the needs of their employees and provide services to their clients. We focused on ensuring uninterrupted access to our financial services, with the changing way of working requiring an enhanced level of digital access to solutions. We innovated and repositioned ourselves to respond to this need by rolling out new digital solutions, providing training to clients ensuring they were able to access our services, and manage their business risks.

These interventions also focused on capacitating the our client's value chains. Where possible this included the provision of financial support, and training within our clients ecosystem as required. This facilitated ongoing economic stimulus within the region, enhancing our contribution to the Government's national development objectives.

How this Response has Restored Stability
Increased assess to financial solutions
New products and tools launched including: • Repurposed DADA initiative in Kenya • Enhanced access to insurance cover using the Smart Direct Account
Create Resilience within SME base
• Continuation of the Financial Fitness Academy
• Rollout of new focused training and capacity building programmes
• Increased access to digitial channels
• Increased access to affordable financial solutions
Enhanced Digital Strategy
• Driving recovery
• Improving access
• Reducing costs
• Enhanced debt managment
• Provides continued uninterrupted provision of services
Drive Foreign Direct Investment
• Enable ongoing trade
• Provide continuous uninterrupted services

How this Response has Restored Stability
Drive Sustainable Finance
• New policies provide guidance
• Climate risk strategy outlines approach
• Training for staff outlines new way of working to staff
• New awareness framework rolled out to staff outlines levels of accountability and approach
• Champions rolled out provide support in implementation
Reduced Risk
• Better understand risks of running a business during the Covid-19 pandemic
• Able to future proof our clients
• Enhanced protocols in place to monitor and implement performance management of clients at risk
Normalising the New Way of Working
• Understand what it takes to work from home
• Have developed methods to support staff remotely
• Implemented new resources to track productivity and risk across the business

Rebounding

As we emerge from a Covid dominated year, we seek to rebound, focusing on business growth, client wellbeing and strengthening partnerships created between the public and private sector. As a leading financial institution in the region, our ability to collaborate with the public sector allows us to develop solutions and thought leadership to realise government national objectives.

We strive to be more than just a bank, to remain relevant we must ensure the long-term sustainability of the business which includes protecting the overall wellbeing of our clients. We do not simply aim to extract wealth, I am proud that this Report to Society clearly articulates this vision.

Our rebound is clearly articulated through the fact that we have on the whole maintained our year-on-year financial performance, increased customer numbers across our various client service divisions, and have been able to foster new and ongoing relationships with key partners enabling us to continue to develop and innovate new products and services contributing to the growth and resilience of the sector.

How we have Rebounded for Sustained Success
FInancial Performance
• Ongoing innovation and new products and tools to be launched increasing access to our financial solutions
• Realising double digit increase in client deposits
• Sustained robust growth in our balance sheet
• Ongoing promotion of interregional trade as a meaningful buffer
Technical Enhancements
• Strengthening our existing partnerships
• Forging new partnerships to respond to the needs of our clients
• Providing a more holistic approach to ecosystem banking
Enhanced Efficiencies
• Being more nimble and agile
• Develop new skills
• Use data to repeat processes successfully

How we have Rebounded for Sustained Success
Competitiveness
• Continue to innovate and introduce new services in response to market needs
• Maintain a tailored approach to the market
• Enhancing our ability to address concerns raised by real people and businesses
• We are getting better at solving our customers problems
• Ensuring solutions remain relevant to their target audience
Alignment to Regional Objectives
• Contributing to the Kenyan Government's Big4 Agenda
• Alignment to the Kenyan Government's Vision 2030
• Assisting with the implementation of the Kenyan Government's Digital Economy Blueprint
• Faciliating implementation of the Kenyan Government's Climate Risk Act
• Participating in the Kenyan Government's Agribusiness Partnership Framework

Our Strategy

Our strategy forms a fundamental part of our intellectual capital and is designed to realise the opportunities for our business that the operating environment presents.

Our strategy remains unchanged, but we are accelerating its execution.

Technology has changed the way we live and work, and financial services are no less affected. The expectations our stakeholders have of us are changing radically and quickly, and we understand that our strategy needs to respond to these expectations.

We are strengthening our digital capabilities and integrating our business to transform client experiences and to drive operational efficiency for a fundamentally different world.

Our purpose
The reason we exist:
Kenya/South Sudan is our home, we drive her growth.

Our vision
What we aspire to be:
To be a leading financial services organisation in Kenya and South Sudan, delivering exceptional client experiences and superior value.

Our focus areas are under review to align them to our accelerated strategy

OUR STRATEGIC VALUE DRIVERS

Now deeply embedded within the Group, track our performance in delivering value to all our stakeholders.

CLIENT FOCUS + EMPLOYEE ENGAGEMENT + RISK AND CONDUCT = FINANCIAL OUTCOME, SEE IMPACT

CLIENT FOCUS	EMPLOYEE ENGAGEMENT	RISK AND CONDUCT	FINANCIAL OUTCOME	SEE IMPACT
We will provide consistently exceptional client experiences.	We will ensure our people feel deeply connected with our purpose and are empowered and recognised.	We will do the right business, the right way by adhering to our risk appetite metrics.	We will deliver superior value to shareholders.	We will drive Kenya's growth by delivering sustainable shared value.

Stanbic's SEE Impacts

Stanbic has identified seven areas in which we believe we can best achieve our purpose, to drive Kenya's growth, while making a substantial positive impact on society, the economy and the environment. We selected these areas based on their relevance to our core business as a provider of financial products and services, and the priority needs of people, businesses and economies.

Our thinking has been informed by the priority issues and targets contained in the United National Sustainable Development Goals, the African Union's Agenda 2063, as well as the various national development plans and policies of Kenya and South Sudan. This includes the Nationally Determined Contributions to lowering carbon emissions in line with the Paris Agreement.

Impact area	Stanbic's impact	SUSTAINABLE DEVELOPMENT GOALS
Financial inclusion	We enable more people to access financial products and services, supporting economic development and reducing inequality	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 businesses	8 Decent work and economic growth; 9 Industry, innovation and infrastructure
Infrastructure	We support the development of infrastructure to enable inclusive and sustainable industrialisation by financing large-scale 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 the deepening of trade and investment flows between Kenya, 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
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 develop innovative financial products and services that support the green economy, reduce carbon emissions, increase climate resilience, and enhance and socioeconomic 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 Kenya harness the opportunities of the fourth industrial revolution	4 Quality education; 5 Gender equality
Health	We support better health outcomes 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 corporate social investment (CSI) programmes.	3 Good health and well-being

Partnering for Growth

To strengthen our ability to contribute to our 7 focus areas, we have enhanced the capacity of the Stanbic Kenya Foundation, and forged a closer working relationship with key government departments.

Stanbic Kenya Foundation was established with a broad mandate of catalysing inclusive Socio-economic growth and promoting environmental and climate awareness as avenues to create sustainable businesses in Kenya in line with the Sustainable Development Goals (SDGs) and Kenya's development plan. In doing so, the Foundation amplifies Stanbic's purpose "Kenya is our Home, we drive her growth". Through the Foundation, the Bank demonstrates its vision and purpose in practical ways, and delivers value addition to staff, women, youth and MSMEs.

This mandate is further facilitated through a close working relationship with the Ministry of Health and Ministry of Industrialisation, Trade and Enterprise Development in Kenya. The Specific focus of these relationships is to enhance our ability to contribute to health, education, and SME development.

With our majority shareholder Standard Bank Group being a founding signatory of the United Nations Principles for Responsible Banking, Stanbic has aligned its approach to the market and level of disclosures around the six core responsible banking principles. Adherence to these core principles align us to the global benchmark with respect to responsible banking. In doing so, we acknowledge that a banks indicator of impact and success should be broader than financial returns.

Job Creation & Enterprise Development	• Ministry of Industrialisation, Trade and Enterprise Development (MoITED) • County governments (Nakuru, Laikipia, Mombasa and Meru)
Education	• Microsoft • African Management Services Company (AMSCO)
Health	• Kenya Healthcare Federation (KHF) • Ministry of Health (MoH) • Population Services Kenya (PSK)
Financial inclusion	• US African Development Foundation (USADF) • German Agency for International Cooperation (GIZ) • Corporate clientele

Our progress in relation to the six principles are summarised as follows:

UNPRI 6 Principles	SBG Progress
1 **Alignment** We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the SDGs, Paris Climate Agreement and relevant national and regional frameworks	Our SEE impact is one of five value drivers against which we measure our strategic progress **2018:** • Identified SEE impact areas, informed by the SDGs, aligned to NDP 2030 and AU Agenda 2063, and directly relevant to our core business **2019:** • Country-level prioritisation of impact areas takes into account local context and opportunities, together with relevant national sustainable banking principles **2020:** • Developed performance dashboard to measure progress against our strategy; developed non-financial metrics for each of our five value drivers; developed country-led SEE strategies
2 **Impact and target setting** We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. We will set and publish targets where we can have the most significant impacts	**2019:** • Committed to tracking, assessing and reporting on our SEE impacts, positive and negative **2020:** • Defined SEE metrics to assess and track progress; participated in working group on collective progress
3 **Clients and customer** We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations	**2018:** • Adopted environmental and social (E&S) risk governance standard and policy **2019:** • Expanded integration of E&S screening, management and monitoring across business and credit functions (beyond CIB) • Established sustainable finance business unit mandated to partner with clients to develop tailored sustainable finance solutions • Expanded mandate of client risk committees to include assessment of ethics and E&S risks in relation to new and existing client relationships
4 **Stakeholders** We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals	Ongoing stakeholder engagement is part of everyday business **2020:** • Increased, regular engagement with investors on SEE impacts
5 **Governance and culture** We will implement our commitment to these Principles through effective governance and a culture of responsible banking	**2020:** • Adopted ESG governance framework, recognising ESG as separate risk type within non-financial risk and assigning clear accountability. Expanded board and management committee mandates to include oversight of ESG risk management • Integrated SEE metrics and ESG performance into SBG performance metrics • Included SEE and ESG considerations in executive performance assessment • Hosted internal PRB webinars for employees
6 **Transparency and accountability** We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals	**2020:** • Report to society shows activities under SEE impact areas • ESG report provides overview of the processes and governance structures to support commitment to doing the right business, the right way • Reports on our progress are submitted to Client Experience, Brand and CSI Committee

Actions and Outcomes 2020

SEE AREA	RESPOND	RESTORE	REBOUND
Financial inclusion	• Collaborating with internal assurance functions to identify new or heightened risks and compliance requirements from new regulations and advising on appropriate controls. • Engaging with banking regulators on financial risks and exceptions to liquidity and capital requirements, non-financial risks and highlighting systemic risks that may adversely impact the country's banking system. • We offered loan moratoriums and payment holidays, waived fees on digital transactions, and rolled out various digital online solutions that allowed our clients to transact seamlessly. • We continued to drive our digital agenda and chief among our projects was the relaunch of our DADA women's value proposition. • We enhanced our value proposition and teamed up with the Stanbic Foundation to include a wellness aspect. In addition, the rescheduling of loans became a part of the offering we made to women-owned businesses.	• Our work facilitated more households and businesses access to affordable financial solutions during the pandemic. Our DADA initiative showed ongoing value in the support it offers to women in business. • We were also able to maintain our efforts in upskilling SMEs through our financial fitness academies. • The Group's digitisation strategy is key to our recovery. It enhanced client experience by reducing banking costs, improved payment mechanisms and provides better debt management support. • These efforts in implementing our digital strategy have translated into more than 80% of transactions being conducted digitally in 2020. • Our revamped mobile app, with new functionality, and enhanced digital platforms, both for internal communication, and for communication with our clients, allowing not only exchange information, but provide continued uninterrupted provision of services.	• We witnessed a double-digit increase in customer deposit growth, as our standing as a large and trusted multinational brand encouraged a sense of safety among clients. This robust balance sheet and deposit growth provided a buffer and reduced this challenging year's impact on our bottom line. • Medium to long term partnerships established with the Ministry of Health (collaboration on COVID-19 response), Ministry of Industrialisation, Trade and Enterprise Development (support SMEs affected by COVID) in Kenya, Microsoft, Facebook Instagram, Rotary Club, Strathmore University and more, positions us to continue to grow and enhance our product offering into the market. • We leveraged funding from international development partners to support the access to finance an capacity building pillar of the Accelerate program.

SEE AREA	RESPOND	RESTORE	REBOUND
Job creation and enterprise growth	• Maintained operational resilience through robust business continuity and crisis management response plans that included a change in working locations. • This necessitated a review of operating procedures to minimise client service disruptions. • We helped ease the liquidity crisis facing many clients, particularly corporate clients, while maintaining the effectiveness of debt collection activities. • We continue to manage credit portfolio concentrations, including concentrations in specific client sectors, such as real estate and hospitality.	• We understand that across the region around 80% of job creation is derived from SMEs. With digitisation resulting in vacant positions not being refilled, the creation of new jobs is of key importance, and we committed to promoting this transition by supporting SMEs to acquire the tools and affordable financing they need to become sustainable. • We supported our SME and DADA clients on capacity building through business survival boot camps, digital training as well as financial fitness training. • Through our Smart Direct solution we were able to support those who lost their jobs owing to the pandemic through the retrenchment cover embedded on the account.	• By embarking on a redesign of our business architecture with the goal of being more nimble and agile. The "client-solutioning" concept has introduced new skills and services to our solution offering. This continues to add significant value and improve our client experience going forward. • The ongoing strengthening of our ecosystems and partnerships will see the expansion of our product and service offering and build more relevance and significance to our client base. • Going forward we will focus on ecosystems that are significant for Kenya such as Agriculture and Informal Savings. For Agriculture we seek to solve for pain points across the entire value chain of farmers, aggregators, suppliers, corporates, and consumers. This will allow us to better solve client problems, become more relevant, and use collected data to repeat processes successfully.
Infrastructure	• Undertook a strategic assessment of all large infrastructure projects financed or supported to determine need. • Debt restructuring, and payment holidays introduced to ensure the project remained viable and limit the possibility of job losses in the economy.	• By Q4 of 2020 90% of clients had restored their payment plans. • Our investment in the Kenya Mortgage Refinance Company in partnership with the government, continues to cement our plans of enabling Kenyans access affordable home loans.	Ongoing support aligned to the government programs, such as the Affordable Housing Initiative in partnership with the Ministry of Housing. These initiatives will ensure growth in the economy in line with: • The Digital Economy Blueprint, • Country Agri-business Partnership Framework, • Big 4 Agenda.

SEE AREA	RESPOND	RESTORE	REBOUND
Trade and investment	• Rallied to support the China desk to facilitate trade without travel, and to unlock disrupted supply chains • Provided for loan restructuring and moratoriums for agriculture businesses sector which was not able to trade due to country wide lockdowns, impacting on their ability to export product and generate income.	• Facilitating the use of trade agents based in China to enable traders from across Africa access markets in China and purchase goods without having to travel. This was done through our Africa China AGent Proposition (ACAP)	• Covid-19 has shown that intra-region trade provides a meaningful buffer in withstanding supply chain shocks such as those created by the pandemic. There is no other region across the continent that trades as actively across its borders as East Africa does, and its strongly developed connectivity will continue to be a comparative advantage. • We believe that as a leading financial services institution on the continent, we will be able to leverage opportunities to lead in providing the region with cutting edge cross-border payments and investment solutions, forging a meaningful role in further opening the region and making it even more resilient and connected.
Climate change and sustainable finance	• Balancing extensive loan restructures with careful monitoring and management of our capital, liquidity, and credit loss risk measurements.	• The adoption of our strategy for climate risk and sustainable finance opportunity identification is now embedded in all business aspects. • An environmental and social training and awareness framework was rolled out to increase staff awareness in this area. • We positioned environmental and social coordinators across the business to provide guidance and direction to employees and clients in this area.	• Identification of new market opportunities, allowing us to repurpose and deploy solutions tailored to addressing environmental, social, or economic aspects affecting the regions. • This approach increases the level of choice for clients, allowing them to contribute to the development of a sustainable region, country, and sector in which they operate. • Under Kenya's Agriculture transformation agenda we continue to support SMEs in the Agric sector on the adoption of climate smart technologies.

SEE AREA	RESPOND	RESTORE	REBOUND
Education	• Training programmes developed to transfer skills and empower individuals and SMEs to withstand the adverse economic conditions they faced. This was facilitated through close partnership with Microsoft. Additional support was provided to the SME sector to profile their businesses through Facebook and Instagram. • We made Covid-19 training compulsory for all employees. This effort required collaboration across multi-disciplinary teams within the Group. • We provided many clients with the much-needed relief and training and conducted numerous financial fitness academies to build more resilience amongst both our clients and employees. Within the wider ecosystem, we enhanced, deepened, and further entrenched our non-transactional client relationships.	• We remain a resolute supporter of quality education through sponsorships, and our efforts in helping schools and students, SMEs through our Financial Fitness Academies, and ongoing support for the Palmhouse Foundation and SOS Children's Villages. • For an organisational standpoint, we considered the best means of supporting our business given the responses we had undertaken and institutionalising the running of the business in a Covid-19 environment. • This involved monitoring the functioning and integration of the processes we had put in place; including monitoring the performance of clients with regards to rescheduling their loans and ensuring that we provided them with continued support and opportunities as they took decisions on resetting their businesses.	• Ongoing training and digital upskilling will continue to be a focus for the Bank. • This will ensure we continue to transfer the necessary skills to our clients to de-risk their business models and build internal resilience and competitiveness. • It will also ensure our staff are able to implement our new programmes and manage an ever-changing operating landscape.

SEE AREA

Health

RESPOND

- Provided support to companies to facilitate adherence to the Ministry of Health's Covid-19 protocols. This included the donation of PPE and sanitisation equipment (wash stations).
- Provided finance to health care facilities to allow them to respond to these societal needs.
- Provided 192 ventilators to the healthcare system.
- Focusing on protecting the health of our employees by providing appropriate PPE and leveraging our investment in technology and digital innovation to equip most of our employees to work from home.
- Provided emotional support and wellbeing services to our people to support them in dealing with social, financial, and work from home demands.
- Beyond the Covid-19 response, we facilitated over 3 000 cancer screenings for those with limited access to affordable healthcare, and overall, were present and active within the communities we serve.
- We catered for the cost of treating Covid-19 cases in the workplace and paid for the quarantine costs where employees were quarantined.

RESTORE

- Lessons learnt during the initial set up of working from home arrangement for staff, allowed us to optimise the provision of technical support to staff and clients. This ensured uninterrupted service provision to our clients.
- The success of this approach has allowed us to permanently allow 60% of our staff to work from home.
- Under the Boost with Facebook program we conducted training for SMEs in the health sector which enabled them establish their businesses Online and sustain their operations.
- Staff were able to access health services online through the partnership with Dial a Daktari.
- Counseling and learning sessions were conducted periodically for all staff and specifically those that had been affected by the pandemic.

REBOUND

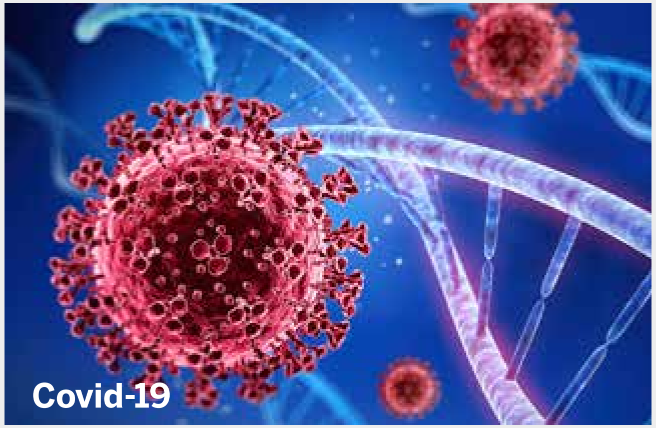
- As the pandemic is set to impact on our way of working for some time to come, additional resilience training was rolled out to staff and clients, positioning the business to rebound.
- Practical initiatives to restore confidence in the health sector are essential to the long-term sustainability of the sector. We have developed pilot lending programme for mission hospitals, which if successful will inform how best to lend to this sector, to create meaningful societal change.
- We continue to work closely with the Ministry of Health to achieve these objectives.
- We will continue to partner with the Kenya Health Care Federation to continuously support SMEs and other institutions in the health sector.

Alignment of the 7 Areas to the Trilemma

Covid-19

Key Factors impacting us

- Disruption of supply chain
- Currency volatility
- Job insecurity



- Financial inclusion
- Climate change and sustainable finance
- Job creation and enterprise growth
- Education
- Trade and investment
- Health

Climate Risk

Key Factors impacting us

- Higher inflation due to failed crops
- Reduced agricultural exports
- Food insecurity
- Damage to enabling infrastructure driving economic growth

- Financial inclusion
- Trade and investment
- Job creation and enterprise growth
- Health

- Job creation and enterprise growth
- Infrastructure
- Climate change and sustainable finance
- Education
- Financial inclusion
- Health

FINANCIAL INCLUSION

Financial inclusion

Financial inclusion supports economic and human development and reduces inequality: Access to relevant and affordable financial products and services, including payments, savings, credit and insurance, enables individuals and businesses to transact conveniently and cost-effectively, save and plan for the future, and deal with unexpected emergencies.

Our focus is on:

- **Implementing accessible and affordable digital solutions** to under-banked and unbanked individuals
- **Implementing digital solutions for entrepreneurs and small businesses** to support business formalisation and growth
- Providing **affordable and convenient savings and investment solutions** to help individuals prosper
- Providing **affordable and tailored insurance products** to help people and business owners cope with life's uncertainties
- Providing **mortgages for the affordable housing market.**
- Providing **consumer education and financial literacy** to help people make informed decisions

Covid-19

The twin global crises of a health pandemic and economic lockdowns have severely harmed livelihoods of the poor and risks throwing 150 million people back into extreme poverty by the end of 2021, mainly in Africa and South Asia, according to World Bank estimates. While advances in financial services delivery over the last 10 years have given governments and individuals new tools for getting aid to those in need, the crisis has put other parts of the financial inclusion ecosystem at risk.[1]

Focusing on the provision of new and inclusive digital channels including cash transfers, the provision of debt relief, and continuing to build on a strong understanding of the client's needs was important for the Bank in protecting vulnerable groups during the pandemic.

During the pandemic especially in emerging markets such as Kenya and South Sudan, individuals and the SME sector were the most vulnerable. Market uncertainty, volatility in local currency rates, falling oil prices and rising prices of basic needs like food, all played a role. In emerging markets micro and small businesses are the engine of the economy, collectively accounting for most employment opportunities. If not supported the economic side effects of Covid-19 would have been devasting, having a lasting impact beyond the immediate medical impact of the virus.[2]

We leveraged our existing product offering to buffer customers against these impacts, this was done through:

- Insurance provision
- Providing access to digital solutions
- Educating the client
- Promotion of a savings culture

Climate Crisis

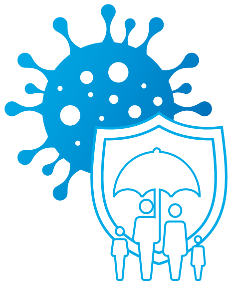
The climate crisis during 2020 expressed as real impact in the form of locust swarms, and floods had an impact on the most vulnerable in society.

Kenya's desert locust invasion—the worst in 70 years—has mainly affected the northern region of Kenya posing a severe food security threat to about 3 million people. Swarms started crossing the border into Kenya from Ethiopia and Somalia on 28 December 2019 and quickly spread to 28 Kenyan counties. This risk to food security undermines economic growth. The next generation started forming swarms in April 2020, which coincided with the start of the seasonal rains and the main planting season for East Africa.

The swarms flattened about 175,000 hectares of crop and pastureland upsetting the livelihoods of nearly 164,000 households. Kenya entered this crisis with important sources of economic resilience, but also significant fiscal constraints leaving little space to deal with emergencies such as the Covid-19 (coronavirus) pandemic and this desert locust invasion.

In addition, this crisis coincided with the heavy rains. A total of 42 064 households (252 384 people) were displaced in 35 counties in Kenya from October 2019 to April 2020 due to flooding. An additional 11 135 households were displaced, with 26 636 livestock deaths reported with 5051.5 acres of farmland destroyed. Rainfall in April 2020 resulted in landslides, leaving 19 people dead bringing the total number of lives lost to 79, several remain missing, with extensive damage reported to shelters, infrastructure and livelihood assets.[3]

1 https://www.cgap.org/topics/collections/coronavirus-inclusive-finance
2 https://responsiblefinanceforum.org/role-financial-inclusion-addressing-impact-Covid-19/
3 https://reliefweb.int/report/kenya/kenya-floods-final-report-appeal-n-mdrke045



Insurance

The loss of jobs during the Covid pandemic was mitigated through the pay out of retrenchment packages to over 400 employees. These pay outs included six months' salary to these employees less taxes, facilitated through the claims made by these businesses on their existing retrenchment insurance products held with us.

Initial impact of the Covid pandemic resulted in the reduction in new customer onboarding. The primary driver for this reduction was the hesitancy of customers to go to physical branches to submit paperwork required to complete an application. In response to this, a new account called the Smart Direct Account was launched allowing individuals to apply for insurance cover using their mobile phone. It covers retrenchment life, funeral and mobile loans. This means individuals feel safe, not having to expose themselves in public to potential infection.

The launch of this new account has seen a marked uptake in new applications. In the insurance business, we will continue to drive digitisation to offer dynamic solutions to our clients.

For schools, who have their own school buses, their insurance premiums were restructured from comprehensive to third party, resulting to substantial savings. This formed part of our assessment of the risks facing the sector, with the biggest risk being the reduction in income streams as students were sent home during the pandemic. This helped alleviate costs of operations. We also looked at the restructuring of existing loans and provided much needed working capital facilities to these schools, allowing them to keep their doors open.

Digital Banking

The SME sector forms the backbone of our economies. Supporting this sector is critical to job protection and job creation, facilitating ongoing economic stimulus. Digital banking helps the SME sector to overcome key hurdles such as:

- Opening an account,
- Making loan applications,
- Acquiring insurance,
- Seamless payments to supply chain,
- Working capital management,
- Hedging, and
- Creating linkages to export markets.

Research has shown that small businesses, who make use of digital banking solutions can reduce their operating expenditure by up to 5%.

We saw an increase in the onboarding of SMEs through our digital platform during 2020, spurred on by the pandemic, but also facilitated through the training of our SME clients on the benefits of digital solutions.

During 2020, the Kenyan Government reduced costs for digital banking by 31.4%, which further drove uptake in this area.[4] This waiver on charges saved our clients Kshs 157 million.

Our new refreshed app allows clients to open an account from home or their office and aims to provide an enhanced level of customer experience. Currently 90% of our transactional volumes are now being conducted using digital channels, with 92% of accounts having been opened digitally.[5] Digital instant cash was advanced to the value of Kshs 685 million since Mid July 2020 onwards.

Client deposits rose by 12% because of the banks digital strategy that has enabled its clients to conduct more transactions and activities either online or on digital platforms.

Pamoja Trader Business Account

Good terms
No minimum balance No Monthly ledger fees

Personalised
An ideal account for microenterprises and it is a 'pay-as-you-go' account so you only pay for the services you use.

Support
Our business banking solutions have been developed to meet your business needs. We have a range of products and services designed to add real value to your business

Value
Free cash handling for deposits below KSh500 000

Account for Medical Doctors

Dedicated Private banker
Dedicated Relationship Manager to work with you and identify and prioritise your most important goals

Wealth management
We adopt a long-term approach to wealth management focusing on creation, preservation and protection of your wealth

Private banking suites
You will be served in our exclusive Private Banking suites

Lending solutions
We treat credit as a strategic resource that enables you to achieve your goals

Business Banking

Affordable
You only pay for what you use

Income protection
For a fee of Kes. 100 per month you will access Retrenchment Cover, Life Insurance and Funeral Cover

Mobile and Internet banking
Access to online and digital banking at your convenience or visit our digital self-service centres countrywide 24/7

Competitive rates
Attractive competitive rates on your savings and investments

4 https://citizen.digital/business/stanbic-bank-kenya-announces-ksh-3-6b-profit-after-tax-1210811/
5 https://citizen.digital/business/stanbic-bank-kenya-announces-ksh-3-6b-profit-after-tax-1210811/

Support to the Agricultural Sector

In Agriculture, one of the most significantly affected sectors by the pandemic and climate crisis, we established a strategic partnership with Digifarm.

Digifarm is a Safaricom subsidiary that provides smallholders farmers in Kenya with end-to-end value via a technology platform that can be accessed via a mobile phone. Farmers are able to access data on markets, inputs, and loans. With just a feature phone, smallholder farmers in Kenya can easily access market linkages, advisory services, crop insurance, and input credits.

DigiFarm has had more than 1.2 million users since its inception and has become a one-stop-shop for farmers. Not only providing access to funding but also facilitates knowledge transfer, ensuring higher levels of efficiency, and productivity amongst its users

Stanbic Bank Uganda has also developed OneFarm, a network of digital solutions to provide lending, insurance, market linkages, and agronomic services to smallholder farmers. This solution, built customer feedback into the design of the platform.[6]

6 https://www.mercycorpsagrifin.org/wp-content/uploads/2021/01/GIZ_AgriFin_WhitePaper2.pdf

Government stimulus packages

The volatility of the Covid-19 pandemic has adversely changed the global economic landscape. The hardest hit sectors such as manufacturing, trade, real estate, agriculture, education and transportation, are still reeling from the impact of the pandemic even after the easing of restrictions by the Government.

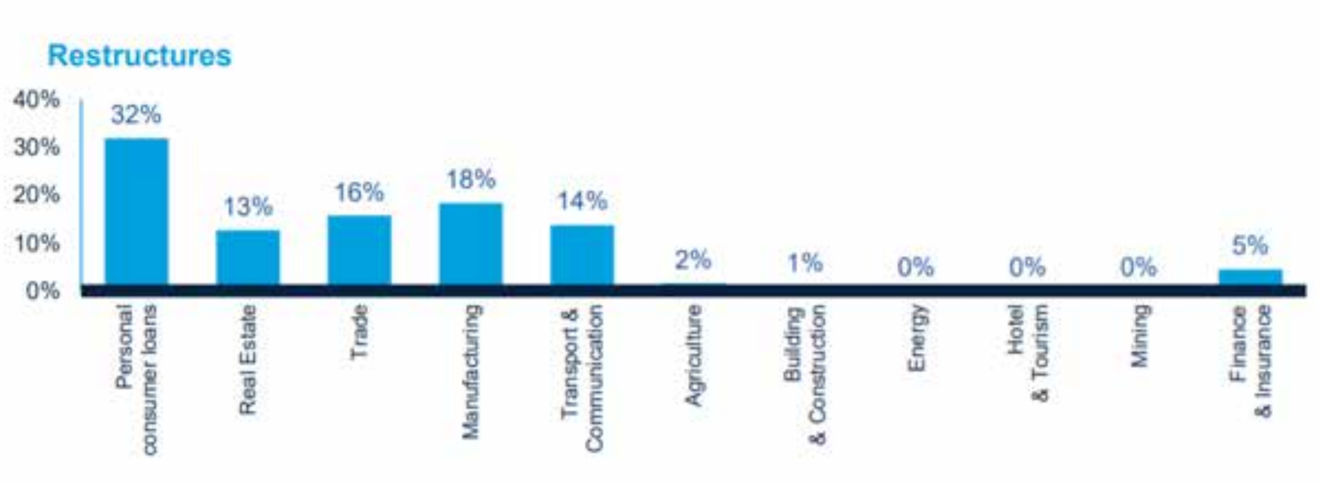
This economic outlook necessitates the development of bold policies to support MSMEs ensuring they survive. As much as the banking sector has proven its resilience and key role in anchoring the economy, the need for sound and effective policies has never been more imperative.

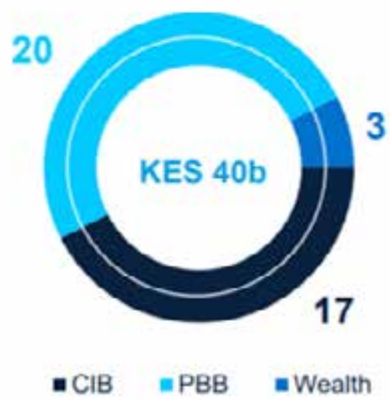
Responses from National Treasury and Central Bank of Kenya have bolstered the economy through the recently launched Credit Guarantee Scheme for SMEs. The Government through the Public Finance Management Regulations (2020) has set up a Kshs 3 billion stabilization facility to enable the participating banks, which included Stanbic, to extend credit to MSMEs that meet the requirements of compliance with tax obligations, business permits and having a good credit standing.

The finance is to be utilised for:

- Working capital,
- Acquisition of assets, and
- Recovery from Covid-19 impacts.[8]

To further cushion our clients against the ravaging effects of the Covid-19 pandemic, Stanbic was the first bank in Kenya to restructure loans and issue a moratoriums to clients which included a repayment holiday to 7 203 clients. This affected 23% of our loans book at no cost. As a result, Stanbic Bank raised its loan loss provisions by 76% compared to 2019 to ensure adequate provision of future potential credit losses. These restructured loans were worth Kshs 40 billion, (Kshs 3.1 billion was to SMEs.) We also lowered interest rates in line with regulations saving our clients Kshs 665 million in interest.





[8] KBA Chairman Op Credit Guarantee Scheme.pdf

JOB CREATION AND ENTERPRISE GROWTH

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Job creation and enterprise growth

One of the ways we drive Kenya's growth is by providing financial solutions that support business growth. We work with our clients to understand their challenges, priorities and aspirations, and design solutions to support growth and sustainability.

We commit to always ensuring fair outcomes for our clients and supporting them during difficult times. This has been a top priority in the context of the Covid-19 pandemic and the associated economic slowdown.

Our focus areas include:

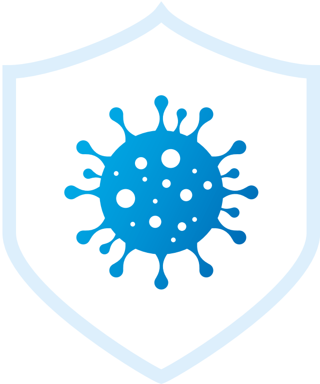
Providing loan restructures and **relief measures for businesses clients** hard hit by the pandemic and national lockdowns

Providing **tailored support for SME clients,** including access to finance and skills development, access to markets, and cash flow solutions, through our incubators and our enterprise development team

Understanding and strengthening client value chains by solving for challenges faced by suppliers, distributors, employees and consumers

Partnering with fintechs to deliver improved access, convenience and affordability for our clients and ensuring they have everything they need in one place

Partnering with small-scale farmers and **other stakeholders in the agriculture value chain** to improve productivity, profitability and food security



Covid-19

Employment by private sector firms fell by 16% between March and April as the Government of Kenya put in place a range of national Covid-19 containment measures. In contrast, salaries for employees that continued in their jobs were relatively stable throughout the first half of 2020. The most pronounced impact, however, was felt in April. Comparing employment levels in April 2020 to the same month in the previous year, a decline of 13% was noted.

Employment in the manufacturing sector took the biggest hit in absolute numbers with over 31,000 jobs lost (13% of total employment). However, with a 33% drop in employment, the hospitality and tourism sector has witnessed the most pronounced impact in relative terms. [9]

Prior to the pandemic, the tourism industry accounted for 4.4% of Kenya's GDP and every year it welcomed over two million visitors. However, 2020 saw a 72% reduction in tourist arrivals to Kenya, costing the industry an estimated US$1 billion in revenue. [10]

Climate Crisis

The sector impacted the most by climate crisis factors during 2020 (both floods and the locusts) were smallholder farmers. The floods affected crop fields of many farmers resulting in yield loss or low quality of produced commodities. Minimal flood impact on livestock was reported. [11]

During the floods, hotels, homes, and roads were submerged. Some hoteliers were unable to recover from the flooding so were forced to close their business, which resulted in workers losing their jobs. [12]

While the Horn of Africa suffered the worst desert locust invasion in decades, the impact was quite low. The forecasted worst-case scenario did not materialise because the desert locust invasions did not reach the most productive agricultural areas of the country. On average farmers reported a 16% loss due to the desert locusts. [13]

9 https://pedl.cepr.org/publications/short-term-impact-Covid-19-shock-employment-formal-firms-kenya
10 https://www.equaltimes.org/in-the-midst-of-the-Covid-crisis-21120?lang=en#.YXJXJZ5ByUk
11 Kenya Covid19 and desert locust impact on food value chains, JRC Science for Policy Report, European Commission, 2021. EU 30628 EN.
12 https://african.business/2020/08/technology-information/locusts-wreak-havoc-on-east-african-agriculture/
13 Kenya Covid19 and desert locust impact on food value chains, JRC Science for Policy Report, European Commission, 2021. EU 30628 EN.

Supply Chain Finance Innovation

M-JEKI is an automated short-term loan to distributors and suppliers intended to boost their growing working capital needs. It is an end-to-end solution, backed by a robust technology platform that enables convenient delivery of financing through mobile money.

The launch of this proposition follows a successful pilot with Safaricom dealers and agents. During the pilot, the dealers and agents were provided with automated short term business loans to finance M-PESA float, airtime and devices. Over the last 12 months, 314 agents and dealers accessed short term loans to the tune of Kshs 10.3 billion

This new proposition speaks to our purpose as a bank to facilitate the growth of Kenyan businesses through tailored solutions that are aligned to the needs of our clients and their value chains. At the core of this proposition is a robust technology platform to facilitate convenient delivery of the solution.

This product was developed during the Covid window and has proven to be particularly beneficial and impactful. We have now acquired regulatory approval to roll this solution out formally to multiple sectors.

The launch of the solution had been inspired by feedback from distributors and suppliers, whose constant pain points are having to wait for the requisite 30 to 90 day period before invoices mature for payments to be made and retailers who struggle to purchase products due to working capital constraints. With M-JEKI, payment can be accessed without having to wait, as long as the suppliers and distributors have trade documentation in the form of LPOs and invoices, which serve as collateral.

The Bank has also partnered with Virtual City, a Kenyan fintech, in order to build a more robust and scalable platform to support multiple value chains in multiple business sectors. The platform will run on Microsoft technology and will enable efficient processing of loans and rate borrowers based on their transactional account behaviour, through a Behavioural Rating Index. The solution will be accessible through App, Web channels and Unstructured Supplementary Service Data (USSD).

M-JEKI

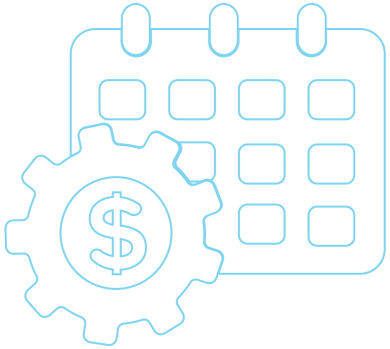
No minimum loan amounts.

Maximum loan amount - Kshs 40 million.

Loan limit of up to 3 times of average monthly commissions

Loan types:

- 7-day M-PESA Float loan
- 7-day Airtime loan
- 30-day Devices loan



Enterprise Development

The Kenya National Chamber of Commerce and Industry (KNCCI) and Mastercard Foundation have entered into a partnership that will see 25,000 Micro, Small and Medium-Sized Enterprises (MSMEs) in Kenya benefit from interest free, zero fee short-term concessional loans. The Covid-19 Recovery and Resilience Program will be implemented by KNCCI through its county chapters across the 47 counties. The program targets businesses owned by the youth (18-35 years), women-owned (18-70 years) and enterprises that support a large number of youth (18-35 years) impacted by the Covid-19 pandemic.

Stanbic Kenya Foundation (SKF) announced a partnership agreement with the United States African Development Foundation (USADF) to provide grants to Micro, Small, and Medium Enterprises (MSMEs), cooperatives, and producer groups in Kenya. USADF and Stanbic Kenya Foundation will provide a combined total of US$10 million in funding towards this initiative targeting 100 percent Kenyan-owned, managed and legally registered MSMEs in Kenya. The Fund will provide MSMEs, cooperatives and producer groups with an opportunity to gain access to affordable finance, markets and expose them to the use of digital technologies.

To scale the support to SMEs, Stanbic Further partnered with MoITED and its associate agencies such as; Micro and Small Enterprise Authority, Kenya Industrial Estates, and various county governments.

DADA

Our activities and initiatives during the year under review to this end were largely focused on our relaunched DADA women's business inclusivity programme.

DADA is an inclusive platform for women, relaunched in 2020, that provides financial and non-financial services to enable them to start and flourish in business. As a programme, DADA is committed to playing a key role in women's holistic development and growth by offering account holders financial benefits such as borrowing, saving, protecting and managing wealth, as well as non-financial benefits through education, information, networking, rewards, and wellness activities.

We recognise that across homes, bomas, estates, villages, offices, chamas and more, women are coming together seamlessly in the spirit of Kenyan sisterhood, to support and celebrate each other. We issued loans worth Kshs 844 million in support of DADA in 2020.

The community context within which we implement our DADA strategy

24.5 million
The number of women in Kenya

1%
The proportion of agricultural land owned by women

82%
The proportion of Kenyan savings held by women

10%
The proportion of available credit granted to women

70%
The proportion of women contributing to household budgets and making key buying decisions

33%
The percentage of micro and formal SMEs owned by women

INFRASTRUCTURE

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Infrastructure

Africa continues to grapple with major infrastructure deficits. Improvements to energy, water, transport and telecommunications infrastructure are crucial to facilitate economic growth and create opportunities for job creation and human development, while public infrastructure, like schools and housing, is needed to help people improve their standards of living and future prospects.

The Covid pandemic created severe budgetary constraints for governments around the world. Across Africa, large-scale development projects had to be delayed or put on hold, owing to the diversion of public funds to fight the pandemic, disruptions to global supply chains, restrictions on movement/cross-border travel, and social distancing requirements.

Stanbic continues to work with governments, development finance institutions and other commercial banks toward structuring and providing appropriate financial solutions to address Kenya's infrastructure gaps, while ensuring that environmental and social risks are appropriately managed and minimised.

How we **facilitated infrastructure development in 2020**

Enabling the Nairobi Expressway Consortium

meet their financial obligations through provision of bank guarantees

Provided lending facilities

for entities operating within key infrastructure sub sectors, including construction and cement, transportation and logistics for construction of roads across Kenya and South Sudan

Covid-19 [14]

The Covid-19 pandemic has unleashed unprecedented shocks across all facets of society, from strained healthcare systems to the closure of schools and economies. In support of the Kenya governments Big 4 Agenda, we have traditionally focused on supporting energy projects and road infrastructure, empowering manufacturing and agribusiness growth. During the pandemic, concerns were raised around the clean energy transition and the fight against climate change.

Construction of new energy facilities were either delayed or stopped, and the Renewable Energy (RE) sector was affected due to supply shortages. China, the leading global producer, and supplier of clean energy technologies was severely hit by the pandemic, hence, disrupting the delivery of RE technologies such as solar panels, wind turbines, and batteries. The pandemic, therefore, threatens the achievement of universal energy access, particularly in Africa, worsening poverty and inequalities. In addition to electrification, off-grid renewable energy development is also addressing the unemployment problem in Africa. The IRENA estimates that solar PV jobs employ some 3.9% of the African workforce with the decentralized RE value chain employing about 77,000 people in East Africa.

During the pandemic, growth and development of the telecommunication industry became mission critical, facilitating business connectivity and resilience, work from home arrangements, and kept individuals and society connected and informed. The sector was however not exempt from short- or medium-term disruptions. Restrictions in distribution of airtime, demand shortfalls from the bottom of the pyramid did have an effect on service delivery. [15] Resolving these issues required investment in new infrastructure and upgrades to existing to meet the increased demand.

Climate Crisis

Between 85 and 90 percent of Kenya's electricity supply comes from renewable (mainly hydroelectric and geothermal) sources which makes it the East African regional leader in clean energy. [16] Workers in the energy sector have been ensuring that hydropower stations are free of silt and have been volunteering to plant trees in water catchment areas in a bid to stop soil erosion (which results in silt inside the hydro dams, thus reducing their capacity to generate electricity).

Infrastructure vulnerability to floods is a cause for concern in Kenya. In recent years, Kenya has experienced major episodes of floods leading to high incidents of infrastructure failures and thus socio-economic losses (Opondo, 2013).

The floods destroyed and disrupted vital social infrastructure including communication, transport, silting of hydropower dams, destruction of power lines and housing across 46 of 61 districts in Kenya. [17]

Stanbic leveraged its existing product offering to buffer customers against these impacts, this was done through:

- **Focused investments in the Energy and Road sectors.**
- **Empowerment of SMEs to access opportunities to develop and get involved in government led construction projects.**
- **ICT sector support provided to facilitate the strengthening of internet services, allowing more people to work from home.**

14 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7338023/
15 https://www.ifc.org/wps/wcm/connect/1d490aec-4d57-4cbf-82b3-d6842eecd9b2/IFC-Covid19-Telecommunications_final_web_2.pdf?MOD=AJPERES&CVID=n9nxogP
16 https://www.equaltimes.org/in-the-midst-of-the-Covid-crisis-21120?lang=en#.YXJXJZ5ByUk
17 https://onlinelibrary.wiley.com/doi/full/10.1111/jfr3.12746

Energy

Putting up a power plant creates several positive impacts. It generates employment directly through the construction and operation of the plant. Additionally, it also creates an industrial base around the plant that benefits from the availability of energy from the plant. This creates a multiplier effect where new businesses emerge, resulting in fresh employment opportunities for local people.

Building power plants also means the country's power supply improves and a reliable power supply is key to sustainable development, because it creates an environment for investment. If we are to achieve our dream of having an industrialised economy, we need to have sufficient and reliable power, hence the need for improved investment in the energy sector. Steady energy production is a key component of sustainable development.

Financing large projects requires in-depth analysis of the political, economic, social, technological, ecological, and legal environment of a project to have a full understanding of the viability of the project and its socio-economic benefit to the nation and its people. Commercial banks play an important role in financing such development projects, providing long-term finance to address great challenges such as power black outs, and promoting industry jointly with public institutions. Stanbic is playing a major role in this area.

Value invested in the Energy Sector in 2020

Value in Loans: Kshs 274 million

Roads

The Nairobi Expressway is a 27 km four lane dual carriage way, which runs along the median strips of Mombasa Road, Uhuru Highway and Waiyaki Way. It is to be tolled and will have ten interchanges.

The Kshs 62 billion development is to be undertaken as a Public Private Partnership with the China Road and Bridge Construction Corporation (Kenya)(CRBC) on a build-operate-transfer model. The concession will last for 30 years, during which the concessionaire will recover its costs (with interest), before transferring its operation to the Kenya National Highway Authority (KeNHA).

Stanbic Kenya provided guarantees on the project, allowing local contractors to access funding required to provide raw materials for road construction purposes. This initiative is part of a partnership arrangement between Stanbic Kenya and the Kenya Roads Board, empowering SMEs to form part of large-scale construction projects.

This was the first project in the programme, two similar projects were also financed during the year, with requests currently being evaluated from 6 other companies on other road projects. The success of the initial project has initiated a broader discussion between us and government to roll this initiative out as a formal programme to address this broader SME need within the country. The formalisation of this programme will enable the Government in meeting its goal of developing an additional 11 000 km of road across the country.

TRADE AND INVESTMENT

Trade and investment

8 DECENT WORK AND ECONOMIC GROWTH

Kenya's economic growth benefits from the growth of intra-African trade, together with the ability of the government and businesses to access global investment and value chains. Drawing on our presence in major international markets, our ability to access international pools of capital, our strong client relationships with global multi-nationals, and our strategic partnership with ICBC, Stanbic helps facilitate the deepening of investment and trade flows between Kenya and other African countries, and between Kenya and global markets.

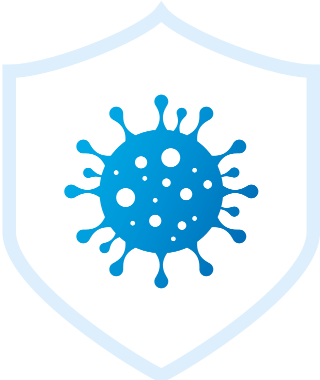
2020 saw significant progress on the Africa Continental Free Trade Area (AfCFTA) agreement, which came into effect in January 2021, and aims to boost intra-African trade, promote industrialisation, create jobs, and improve the competitiveness of African industries. But it also saw companies across the world battling the disruption caused to trade flows and global supply chains by Covid-19.

Stanbic Import Solution helps to provide seamless, end-to-end services for Kenyan importers, and to facilitate hassle-free trading relationships between businesses in Kenya and China. We are also working to expand the availability and use of digitised trade services.

How we **facilitated trade and investment in 2020**

Implemented digital matchmaking to **connect our customers to trade opportunities**

Used **Trade Suite** to manage challenging logistics arising from lockdown regulations.



Covid-19

Kenya's Foreign Direct Investment (FDI) declined 18% in 2020 as compared to 2019 due to disruptions caused by the Covid-19 pandemic. Globally there was an average decline of 40 % by value. Most foreign capital inflows were concentrated in the energy, health, and agriculture sectors. Several new investment projects in manufacturing of personal protective equipment that is required to curb the spread of the Covid-19 pandemic, was noted.[18]

Exports from Kenya defied the Covid-19 pandemic increasing by 7.8% with Uganda being the top destination for Kenyan goods. Total exports valued at Kshs 642 billion, grow by Kshs 46 billion compared to the previous year. Imports fell 8.7 percent to Kshs 1.65 trillion, down from Kshs 1.81 trillion in 2019. The balance of trade deficit for merchandised trade thus improved by Kshs 203 billion (16.8%).[19]

Despite the impact of the Covid-19 pandemic on wages and employment across the world, the Kenyan diaspora community continues to send money back home to their families. The Central Bank of Kenya data shows remittance inflows increased by 10%, from US$2,796 million in 2019 to US$3,095 million in 2020, accounting for three percent of the country's Gross Domestic Product (GDP).[20]

Imports from China were hit hard by the pandemic, falling by almost 60% in March, but recovered gradually throughout the year.[21]

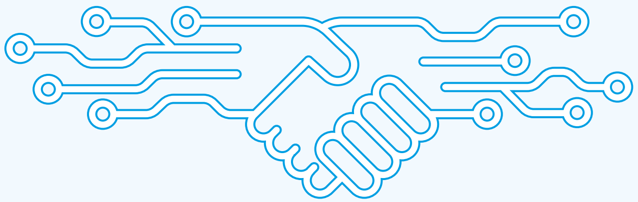
Climate Crisis

East African Governments' efforts to combat locusts were aided by a US$500 million programme approved by the World Bank in May 2020. The initial phase disbursed US$160 million to farmers and pastoralists and fund surveillance and control measures in Ethiopia, Kenya, and Uganda, relieving some fiscal pressure. However, significant risks remained.

Kenya and Uganda were helped by geography, as their main agricultural regions were located away from the areas of infestation. Agriculture accounts for 25% of Kenya's economy and between 40% and 50% of exports. However, Kenya's agribusiness is centred on horticulture, which tends to take place in greenhouses, that provide some protection from locusts, and coffee and tea cultivation, which happens towards the south of Kenya, away from the arid north where the impact of the locust's infestation was felt the most.

- **Foreign Direct Investment declined by 18%**
- **Exports Increase 7.8%**
- **Imports fell 8.7%**
- **Remittance flows increase by 10%**

18 https://newsaf.cgtn.com/news/2021-05-06/Kenya-s-foreign-direct-investment-posts-double-digit-fall-in-2020--101GzfhAjRe/index.html
19 https://www.standardmedia.co.ke/business/business/article/2001409692/kenyan-exports-net-sh642-billion-in-2020
20 https://www.ifad.org/en/web/latest/-/remittance-flows-to-kenya-defy-the-odds-during-the-Covid-19-pandemic
21 https://www.wto.org/english/news_e/news20_e/rese_15dec20_e.pdf



Trade Finance

The financing of export business in this market is principally asset backed, a situation which has shut out many viable businesses from access to trade finance and stifled the growth and expansion of export trade.

Supporting SME to access funding

The Bank and the African Trade Insurance Agency (ATI) are working together in changing the fortunes of export trade in Kenya, and indeed in the entire region. ATI's credit insurance policies have provided a credible solution which has helped Stanbic provide unsecured short-term financing for trade through the assignment of credit insurance policies. US$ 10 million in secured guarantees have been provided to date using this mechanism.

The credit insurance policy enables an SME to continuously monitor and analyse the financial health of their customers and prospects. Furthermore, if one of their buyers' defaults on a payment, either because of declared insolvency or a continuing non-payment without an obvious reason (such as a trade dispute), the policy will compensate the SME in accordance with the agreed terms and conditions. Finally, the policy will entitle the SME to hand over the debt collection to ATI.

ati | aca African Trade Insurance Agency
Agence pour l'Assurance du Commerce en Afrique
20 YEARS ANS

Stanbic Bank Kenya recognised as Kenya's Best Investment Bank by EuroMoney Awards for Excellence 2020.

This is the second win with this Global Institution.

This award is recognition to Stanbic's ability to deliver solutions across a range of products and services to its customers and further demonstrates a breadth of capabilities in terms of client-driven business across debt, equity, Mergers & Acquisitions, corporate advisory, and areas such as foreign exchange and cash management.

CLIMATE CHANGE AND SUSTAINABLE FINANCE

Climate change and sustainable finance

6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 11 SUSTAINABLE CITIES AND COMMUNITIES | 13 CLIMATE ACTION

Stanbic is committed to driving sustainable and inclusive economic development through the delivery of sustainable finance solutions. As a leading financial service provider in Kenya, we recognise the impact of our business activities on the society, economy and environment in which we operate

We have embedded social, economic and environmental considerations into our corporate strategy and day-to-day decision-making, and we consistently work to maximise the positive impacts and mitigate any negative impacts arising from our business decisions and activities.

We recognise the threat posed by climate change to human health, food security and economic growth across Kenya. We have identified climate-related risk as a top enterprise risk and material issue.

We are working to better understand and manage our exposure to climate risk and assisting our clients to do the same. We are committed to working with the government and businesses to reduce their vulnerability and build resilience to the impacts of climate change, and to facilitate the development of renewable sources of energy and energy efficiency across the continent.

Our focus includes:

Working with our clients to develop appropriate solutions to **mitigate and adapt to the effects of climate change**

Providing financial products and services that support positive social and environmental outcomes, including green and social bonds, ESG-linked loans, sustainable trade solutions and impact investing

Providing environmental and social lending and advisory experience in respect of project finance, export credit and corporate finance product offerings

Progressively managing and shaping our portfolio in a manner that is consistent with **achieving a low-carbon and climate-resilient economy** needed to limit global warming to below 2 degrees, by supporting a just transition away from non-renewable energy sources in our countries of operation.

Working with our retail banking clients to adopt **greener solutions for their homes and businesses**.

Covid-19

Kenya is a party to the United Nations Framework Convention on Climate Change (UNFCCC), Kyoto Protocol, and the Paris Agreement. Over the past five years, considerable efforts have been made to mainstream climate change considerations into the country's plans, policies, strategies, projects, and programmes. These documents include the Vision 2030; the National Climate Change Response Strategy, 2010; the National Climate Change Framework Policy; the National Policy on Climate Finance; the Green Economy Strategy and Implementation Plan; and the Climate Change Act, 2016. They provide a regulatory framework for an enhanced response to climate change and mechanisms and measures to achieve low-carbon, climate-resilient development. Further, they enable mechanisms for mobilising, tracking, and reporting on climate finance.

Climate finance is an important enabling aspect of our efforts to address climate change. The Paris Agreement sets a goal of mobilising US$ 100 billion per year by 2020 to support mitigation and adaptation activities in developing countries. Significant financial resources from the public and private sectors are expected to be channelled towards climate action. Covid-19 has however, slowed down progress made in this regard. [22]

Climate Crisis

Kenya has pledged to reduce its greenhouse gas emissions by 32% by 2030 relative to the business-as-usual scenario. It is recognised that increased finance for mitigation and adaptation in Kenya, particularly in the transport, forestry, water, land use, and waste sectors, could create jobs for millions of people and lead the way to a greener, more resilient future.

Kenya is highly vulnerable to climate change and is already feeling the effects with a notable increase in climate-related disasters, such as droughts and floods. These events are estimated to create an economic liability of 2%-2.8% of its gross domestic product (GDP) every year. This is largely because the economy is dependent on many climate-sensitive sectors, such as agriculture, water, energy, tourism, wildlife, and health. This vulnerability worsened in 2020, when the country was exposed to multiple crises, such as the locust invasion and Covid-19 pandemic. [22]

Public Funding

- Constitutes less than 60% of total funding provided
- Target 87% by 2030
- 73% provided as debt funding
- 55% used for climate mitigation

Private Funding

- 34.4% domestic sources
- 41% of total funding provided
- Most directed to renewable energy projects (99.7%)

22 23 https://www.climatepolicyinitiative.org/wp-content/uploads/2021/03/The-Landscape-of-Climate-Finance-in-Kenya.pdf

Sustainable finance

Our dedicated Sustainable Finance team works to offer a broad spectrum of product solutions that range from debt management to advisory and support services. Sustainable finance could help drive Kenya's recovery from Covid-19 while also incentivising much-needed investments in the green economy and social development. The global pandemic has set back the continent's growth and demanded new approaches to economic development.

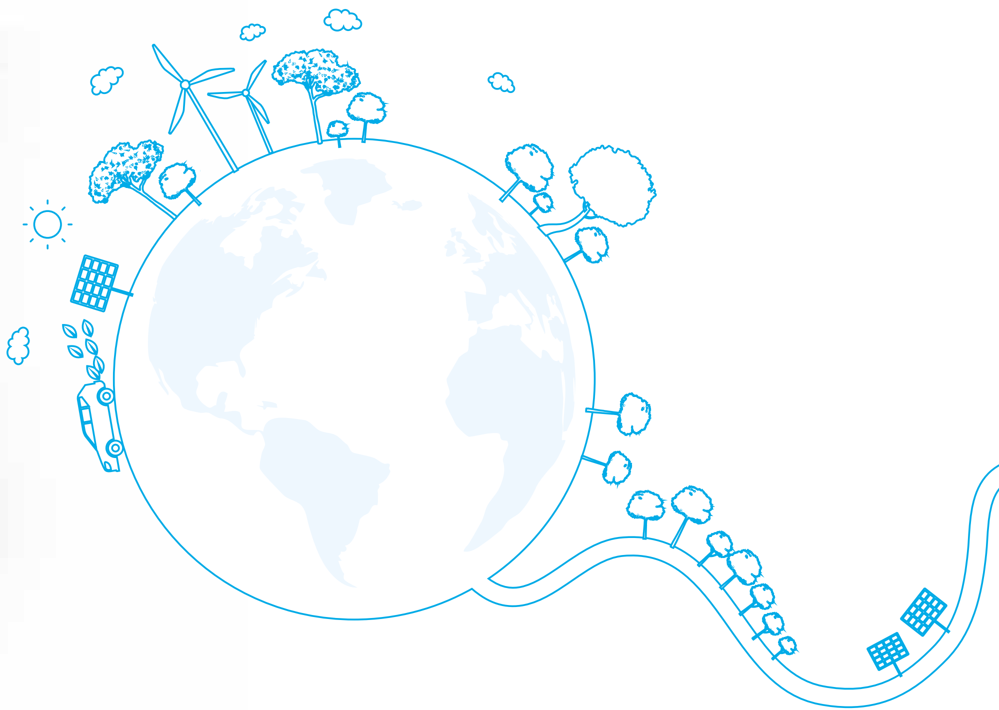
Before Covid-19, the sustainable finance market was flourishing. In 2019, sustainable debt issuances reached a record high of US$415 billion globally – up 60% from the prior year. Green bonds still dominate the sustainable finance market, but other products, including green loans, social bonds and sustainability loans, are fast playing catch-up, with the market becoming increasingly diversified to meet growing demand.

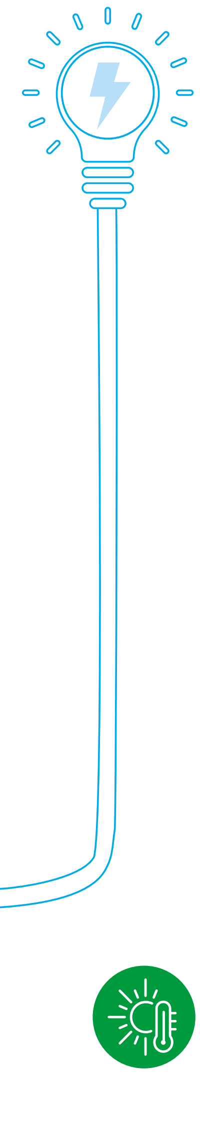
We believe that Africa is primed for a sustainable finance boom, given its immense potential in the renewable energy space and its ongoing developmental challenges.

Stanbic Bank Kenya was the lead arranger for Acorn Holdings' green bond issuance in Kenya in 2019. This was East Africa's first-ever green bond, and the proceeds are going towards environmentally friendly student accommodation in Nairobi. We expect to conclude more funding deals that unlock green projects aimed at mitigating climate change, and that enable social projects that reduce economic and social inequality.

Partly due to the impact of Covid-19, we are already seeing a surge in client interest in financial products that promote a more sustainable economy. For instance, the pandemic is boosting demand for bonds that fund social projects, and this trend is expected to last well into the future. Corporates are increasingly expected to maximise their social impacts and uplift the communities in which they operate. Technologies such as hydro, wind and solar have proved their resilience in the face of the Covid-19 crisis, having allowed national grids to become more flexible to fluctuations in demand.

Ultimately, Africa is well placed to become a major player in the global sustainable finance market. And given the continent's massive funding needs, sustainable finance will play an important role in shoring up global and local capital for high-impact projects.





EDUCATION

Education

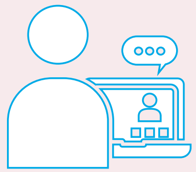
Kenyans need access to quality education and digital skills training to compete in a global economy and harness the opportunities of the fourth industrial revolution. But the country continues to battle with high rates of education exclusion and skills gaps.

The pandemic highlighted the depth of the digital divide – impacting both learners and employees – and the urgency of creating the life-long learning opportunities necessary to better prepare us for a rapidly evolving, rapidly digitising world of work.

Stanbic **supports access to inclusive, quality education and the promotion of lifelong learning opportunities**, by:

Financial Fitness Academy (FFA) a training that supports individuals understand how to better manage their wealth. **Partnership with Microsoft** and establishment of the e-learning platform www.futurenidigital.org for community training as well as up skilling people who have lost jobs due to covid.

Investing in employee **skills development** specifically digital skills through Sales Force.



Focusing our CSI **funding on education programmes** including sponsorship of SOS Children's Village and Palmhouse Foundation.

Covid-19

On March 15, 2020, the Kenyan government abruptly closed all schools and colleges nationwide in response to Covid-19, disrupting nearly 17 million learners countrywide. The closure of institutions not only affected learners and teachers, but it also resulted in economic and social issues such as food insecurity due to the cancellation of school feeding schemes.

During this period, learning institutions were expected to implement online instruction using technology and the Internet. Teachers were advised to prepare work for learners to do at home. However, the lack of broadband Internet and the cost of Wi-Fi in some remote areas limited the amount of e-learning available to learners.

Nearly 70% of the school children in Kenya live in rural areas where there is a shortage of well-funded schools, trained teachers, and books and supplies. Only 25% of learners and especially those living in urban settings had access to virtual classes. [24]

Kenya's learning institutions faced a twin challenge of rolling out online learning for thousands of students and finding money to pay salaries and meet financial obligations at a time when the main revenue stream, tuition fees reduced significantly.

We supported the governments ICT infrastructure by donating computers which were put in ICT centres, schools and other tertiary institutions of learning.

Climate Crisis

Several schools were closed across the flooded western counties of the country, due to damage to schools, as well as roads and bridges provided access to these learning facilities. This has thus further reduced learning time for pupils in these areas.

[24] https://ieakenya.or.ke/blog/the-impact-of-Covid-19-on-education-in-kenya/

Our Employees

At the start of the pandemic, a staff training programme was launched to address concerns raised by staff due to the work from home scenario, which limited their ability to deliver to clients.

Number of hours training

Classroom: 1 804
Coaching: 192
Online: 169 574
Total: 171 570

Employees trained

161 Instructor-led
(January - March)
Online 1 002

At the start of the pandemic, a staff training programme was launched to address concerns raised by staff due to the work from home scenario, which limited their ability to deliver to clients. The training programme launched facilitated the management of:

- Remote access to systems,
- New reporting lines,
- Team working arrangements,
- New ways of collaboration,
- How to address customer complaints.

Going forward in the short term, we will continue with initiatives to ensure that our employees are safe and maintain their productivity, despite the challenges presented by the extended impact of Covid-19. We will continue to reskill and equip our people with relevant future-ready skills.

In the medium term, we will develop a new way of looking at succession planning, involving a digital approach. In addition, we will be considering the introduction of graduate training programme so that a talent pool pipeline can be established, and not necessarily solely within the Group.

In the longer term, digitisation will continue to play an increasingly important role, with the possibility of new ways of working outside of the office. In such a scenario, new policies will have to be introduced to cater for flexi-hours and working from home.

Our Clients

Financial Fitness Academies (FFAs) and training workshops continued to take place in 2020 although at lower numbers due to the pandemic. The FFAs comprise a personal financial literacy programme which is in its fourth years and targets staff within our client organisations. During 2020 this training was provided to 9 corporates with 681 individuals being trained. This training is built on our unique Wealth Framework – our philosophy based on viewing wealth strategically through the prism of:

Create and build – Creating wealth through an exploration of the personal journeys involved, together with goals and priorities

Live and enjoy – Stimulating thoughts around chosen lifestyles, in terms of plans, dreams and aspirations, and including budgeting as a powerful tool in guiding an affordable lifestyle, as well as the concepts of good and bad debt

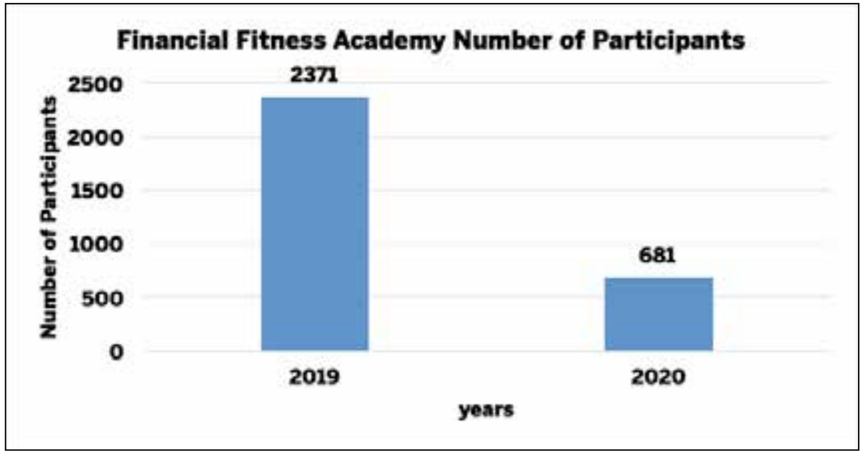
Save and invest – Examining long-term value creation and crucial concepts such as compound interest in a consideration of the setting and reaching of investment goals

Share and Legacy – considering the use of resources to give back to family, society and the world at large

Plan and protect – Covering legacy planning and protection through insurance

We also continued to conduct interactive sessions through our Master Classes. These are driven by audience questions and build on the fundamentals of the FFAs, which include:

- Debt management
- Insurance and retirement planning
- Investing



Accelerate programme

The Stanbic Accelerate program is anchored on the strategic partnerships that the Foundation has established in order to help entrepreneurs scale their businesses and take them to the next level.

Enhancing the success of MSMEs through:

- capacity building through digital skills training
- access to catalytic funding
- access to markets

Biashara Centre

Biashara Centre's are a one-stop-shop concept set to bring government services closer to the people as well as Small and Medium-sized Enterprises (MSMEs) access government services from agencies in the entrepreneurship ecosystem under one roof.

The Biashara Centre's seeks to provide essential business and trade services such as tax compliance registration, MSMEs loans, branding registration support, and capacity building.

A Private Public Partnership established between the Ministry of Industrialisation, Trade and Enterprise Development, the Micro and Small Enterprise Authority and Stanbic initiated the roll out of the Microsoft programme across Kenya. To be known as the Accelerator Programme. This programme aims to introduce business, digital, and technical skills to individuals, SMEs, and Government Departments. This partnership's objective is to stimulate economic growth and enhance market access within this target demography. By close collaboration with the Ministry, it is hoped that essential data on the needs of the SME sector will also be collected to inform future policy and programme development.

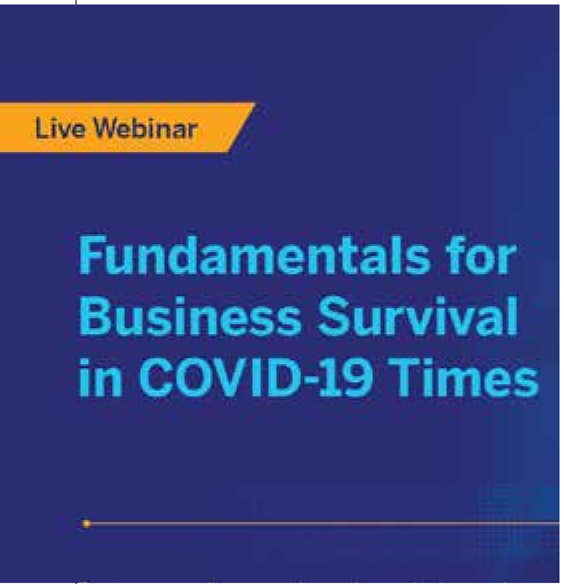
The upskilling of public officers focused on digital literacy, enabling them to become trainers at the government's Biashara Centres. We donated 400 computers some of which were installed at these Centres. This partnership enabled the Centre's to become digital and provide digital services to their clients. Financial and technical support by Microsoft provided us with the essential tools and platforms to offer programmes to corporate clients, and anybody else who intends to improve their digital capabilities. This is exemplified by our oil and gas portfolio, through downstream capacity-building provided for petrol station attendants.

Our partnership with Microsoft further facilitates the provision of essential software to SMEs allowing them to access and participate in this initiative. Working in collaboration with the government in support of SMEs, this additional training strengthens participants capacity in:

- Digital literacy,
- Entrepreneurship,
- Ways of starting and growing a business,
- Purchasing,
- Procurement,
- Selling,
- Marketing, and
- Complying with standards.

Business Survival Bootcamps

Webinar-style events were held with SMEs to take them through government led programmes which provided them with tax relief and access to funding. The implementation of these measures assisted the SMEs with working capital management. 50 SMEs completed this programme.



Facebook and Instagram Marketing Support

We partnered with Facebook an Instagram to train SMEs to create their digital presence. Training was successfully completed with 588 SMEs. This enabled them to access new clients, retain existing clients and penetrate new markets through online connectivity.

Under the Boost with Facebook program we trained SMEs on how to establish their businesses online.

Partnership with Microsoft. futurenidigital.org

Through the partnership with Microsoft we established an e-learning platform to train the Kenyan and South Sudan community on digital and entrepreneurship skills. In addition to the training a job matching platform was established aimed at matchmaking people who completed training with jobs available on the platform.

The measures implemented included:

- A 3-6 month moratorium or pay holiday on loans.
- The extension of loan facilities to allow them to meet the mismatch in income required to cover essential expenses.
- Restructuring of insurance products to reduce premiums, and thus operating costs during this period.

HEALTH

Health

Public health and disease prevention were top of the agenda across the world in 2020. Our efforts to achieve positive impact in this area focused on:

1. **Interventions to protect our employees,** keep them healthy, and promote their mental and physical wellbeing during this difficult and unprecedented time
2. **Financial solutions** to support health care providers and manufacturers of medical equipment and sanitisers
3. CSI initiatives in response to the **Covid-19 pandemic**

How we facilitated **good health and wellbeing** in 2020

Seamlessly **moved over 60% of employees to home-based working**

Implemented stringent protocols to keep our clients and the **40% of our employees who needed to work on-site**, in offices or branches, as safe as possible

Provided support to employees to help manage anxiety and stress and delivered a range of wellbeing programmes

Majority of employees were proud of the measures taken by the group to **support employees and clients**

Spent Kshs 147 Million in Kenya, on health-focused CSI programmes, including provision of PPE, funding to improve testing capacity and hospital infrastructure, food donations and humanitarian support

Covid-19

The Covid-19 pandemic poses a significant threat to various indicators of human well-being, in particular, there is a significant risk that the pandemic and its economic consequences will erase years of progress in reducing poverty and malnutrition. Similarly, it may challenge efforts to combat highly prevalent infectious diseases, such as HIV/AIDS.

Early in the pandemic, countries in Africa had substantially fewer Covid-19 cases and deaths per capita than countries in other parts of the world. However, waves of infection have since brought the continent to over 2.7 million cases and 65 000 deaths at the end of 2020. The pandemic has already harmed economic well-being and health outcomes.

Individual preventive behaviours and strict social distancing measures introduced by governments may have slowed the spread of Covid-19 but reduced economic activity. Low- and middle-income countries (LMICs) have also been affected by the closure of international borders and the large contraction in the global economy, further reducing economic activity. [25]

Stanbic in partnership with Base Titanium, Centum, Gulf Energy, Valar Frontier, and Africa Practice, handed over a total of 192 high flow nasal cannula oxygen therapy devices worth Kshs 147 million to the Ministry of Health. This donation came in as a response to the call from the Ministry of Health and the wider Government of Kenya to mobilize resources to help fight the Coronavirus pandemic.

Climate Crisis

Around 252 000 people have been affected by the floods in Kenya, and more than 116,000 displaced, according to the Kenya Red Cross, after two consecutive seasons of record rains caused rivers across the country to burst their banks, devastating towns and villages. So much rain saturates the soil that chunks of farmland have broken off Uganda's shores and created several floating islands that have clogged dams and the lake's only outlet into the Nile River.

Villages close to lakes are submerged under water, there are more mosquitoes, which cause malaria, and aggressive hippos have come inland. There are concerns around sanitation and cholera as people in the affected areas rely on pit latrines which are now overflowing with water. [26]

The Covid-19 pandemic along with climate change have teamed up to create a crisis of food insecurity, pollution, water scarcity, and displacement, with most people relying on shallow wells and rivers for clean water for drinking, floodwaters have mixed with open latrines contaminating most water sources. [27]

25 https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2781179
26 https://www.theguardian.com/global-development/2020/jun/02/the-water-will-come-back-why-kenyas-struggle-against-flooding-is-far-from-over
27 https://www.aa.com.tr/en/africa/floods-displace-thousands-in-kenya/2011536

Employee Wellness

Care for and among our employees became a dominant feature of our operations during the year. While there were no deaths recorded in the organisation due to Covid, six of our people were hospitalised.

Multi-disciplinary teams came together to solve different challenges, developing a range of critical protocols to provide clarity and guide action in navigating complex scenarios. To keep our essential service workers safe, extensive personal protective equipment (PPE) and special transport were provided. We spent over Kshs 7.8 million on protective gear and catered for the cost of testing and treating Covid-19 cases for our people and their dependants. Where employees were sent into mandatory quarantine, the Group met the cost.

Our priority at the onset of the Covid-19 pandemic was to ensure the health, safety, and wellbeing of our employees, and by extension, their loved ones and our clients. Our ongoing investment in technology and digitisation enabled us to equip more than 60% of our people across the Group to work from home or remotely. For those who needed to work in the office, we commissioned and provided alternative workstations to enable social distancing. For the frontline employees providing essential services in key office locations and branches, our focus remained on keeping them safe and healthy in line with changing health-risk dynamics.

As it became clear that the pandemic and its associated risks are to be part of our societal fabric for the foreseeable future, we redoubled our efforts to help our people care for their physical, emotional, and mental wellbeing. For many of our people, feeling isolated, missing the human connection with colleagues, long hours spent working remotely and the blurring of boundaries between work and home have proven challenging – especially over a prolonged period. In response, we launched an extensive range of wellbeing interventions, including counselling and support services, online webinars and useful guidance on personal resilience, remote working, the leading of remote teams and mental wellbeing.

The ramifications of the pandemic had immediate and widespread consequences across our workforce as people moved to working from home, and where they found themselves having to deal with this momentous change while remaining productive, with significant implications for both their physical and mental wellbeing.

We therefore focused on employee wellness. We launched employee counselling services and put in place monthly town hall meetings and other weekly forums to ensure that regular communication was maintained. This helped to secure our capacity to maintain efficient and effective business imperatives as well as allowing us to monitor their health and ability to cope.

Community Wellness

We contribute to better health outcomes in our communities by:

- Financing healthcare providers, infrastructure and equipment,
- Providing business development support to healthcare practitioners,
- Invested in the health, safety and wellbeing of our people and communities.

Stanbic and partners collaboratively spent over Kshs 147 million by:

- Donating 192 Oxygen Therapy Units in partnership with various partners
- Donating personal protective equipment
- Donating 1 000 hand washing stations across Kenya

The work we did with the Ministry of Health was a notable new feature of our outreach. Partnership with our corporates – particularly the five with whom we worked together with to provide the ventilators, created a new set of relationships.

Hygiene and Sanitation

The work we accomplished with Rotary in providing water tanks created a whole new partnership as well as the establishment of a Stanbic Rotary Club to facilitate what was being done on the ground.

When the Ministry of Health announced the first case of the coronavirus in March 2020, a number of organisations from the private and public sectors came together to help combat the outbreak.

Stanbic was at the forefront in helping support the country in ensuring that citizens had access to sanitation stations to wash their hands as regularly as possible to curb the spread of the virus. Through the Bank's women-led DADA proposition, Stanbic partnered with the Rotary Club to donate 1 000 sanitation stations, an investment worth approximately Kshs 3 million.

The handwashing stations were distributed across various counties including Kiambu, Kisumu, Nairobi, Naivasha, Nakuru, Mombasa and Meru.

Speaking during the official launch, the Head, Business Banking at Stanbic Bank Kenya noted that the Bank was proud of its renewed DADA proposition and the value it brings to society.

He said the integration of DADA into the Bank's SEE investments is the perfect amalgamation facilitating impactful change, with the hope that the sanitation stations will play a significant role in stopping the spread of the virus.

It is estimated that there will be at least 1 000 washes a day at each handwashing station, and it is the Bank's hope that the sanitation stations will play a significant role in preventing the rate of infections and stopping the spread of Covid-19, while in the long term, instilling behavioural change and promoting an increase in levels of hygiene and sanitation.

Cancer Screening

During Breast Cancer awareness month in October 2020, Stanbic partnered with the Population Services Kenya to help create awareness about early detection of breast and cervical cancers in order to reduce the number of deaths. The initiative was rolled out across various Tunza Health Clinics in the country, reaching over 2 500 women from low-income areas in Nairobi, Kisumu, Mombasa, Nakuru and Kiambu where residents do not have access to affordable healthcare and where they tend to stay away from hospitals due to the high cost of healthcare.

In 2018, there were an estimated 47 887 new cases of cancer in Kenya and 9.6 million deaths globally. In Kenya, cancer is the third leading cause of death after infectious and cardiovascular diseases.

Early detection of cancer presents a higher chance of survival, and the initiative thus also sought to educate and empower women to carry out regular breast self-examinations. In addition to the benefit of early detection, diagnosed patients are referred to leading hospitals for better treatment.

Overall, breast cancer accounts for 12.5% of all new cancer cases, and has accounted for 9.2% of all cancer deaths, making it the third leading cause of all cancer deaths in Kenya. Available data shows that the majority of breast cancer patients present in late stage, contributing to higher mortality and low overall survival.

Stanbic is committed to addressing this gap in the healthcare system, and is gratified that it can be a part of this project as a funding partner, as the cancer burden continues to affect all Kenyans, exerting significant strain on populations and health systems at all income levels. Early screening and detection can save more lives and that is the aim of this partnership.

SUMMARY OF OUR IMPACT

Summary of our impact

SEE Area	Outputs for the Year	Outcomes for the Business	Impact in Society
Financial inclusion	• Increase in insurance policies linked to launch of SMART Direct Account • Restructuring of school vehicle insurance • Over 400 retrenchment claims from clients fully paid • Increase in SMEs onboarded • Saved customers Kshs 157 million on bank charges • Over 80% of transactions are now conducted digitally • 92% of accounts opened digitally • Digital instant cash advanced to the sum of Kshs 685 million • Client deposits grew by 12% • Assisted customer access grant funding through government stimulus package • Repayment holiday extended to 7203 clients • Restructured loans to the value of Kshs 40 billion, Kshs 3.1 billion was to SMEs • Lowered interest rates saved clients Kshs 665 million	• Strengthened KYC credentials • Enhanced customer resilience to market shocks • Protected loan book performance • Increased liquidity through enhanced levels of deposit taking • Retained existing customer base • Enhanced levels of brand recognition in the market • Fostered license to operate • Reduced exposure to non-performing loans	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES • Ensured equal access to financial services • Restoring economic activity during and post pandemic • Protecting jobs

SEE Area	Outputs for the Year	Outcomes for the Business	Impact in Society
Job creation and enterprise growth	• 314 agents and dealers accessed short terms loans valued at Kshs 10.3 billion using our new M-JEKI solution • Partnership with Virtual City, a Kenyan Fintech to build a robust and scalable version of M-JEKI for the market • Partnership with USADF provides grants to MSMEs, cooperative and producer groups in Kenya to a value of US$ 10 Million • Through DADA relaunch issued loans work Kshs 844 million.	• Protecting the customer base • Growing the customer base • Strengthened customer experience	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE • Sustained jobs in the economy • Sustained economic activity
Infrastructure	• Kshs 274 million issued as loans for energy Infrastructure development • Kshs 1 581 million issued as loans for transportation and communication infrastructure development • US$ 10 million issued as guarantees in support of transportation infrastructure development	• Protecting the customer base • Strengthening the customer base • Enhanced levels of brand recognition in the market • Fostered license to operate	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE • Assisting to implement the infrastructure required to allow for a new way of working

SEE Area	Outputs for the Year	Outcomes for the Business	Impact in Society
Trade and investment	• Provision of unsecured short-term financing for trade to SMEs backed by US$ 10 million in secured guarantees • Stanbic Kenya recognised as Kenya's Best Investment Bank by EuroMoney Awards for Excellence 2020 • Africa China Agent Proposition (ACAP), the initiative provides access to over 10,000 Chinese suppliers • ACAP eases the cash flow of importers by providing financial support and insight into the process	• Increased levels of resilience amongst customer base • Better educated customer base reducing risk of transactions • Increased levels of foreign trade • Increased customer numbers • Reduced levels of default	8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES • Increased level of choice • Growth in GDP • Growth in exports • Increased access to financial services
Climate change and sustainable finance	• Lead arranger for the Acorn Holdings green bond in 2019	• Increased number of customers looking for sustainable financing solutions • Well positioned and geared solutions aimed at specific customer demographic • Increased number of customers	6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION • Increased level of access to sustainable financing solutions • Building sustainable infrastructure contributing to sustainable cities

SEE Area	Outputs for the Year	Outcomes for the Business	Impact in Society
Education	• Kshs 37.6 million spent on training of staff • 1804 hours of classroom training • 192 hours of coaching • 169 574 hours of online training • 161 employees trained by instructors • 1002 employees trained online • 681 corporate client employees trained through the financial fitness academy • 50 SMEs completed the Business Survival Bootcamp • 588 SMEs assisted with marketing support through the Facebook and Instagram programme • Supported 16 students in secondary school to the value of Kshs 1.2 million each through partnership with PalmHouse • Support to 20 children of various ages at the SOS Village to the value of Kshs 1.8 million	• Retooling our staff • Enhanced customer resilience to market shocks • Protecting the customer base • Growing the customer base • Strengthened customer experience • Enhanced levels of brand recognition in the market • Fostered license to operate • Reduced exposure to non-performing loans • Building brand loyalty amongst the youth	4 QUALITY EDUCATION 5 GENDER EQUALITY • Increasing level of education amongst the customer base and broader community • Making sure our staff are well equipped and can respond to the new challenges faced with the fourth industrial revolution

SEE Area	Outputs for the Year	Outcomes for the Business	Impact in Society
Health	• Over Kshs 7.8 Million invested in protective gear for staff and testing and treatment of staff and their dependents due to Covid • 60% of our people across the group work from home or remotely • Helped our people care for their physical, emotional and mental wellbeing • Launched an employee counselling service and town hall meetings • Spent over Kshs 147 million in partnership with corporates to provide 192 oxygen therapy units, PPE and 1000 hand washing stations across Kenya • Partnered with Rotary club to provide water tanks to our communities • Women's led DADA proposition and Rotary club donated 1000 sanitation stations to the value of Kshs 3 million to 5 counties • Estimated 1000 washes a day at each sanitation station achieved • 2500 women from low income areas screened for breast and cervical cancer • Partnered with KHF to support private health care sector to respond to the Ministry of Health's Covid protocols	• Protecting our staff • Protect our customers • Protecting the customer base • Growing the customer base • Strengthened customer experience • Enhanced levels of brand recognition in the market • Fostered license to operate • Reduced exposure to non-performing loans	3 GOOD HEALTH AND WELL-BEING • Sustained economic activity and provision of services especially to marginalised groups such as women

STANBIC FOUNDATION

Stanbic Foundation

The Stanbic Foundation provides a formal, relevant, and effective framework for the Bank's Corporate Social Investment (CSI) initiatives to enable us to live our purpose. It forms an important part of our human and social relationship capitals and relates to the strategic value driver of our SEE impact.

The Foundation is fully funded by 1% of the net profits of the Bank. Its strategy is underpinned by pillars comprising Job Creation and Enterprise Development, Education, Health and Financial Inclusion, and reflects the Bank's seven SEE areas. The mandate during the year under review was to strengthen the Foundations outputs by:

- Formulising the Foundation Strategy
- Establishing an approach to the market aligned to the SEE areas
- Partnering with like-minded institutions to advance the objects of the Foundation

This is outlined as follows:

MISSION

To spur the growth of entrepreneurship ecosystems

VISION

Unlocking possibilities

Strategic Pillars

BUSINESS COMPETITIVENESS
- Skills training programmes
- Linking MSMEs to mentors and Coaches
- Providing co-working spaces
- Subsidised legal and financial management support

FUNDING
- De-risking MSMEs to lower borrowing costs
- Introducing banking and non-tbank growth capital
- Advising on appropriate capital structures

MARKET
- Linking MSMES to potential clients
- Enabling MSMS to leverage technology
- Assisting with product quality

POLICY INFLUENCE
- Forging strategic partnerships with key government ministries and bilateral partners
- Drawing on knowledge and learning to inform government and partners policy dialogue

ALIGNED TO THE BANK'S PURPOSE WITH THE SEVEN SEE IMPACT AREAS

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