

> Corporate Governance Statement

Further details of the Board Committees including their respective roles, key responsibilities, composition and membership are provided later in this Statement.

The Group Chairman is responsible for the strategic leadership of the Board and is pivotal in creating conditions for the overall effectiveness of the Board. He promotes an open environment for debate and ensures all Directors are able to speak freely and contribute effectively. The Group Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management at the Annual General Meeting and other shareholder meetings.

The Board, in the Board Charter, delegates responsibility for the day-to-day management of the business to the Group Chief Executive Officer. The Group Chief Executive Officer in turn delegates aspects of his own authority to members of the Group Executive Committee. The scope of, and limitations to, these delegations are clearly

documented and cover areas such as operating expenditure, capital expenditure and investments. These delegations balance effective oversight with appropriate empowerment and accountability of senior executives.

To adequately undertake responsibilities in the day-to-day management of the business, in line with the authority delegated by the Board, management committees have been established. The management committees include the Executive Management Committee (EXCO), the Assets and Liabilities Management Committee (ALCO), the General Management Committee (GMC) and the Group Operational Risk and Compliance Committee (GORCCO).

Board Meetings

The Board has in place an annual work plan that sets out the Board activities in a year. The Board meets at least once every quarter, and additionally when necessary, to consider all matters relating to the overall control, business performance and strategy

of the Company and succession planning.

The Group Chairman, in conjunction with the Group Chief Executive Officer and the Group Company Secretary, sets the agenda for each meeting. Typically the Board works to an annual agenda encompassing periodic reviews of the Group operating business units and site visits; approval of strategy, business plans, budgets and financial statements; and review of statutory obligations and other responsibilities identified in the Board Charter.

The notice, agenda and detailed board papers are circulated in advance of the meetings. Directors are entitled to request for additional information where they consider further information is necessary to support informed decision-making.

During the year ending 31 December, 2018, the Board held eight Board meetings. A strategic planning session was held in conjunction with the Board meeting held in November 2018. Details of Directors' attendance at Board and Committee meetings are set out in the table below:

	Board	Audit	Risk	Finance & strategy	HR & Nominations	IT & Innovation	Supply Chain
Number of meetings	8	6	4	5	9	4	5
Andrew Kairu ⁽¹⁾	4						
Julius Mutua (Alternate to Henry Rotich)	7	1	4		7		1
Ngeny Biwott	8			1			1
Adil Khawaja	6			3		1	
Tom Ipomai	7				9	4	5
Georgina Malombe	7	6	4			4	5
John Nyerere	6	6	4	4	7		4
Josephine Djirackor ⁽²⁾	2						
Lawrence Njiru ⁽³⁾	4	2	1	1			
Joshua Oigara	7		2	1	7	3	2
Lawrence Kimathi ⁽⁴⁾	8			4			

(1) Appointed to the board on 4 June, 2018 and appointed as Group Chairman on 24 October, 2018

(2) Appointed on 3 January, 2018. Resigned on 27 April, 2018

(3) Appointed on 7 August, 2018.

(4) Lawrence Kimathi was a permanent attendee of the Finance & Strategy Committee.

Board Evaluation

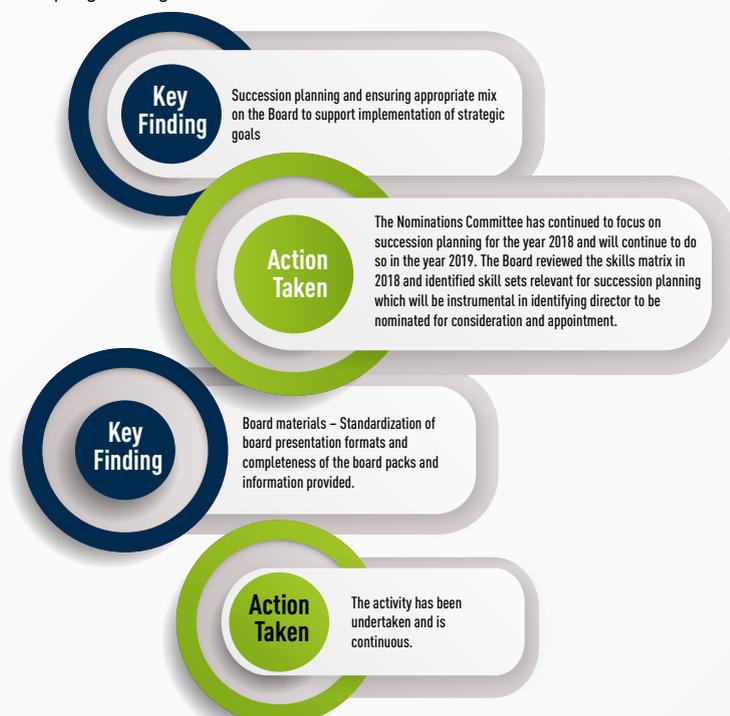
The Board reviews its performance and that of the Board Committees and individual directors annually. Every third year, the review is facilitated by an external consultant.

The review in respect of the 2018 financial year was conducted internally by the Group Chairman through the coordination of the Group Company Secretary. The evaluation process was based on a detailed questionnaire which was distributed to the Directors for their consideration. Results were collated confidentially by the Group Company Secretary and reviewed by the Group Chairman.

The detailed questionnaire examines the balance of the skills of the directors, the operation of the Board in practice, including governance issues, and the content of the Board meetings. Feedback from the process is used to identify opportunities to improve the performance of the Board and the Directors. The questionnaire also included a series of questions for each director to assess their own performance and the performance of each other individual director to identify development opportunities.

The Board evaluation was conducted in February 2019 and the results presented to the Central Bank of Kenya in March 2019 in line with regulatory requirements.

The key findings against the prior year review and the progress against them were as follows:



The Group Company Secretary

The Group Company Secretary is appointed by the Board and is responsible for advising the Board and providing practical support for Directors. The Group Company Secretary places particular emphasis on supporting Non-Executive Directors in maintaining the highest standard of probity and corporate governance.

The Group Company Secretary is responsible for monitoring compliance with the Board's procedures and implementing the governance framework to give practical effect to the Board's decisions. The Group Company Secretary is also responsible for facilitating good information flow within the Board and its Committees and between the Directors and management as well as the induction of new Directors and the ongoing professional development of Directors. Each member of the Board has direct access to the Group Company Secretary.

The performance of the Group Company Secretary is assessed by the Board as part of the annual Board performance evaluation process.

Board Committees

The Board has delegated authority to various Board Committees to be able to effectively and efficiently undertake its mandate. In deciding committee memberships, the Group Chairman endeavours to make the best use of the range of skills across the Board and share responsibility. As well, overlapping memberships take into account instances where matters raised in one committee may have implications for another. Membership is reviewed on an annual basis by the Group Chairman in collaboration with the HR & Nominations Committee.

The Board receives a verbal report from the Chairman of each committee on significant areas of discussion and key decisions at the following Board meeting.

Each committee has in place terms of reference that sets out the roles and responsibilities and the procedural rules that apply to the committee. Under the procedural rules, each committee must be composed of at least three members, a majority of independent directors and an independent Chair. The Audit Committee is made up of only independent non-executive directors in line with the provisions of the Prudential Guidelines issued by the Central Bank of Kenya.

During the year 2018, the Board undertook a review of the existing committees and reduced the overall number of committees from 6 to 5 (effective 1 January 2019). A summary of the role of the current Committees, current members and key activities undertaken during the year 2018 are set out on page 76.

Board Composition – Skills, Experience & Diversity

Having regard to the Group's vision, values and purpose, the individual attributes of each Director are as critical as the skills they bring. There is an expectation that each Director should be able to demonstrate sound business judgment, a strategic view, integrity, preparedness to question, challenge and critique and leadership qualities. At a collective level, the Group looks for a diversity of skills, knowledge and experience to enable the Board to provide the oversight needed to develop and achieve the overall strategy of the Group.

KCB Group seeks to have a Board that has the right mix of individuals with relevant attributes skills, knowledge and experience and who jointly have the overall collective competence to deal with current and emerging issues and effectively guide management in

ensuring the highest performance for the Group. The Non-Executive Directors are expected to have a clear understanding of the strategy of the Company as well as knowledge of the industry and markets in which the Group operates.

The aggregate mix of skills and experience of the Directors seeks to challenge management, ensure robust and constructive debate and augments and challenge the strategic thinking of the executives thereby adding value to the Group.

The Board regularly reviews the skills, knowledge and experience represented on the Board against the skills and experience needed to deliver the strategy. From the review in 2018, the Board considered the diversity issues and has determined that effort needed to be placed on diversifying the skill set and gender. The HR & Nominations Committee has been tasked to take this into consideration in its nominations.

The current skills and industry experience represented on the Board can be found below.

DIRECTOR	INDUSTRY EXPERIENCE
Andrew Kairu	Business Management, Corporate Governance
Henry Rotich (Represented by Julius Mutua)	Financial services, Public sector
Ngeny Biwott	Strategy, Risk and crisis management
Adil Khawaja	Legal and Commercial services and Advisory
Tom Ipomai	Information Technology, Audit and Accounting
Georgina Malombe	Audit, Quality Assurance, Accounting and Financial advisory
John Nyerere	Strategy and Economics
Lawrence Njiru	Audit, Quality Assurance, Accounting and Financial advisory
Joshua Oigara	Business management, Financial accounting and Financial Services
Lawrence Kimathi	Financial advisory, Financial accounting, Business management

Board Appointments

Where a vacancy occurs in the Board for any reason, the Articles of Association of the Company provide that the Board of Directors may appoint a new Director to fill in the casual vacancy.

The appointment of new directors to the Board follows a formal, rigorous and transparent procedure. Appointments to the Board are done by the whole Board of Directors only after receiving recommendations from the Nominations Committee.

Board Tenure, Election and Re-election

The Board Charter provides that Non-Executive Directors are normally expected to serve a term not exceeding a total of eight years, subject to re-election by shareholders as required under the Company's Articles of Association, the Board Charter and applicable law. The Group Chairman would normally be expected to serve a maximum term of five years in that capacity.

As provided for in the Articles of Association, at every Annual General Meeting ("AGM"), and as may be applicable, at least one-third of the non-executive Directors retire from the Board. Directors appointed to fill casual vacancies are also expected to stand down for election by shareholders at the first AGM following their appointment.

Independence Of Directors And Conflict Of Interest

The Board recognizes the importance of independent

judgement and constructive debate on all issues under consideration. Directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any business relationship or circumstances that would materially interfere with the exercise of objective judgement, having regard to the best interest of the organization and its stakeholders as a whole.

The Board Charter, prepared in line with the Prudential Guidelines issued by the Central Bank of Kenya, provides that a majority of its directors should be independent.

In accordance with the Board Charter, the Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the directors capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company or the shareholders generally.

All Directors of the Company must avoid any situation

which might give rise to a conflict between their personal interest and that of the Group. The Directors are each responsible to notify the Group Chairman and the Group Company Secretary of any actual or potential conflict of interest situations as soon as they arise. The Articles of Association permit the Board to authorise the conflict, subject to conditions and limitations as the

Board may determine.

Any Director who considers that they may have a conflict of interest or a material personal interest in any matter concerning the Company is immediately required to declare the potential conflict of interest for the Board to review. Any Director with a material personal interest in any matter being considered during any Board of Committee meeting will not vote on the matter or be present when the matter is being discussed and considered.

During the year 2018, with the exception of the directorship held by the Cabinet Secretary, Treasury, all other directors of the company were considered independent. No incidences of material conflict of interest were identified for any of the non-executive Directors. During the Board meeting held in quarter one of 2018, in the discussion of one board paper where a director had a personal interest in the matter, his interest was declared, noted and the Director abstained from discussing and voting on the paper.

Access to Information and Independent Advice

The Board is entitled to seek any information it requires from any Group employee or from any other source. Procedures are in place, through the Group Board Chairman and the Group Company Secretary, enabling the Directors to have access, at reasonable times, to all relevant company information and to senior management, to assist them in the discharge of their duties and responsibilities and to enable them to take informed decisions. The Directors are also



Corporate Governance Statement

entitled to obtain independent legal, accounting or other professional advice at the Company's expense.

With the implementation of IFRS 9 coming into force fully with effect from 1 January, 2018, the Directors sought for and obtained independent professional advice on the level of compliance of the Bank with the compliance requirements of the reporting standard. Directors are expected to strictly observe the provisions of the statutes applicable to the use and confidentiality of information.

Director Induction and Professional Development

Each new Director is provided with a letter of appointment and participates in a comprehensive and tailored induction program. Typical induction programmes consist of a series of meetings with other Directors and senior executives to enable new Directors familiarise themselves with the business. Directors also receive comprehensive guidance from the Group Company Secretary on Directors' duties and liabilities.

Two new directors, Andrew Kairu and Lawrence Njiru joined the Board in 2018 and met with the Group Company Secretary to review an induction pack which provided relevant information to enable the directors understand their role and responsibilities as well as the governance structure of the Group. Andrew and Lawrence, as part of their induction, held meetings with the Company's executives to gain a better understanding of the business.

All Directors are expected to maintain the skills required to carry out their obligations. The Chairman regularly reviews the professional development needs of each Director. The program of continuing education ensures that the Board is kept up to date with developments in the industry both locally and globally. It includes sessions with local and overseas experts in the areas of general corporate governance and also in the particular fields relevant to the Group's operations.

As part of the requirement to continuously develop knowledge and skills, amongst other individual professional development courses, the Board of Directors underwent training sessions in 2018 on corporate governance, emerging areas in audit, block chain and information technology as well as a session on risk management.

Engagement with Shareholders

KCB Group is committed to giving its shareholders appropriate information and facilities to enable them exercise their rights effectively. As a result, the Group seeks to provide shareholders with information that is timely, of high quality and relevant to their investment, and to listen and respond to shareholder feedback. The Board recognizes the importance of maintaining transparency and accountability to its shareholders and works to ensure that all shareholders are treated equitably and their rights are protected.

Communication and Periodic Continuous Disclosure

Key shareholder communication include the Group's Annual Integrated Report, the Group Sustainability Report and full year and half-yearly and quarterly financial results. The Group additionally posts all

material information on its website

www.kcbgroup.com. Shareholders are encouraged to visit the website for general information about the Group and to be able to view annual reports and results briefing presentations.

The Group additionally releases material information to the Capital Markets Authority and the Nairobi Securities Exchange as well as the Central Bank of Kenya in line with all disclosure requirements in the Capital Markets Act, the Banking Act, the Prudential Guidelines as well as all other relevant regulation. Being cross listed in the region, material information is also released to the securities exchanges in Tanzania, Uganda and Rwanda.

Annual General Meetings

The Group recognizes the importance of shareholder participation in meetings. Shareholders are strongly encouraged to attend and participate in the annual general meetings. The AGM provides an opportunity for shareholders to engage with us in person. The Group encourages shareholders to attend and participate in its annual general meeting. As well as attending in person or voting by proxy, shareholders can use direct voting.

The Group makes use of the Annual General Meeting (AGM) as well as the published annual report as an opportunity to communicate with its shareholders. At the meeting, a reasonable opportunity is allowed for shareholders as a whole to ask questions about or make comments on the management of the Group.

Investment Community

Our investor relations program facilitates two-way communication between the organization and its shareholders and fosters participation at shareholder meetings. The program incorporates a number of ways in which the shareholders can access information and provide feedback.

The investor relations team has the primary responsibility for managing and developing the Group's external relationships with existing and potential institutional equity investors. Supported by the Group Chief Executive Officer and the Group Chief Finance Officer, they achieve this through a combination of briefings to analysts and institutional investors (both at results briefings and throughout the year).

Their responsibilities include drafting certain market announcements, providing feedback to management and the Board on market views and perceptions about the Group, liaising with rating agencies, providing assistance to investors, brokers and analysts and coordinating roadshows, including for the half-year and full-year results announcements.

All shareholder queries, application for registration of transfer of shares of the company, immobilization of shares and dividend queries as well as the collection of share certificates and dividend cheques are handled by the company's appointed shares registrar – **Image Registrars Limited**. The registrar can be reached at their offices **5th Floor, Barclays Plaza, Loita Street, P. O. Box 9287-00100, Nairobi** or through their e-mail address kcbshares@image.co.ke and also through their telephone numbers **0709 170 000, 0724 699 667, 0735 565 666**.

Policies and Codes of Conduct

KCB Group maintains and has in place policies and codes of conduct that captures not only our legal obligations, but also the reasonable expectations of our stake holders, including our customers. These policies apply to all employees and Directors of the KCB Group, and to anyone working on the Group's behalf, including contractors and consultants. The Group adopts zero tolerance to all forms of corruption, bribery and unethical business practices.

Ethical Conduct

Our Code of Ethical Conduct covers a range of areas including personal conduct, integrity, honesty, transparency, accountability, fairness and prevention of corruption. It emphasizes the importance of making the right decisions and behaving in a manner that builds respect and trust in the organization. The Code sets out clear behavioural requirements and where these are not met, there are consequences.

The Group has in place a suite of policies and practices in place to promote a culture of compliance, honesty and ethical behaviour including in relation to anti-money laundering and counter-terrorism financing, whistle blower protection and conflicts of interest.

Whistle Blowing

KCB Group does not tolerate fraud, corrupt conduct, bribery, unethical behaviour, legal or regulatory non-compliance or questionable accounting or auditing by employees, Directors, customers and contractors. KCB Group is committed to a culture that encourages all people to speak up about issues or conduct that concerns them.

The KCB Group whistle-blower program encourages the reporting of any wrong doing in a way that protects and supports whistle-blowers. The program provides confidential and anonymous communication channels to raise concerns. The confidential and anonymous communications channels are supported and monitored independently by Deloitte details of which are provided below:

Telephone Communication:

Toll free number: 0800 720 990 (Kenya)

Toll free number: 0800 110 025 (Tanzania)

International calls: +27 315 715 795 (Uganda, South Sudan, Rwanda and Burundi)

E-mail Communication: kcb@tip-offs.com

All people are encouraged to raise any issues involving illegal, unacceptable or inappropriate behaviour or any issue that would have a material impact on the organisations customers, reputation, profitability, governance or regulatory compliance.

There is zero tolerance for any actual or threatened act of reprisal against any whistle-blower and the Group takes reasonable steps to protect a person who makes disclosure of any inappropriate behaviour including taking disciplinary action potentially resulting in dismissal for any person taking reprisal against a whistle-blower.

Restrictions on Insider Trading

In line with the approved KCB Group Insider Dealing Policy, directors, employees and contractors (and their associates) are prohibited from dealing with any securities and other financial products if they

possess inside information. They are also prohibited from passing on inside information to others who may use the inside information to trade in the company's securities.

KCB Group has closed periods each quarter prior to the release of the Group's financials during which all related persons directors, employees and contractors (and their associates) must not trade in KCB Group securities.

Assurance and Control

The Group develops and maintains a risk management culture that aids in the creation of risk awareness and promotes appropriate behaviour and judgement in connection with risk taking. In the context of corporate governance, the Board supports in ensuring effective risk management, promoting appropriate risk taking and ensures that emerging risks and risk taking activities are identified, assessed, escalated and addressed in a timely manner.

The risk management culture instilled at the Group emphasizes the importance of:

- Risk reward to ensure compensating returns to the organisation for any risk taken;
- Effective system controls;
- Monitoring violation of risk appetite limits; and
- Cultivating integrity.

Financial Reporting

The integrity of financial reporting to Shareholders is protected through the following elements:

- Board oversight and responsibility
- Oversight from the Audit Committee
- External Auditor

Board

The Directors are responsible for assessing whether the financial statements and notes are in accordance with the Companies Act, 2015, comply with accounting standards and give a true and fair view of the financial position and performance of the Group. A Directors' declaration to this effect is included in the annual financial report

Audit Committee

The Audit Committee assists the Board by providing oversight of the Group's financial reporting responsibilities including external audit independence and performance.

The Audit Committee responsibilities include the following:

- Reviewing the half-year and full-year statutory financial reports for recommendation to the Board.
- Reviewing significant accounting estimates and judgments used for the preparation of the financial reports.
- Reviewing and approving any new or proposed changes in Group accounting policies
- Monitoring developments in statutory reporting and accounting and disclosure requirements

External Auditor

The audit or review by the external auditor provides a further level of protection of the integrity of the financial statements. The Audit Committee oversees the external audit function. This includes reviewing and approving the external audit plan and engagement, and assessing the performance of the external auditor.

Whereas the directors are responsible for preparing the accounts and for presenting a balanced and fair view of the financial position of the Company, the external auditor examines and gives their opinion on the reasonableness of the financial statements. Independence of the external auditor is important to the integrity of the audit function. The external auditor is invited to meetings with the Audit Committee from time to time without management or others being present. The external auditor report independently and directly to the Board at the end year Board meetings.

Risk Management and Assurance

The Group is exposed to both financial and non-financial risks and is committed to having risk management policies, processes and practices that support a high standard of governance. This enables management to undertake prudent risk-taking activities. The Group's risk management is based on the 'three line of defence' model. These act as the foundation for effective risk management across the Group.

Risk Management Framework

The Group's risk management function has designed and oversees a Risk Management Framework to allow the Group identify, measure and manage risks within a Board-approved risk appetite.

The Risk Management Framework covers all systems, structures, policies, processes and people that identify, measure, evaluate, monitor, report and control or mitigate both internal and external sources of material risk. The Risk Management Framework is regularly reviewed in light of emerging risks arising from the changing business environment, better practice approaches and regulatory expectations. The Risk Management Framework is overseen by the Board with the assistance of the Risk Management Committee. The Risk Management Committee monitors the Group's risk profile and risk appetite. More on this can be found on page 24-29.

Directors Remuneration

The Human Resources & Nominations Committee of the Board is responsible for setting and administering the Non-executive Directors remuneration policy.

The aggregate amount of emoluments paid to Directors for services rendered during the Year 2018 is disclosed in Note A to the Financial Statements on page 83.

Neither at the end of the financial year, nor at any time during the year, did there exist any arrangement to which the Company is a party, under which Directors acquired benefits by means of acquisition of the Company's shares.

Additional details are provided in the Directors' Remuneration Report at page 83 of the Integrated Report

Financial Crime Compliance

The Group is committed to strictly uphold and comply with all rules and standard as well as any other provisions which by law applies to the operations of the organization with regard to bank-customer relationship, anti-money laundering and terrorism financing.

The Group continues to make significant investment on AML/CFT compliance, including upgrading and enhancing our AML/CFT technology, updating our process documentation, investing in further resourcing and strengthening training of our staff.

The Group continues to work towards strengthening financial crime capabilities and is heavily investing in this recognizing the crucial role that it plays including through increased coverage across all aspects of financial crime (including AML/CFT sanctions, anti-bribery and corruption) and across all business units. The increasing focus on financial crime has seen a lot of work done towards uplifting processes for monitoring, managing, reporting and controlling financial crime across all its operations to ensure increased confidence in the managing of this area of risk. Adherence and compliance to the Group KYC/AML policies is the responsibility of all employees. Within this framework, the Group requires employees to adhere to high standards and to ensure stringent compliance with regulatory requirements. It is the policy of the Group to take appropriate steps to prevent persons engaged in money laundering, terrorism financing, fraud or other financial crimes from exploiting the Group's network, products or services.

Every year, the Board of the Bank in Kenya undertakes a Money Laundering & Terrorism Financing (ML/TF) risk assessment to review the adequacy of the controls in place relative to internal and external factors affecting the Bank. During the year 2018, the Bank's inherent risk profile was found to be high while the internal controls were considered to be 'efficient' or 'adequate'. The internal environment is moderated by external factors that were together combined to re-adjust the residual overall ML/TF risk profiles assessed as 'Medium'. The risk assessment was presented to the Central Bank of Kenya in November 2018.

CBK Target Inspection

During the year 2018, the Central Bank of Kenya (CBK) undertook a targeted inspection to assess compliance by KCB Bank of the requirements of Kenya's Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) laws and regulations.

KCB Bank fully cooperated with the CBK as the regulator during the target inspection period and submitted to the regulator a detailed response to the issues raised in the target inspection report within the 14 days as required. The regulator proceeded to impose a penalty of KShs.149.5 million on the Bank.

We wish to reiterate that as a regulated entity, KCB Bank fully adheres to the relevant Kenyan laws and applicable guidelines issued by the Financial Reporting Centre and Central Bank of Kenya to prevent money laundering.

KCB Bank has in place a robust AML/KYC framework, well-documented and established policy documents and accompanying manuals to ensure that compliance is always at the forefront of the business done by the Bank.

BOARD COMMITTEES

Audit

Chairman: Lawrence Njiru

Profile:

In accordance with regulatory requirements, the Committee comprises of only non-executive members of the Board who are independent of the day-to-day management of the Company's operations. It takes a largely backward-looking view, focused on financial reporting and control issues, including overseeing any control issue remediation plans.

2018 Activities:

In line with its mandate, the Committee reviewed the unaudited and audited financial statements for the full year 2018 and ensure that the same was ultimately approved by the Board. The Committee further reviewed the internal audit reports presented by the Internal Auditor for audits undertaken during the year in line with the approved audit plan.

Members:

Georgina Malombe
John Nyerere

Risk Management

Chairman: Tom Ipomai

Profile:

The Committee oversees the enterprise-wide view of risks and controls and brings together the overall risk appetite and risk profile of the business. It meets quarterly to advise the business on all matters pertaining to credit, market, operations, legal, environmental, compliance and other risks. Business continuity issues are also discussed by this Committee.

2018 Activities:

During the year 2018, the Risk Management Committee reviewed the emerging AML/CFT risk across the Group and ensured all subsidiaries undertook AML/CFT assessment. The Committee further reviewed the model risks policy that provides overriding guidance and linkages for all risk model implemented by the Group. The Committee further reviewed ICAAP for the entire Group ensuring all business risk were identified and the Group had sufficient capital to cover the identified risks.

Members:

Julius Mutua
Ngeny Biwott
Lawrence Kimathi

Finance & Strategy

Chairman: John Nyerere

Profile:

The Committee reviews and recommends to the Board for approval matters pertaining to: business strategic plans including its implementation and monitoring process; new markets expansion; significant investment and divestment decisions; annual business and financial plans and budgets and sustainability.

2018 Activities:

The Committee reviewed the performance of the Group against the set strategy. The Committee further reviewed the proposed 2019 strategic initiatives, financial plans and budgets proposed by management.

Members:

Julius Mutua
Adil Khawaja
Joshua Oigara

Group Board
Chairman: Andrew Wambari Kairu

The Board achieves such success by setting appropriate business strategy and overseeing delivery against the set strategy. It ensures that the Group manages risks effectively and monitors financial performance and reporting. To assist it in discharging these responsibilities, the Board has established Board Committees to give detailed consideration to key issues.

HR & Nomination Committee

Chairman: Adil Khawaja

Profile:

This Committee reviews human resource policies and makes suitable recommendations to the Board on senior management appointments. This Committee also oversees the nomination functions and senior management performance reviews. The Committee keeps under review the structure, size and composition of the Board as well as succession planning for Directors. It leads the process for identifying, nominating for approval by the Board, candidates to fill Board vacancies.

2018 Activities:

During the year, the Committee made recommendations to the Board for the appointment of both non-executive directors as well as senior management. New non-executive directors were appointed to the board and the Group Regional Business Director (a senior management role) was filled.

In line with its mandate, the Committee reviewed the senior management performance for the year. The Committee further undertook an evaluation of jobs for senior management and reviewed the Board succession plans.

Members:

Tom Ipomai
Lawrence Njiru
Joshua Oigara

IT & Innovation

Chairman: Julius Mutua

Profile:

The Committee reviews the scope and the effectiveness of IT operations and provide direction on enhancing the utility of IT resources through clearly laid down processes, procedures and time frames.

2018 Activities:

The Committee reviewed the IT operations over the year and provided guidance on proposed It related projects.

The Committee received a report on an audit undertaken in respect of the IT systems and operations to ensure overall compliance with set policies and procedures.

Members:

Georgina Malombe
Ngeny Biwott
Lawrence Kimathi

BOARD OF DIRECTORS' PROFILES

Board Member	Profile/ Experience	Board Member	Profile/ Experience
<p>NAME: ANDREW WAMBARI KAIRU (61 years) DESIGNATION: GROUP CHAIRMAN DATE OF APPOINTMENT TO DESIGNATION: Appointed Group Chairman in October 2018 DATE OF APPOINTMENT TO BOARD: June 2018</p>	<p>EDUCATION AND PROFESSIONAL BACKGROUND: Andrew holds a Bachelor of Commerce degree from University of Nairobi. He has also attended executive programs in Executive Development at the Wharton School, University of Pennsylvania and in Corporate Governance at Harvard Business School, Harvard University. His banking career spans over 30 years and includes stints at Commercial Bank of Africa, Standard Chartered Bank and Citibank N.A culminating in his posting to London to head Citibank's Emerging Markets Financial institution Business. In 2004, he joined Ghana International Bank PLC London as the Chief Operating Officer and Executive Director, a position he held for over 10 years. Prior to his appointment as Group Chairman, he served as a Non-Executive Director of KCB Bank Kenya from November 2016 and was Chair of the Risk Management and Audit Committees and a member of the HR Committee. OTHER DIRECTORSHIPS: Andrew is a non-executive director of Dalberg Research Limited, a member of the audit committee of the Commonwealth Secretariat, London and is also a Trustee of the Citizens Advice Bureau of Caterham and Warlingham, United Kingdom.</p>	<p>NAME: : GEORGINA MALOMBE (44 years) DESIGNATION: DIRECTOR DATE OF APPOINTMENT TO BOARD: June 2014</p>	<p>EDUCATION AND PROFESSIONAL BACKGROUND: Georgina Malombe is an audit professional. She holds a Bachelors degree in Agribusiness Management from Egerton University and a Master of Business Administration, Finance Option from the University of Nairobi. She is a Certified Public Accountant (CPA (K)) and professional trainer. She also holds a Certificate in Arbitration. Her key technical competencies include Audit Quality Assurance, Auditing, Accounting, Finance and Financial Reporting. Previously, she worked for The Registration of Accountants Board as the Executive Officer, The Institute of Certified Public Accountants of Kenya (ICPAK) as Manager, Public Policy and Governance as well as the Head of Compliance and Regulatory Affairs. Malombe is currently the Managing Partner of audit firm, Gemal and Company. OTHER DIRECTORSHIPS: Georgina currently serves in the Board of the Association of Women Accountants of Kenya (AWAK) as the Vice Chairperson. She is also a member of Professional Trainers Association of Kenya (PTAK). She is also a member of Professional Trainers Association of Kenya (PTAK).</p>
<p>NAME: HENRY ROTICH (50 years) DESIGNATION: DIRECTOR DATE OF APPOINTMENT TO BOARD: The office of the Cabinet Secretary of the National Treasury is an institutional director of KCB Group Plc.</p>	<p>EDUCATION AND PROFESSIONAL BACKGROUND: Henry Rotich is Kenya's Cabinet Secretary for the National Treasury. He holds a Master's Degree in Public Administration (MPA) from the Harvard Kennedy School, Harvard University. In addition, he holds a Master's degree in Economics and a Bachelor's degree in Economics (First Class Honours), both from the University of Nairobi. ALTERNATE APPOINTED: Julius Mutua (48 years) serves as alternate on the Board (Appointed September 2014). He is the Chairman of KCB Bank Burundi Limited and also a member of the Boards of KCB Bank Kenya Limited and KCB Capital Limited and is a trustee of KCB Foundation.</p>	<p>NAME: JOHN NYERERE (57 years) DESIGNATION: DIRECTOR DATE OF APPOINTMENT TO BOARD: June 2014</p>	<p>EDUCATION AND PROFESSIONAL BACKGROUND: John Nyerere is a HHH (Fulbright) fellow and holds an MBA, Bachelor of Arts (Hons.) Economics, MBA General Management and Bachelor of Arts Economics and Sociology. He lectures on business management at the United States International University. He has experience in corporate planning, operations management and transformation leadership and his key technical competencies include strategy development and economics. He also serves as a member of KCB Bank Tanzania Limited and KCB Foundation Boards and is the Chairman of KCB Capital Limited.</p>
<p>NAME: NGENY BIWOTT (67 years) DESIGNATION: DIRECTOR DATE OF APPOINTMENT TO BOARD: June 2011</p>	<p>EDUCATION AND PROFESSIONAL BACKGROUND: Ngeny Biwott has over 39 years' experience in the aviation industry and holds an MSc Degree in Civil Emergency, Risk and Crisis Management from University of Hertfordshire. In addition, he obtained specialised certification in risk and strategy from Cranfield University, the University of Southern California, and the Langley NASA Research Centre College. OTHER DIRECTORSHIPS: Ngeny is a member of the board of the Unclaimed Financial Assets Authority.</p>	<p>NAME: LAWRENCE NJIRU (47 years) DESIGNATION: DIRECTOR DATE OF APPOINTMENT TO BOARD: August 2018</p>	<p>EDUCATION AND PROFESSIONAL BACKGROUND: Lawrence holds a Bachelor of Commerce (Accounting) degree from Kenyatta University and is a member of the Institute of Certified Public Accountants of Kenya (CPA-K). He has over 20 year's senior management experience in business strategy, finance, commercial, audit and accounting. He worked at Standard Media Group Kenya Limited as Assistant Group Commercial Director and also served as Group Financial Controller in the same Group. Prior to this, he worked as a senior auditor at KPMG East Africa. OTHER DIRECTORSHIPS: Lawrence is a non-executive director of Kenya Seed Company Limited where he chairs the Audit committee. He also serves as the Chairman of Simlaw Seeds Company Limited.</p>
<p>NAME: ADIL KHAWAJA (48 years) DESIGNATION: DIRECTOR DATE OF APPOINTMENT TO BOARD: June 2012</p>	<p>EDUCATION AND PROFESSIONAL BACKGROUND: Adil Khawaja holds an LLB (Hons.) degree from the University of Sheffield England, a diploma in Law from the Kenya School of Law and is a Certified Public Secretary of Kenya (CPSK). He is a member of the London Court of International Arbitration (LCIA) and is currently the Managing Partner of law firm, Hamilton Harrison and Mathews, Advocates. SOCIETY/MEMBERSHIP: Adil serves as trustee of Kenya Wildlife Services (KWS). He also serves as Chairman of the KCB Bank Kenya Limited Board and is also the Chairman of KCB Insurance Agency Limited.</p>	<p>NAME: JOSHUA OIGARA (44 years) DESIGNATION: CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR DATE OF APPOINTMENT TO BOARD: January 2013</p>	<p>EDUCATION AND PROFESSIONAL BACKGROUND: Joshua Oigara holds a Masters degree in Business Administration with a distinction in International Business Management from Edith Cowan University, Australia, a Bachelor of Commerce Degree, Accounting Option, from the University of Nairobi and is an Advanced Management Program Graduate from INSEAD, Fontainebleau, France. He is a graduate of the Program for Management Development (JuMP), Fuqua School of Business, Duke University, North Carolina, USA as well as a Certified Public Accountant of Kenya, CPA (K), having studied at the School of Accountancy, Strathmore University, Kenya. OTHER BOARD/SOCIETY/MEMBERSHIP: Joshua serves in the board of KCB Bank Kenya Limited and is a trustee of the KCB Foundation and also as the Chairman of the Energy Regulatory Commission as well as the Chairman of the Kenya Bankers Association Governing Council. He is a member of the Vision 2030 Board and also serves as a board member of YALI (Young Africa Leaders Initiative).</p>
<p>NAME: TOM IPOMAI (46 years) DESIGNATION: DIRECTOR DATE OF APPOINTMENT TO BOARD: July 2013</p>	<p>EDUCATION AND PROFESSIONAL BACKGROUND: Tom Ipomai is a corporate finance specialist. He holds a degree in Computer Science from the University of Nairobi (1st Class Honours) and a Master of Philosophy (MPhil) in Management Studies from the University of Cambridge (Jesus College). He is a Certified Chartered Accountant (ACCA). Previously, Tom worked for the Central Bank of Kenya, Barclays Bank in the UK, Kenya and Zambia and with Deloitte in its Corporate Finance Advisory division. Tom runs a boutique consulting firm. He also serves as a member of the KCB Bank Kenya Limited Board and is Chairman of KCB Bank Rwanda Board.</p>	<p>NAME: LAWRENCE KIMATHI (49 years) DESIGNATION: GROUP CHIEF FINANCE OFFICER DATE OF APPOINTMENT TO BOARD: May 2015</p>	<p>EDUCATION AND PROFESSIONAL BACKGROUND: Lawrence joined KCB Group in May 2015 as the Chief Finance Officer. He has over 20 years senior leadership experience having worked in a number of multinational organization which include BAT, ALG and East Africa Breweries both in Kenya and UK. Lawrence holds a Bachelor of Science degree from the United States International University - Africa (USIU) majoring in accounting. He is a qualified Certified Public Accountant of Kenya (CPAK), a member of Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Directors. Lawrence is currently writing his MBA thesis at Warwick Business School (UK). Lawrence also serves as a trustee of the KCB Staff Pension Fund (Defined Benefit Scheme). He is a member of the KCB Bank South Sudan Limited Board and also serves as a trustee of the KCB Staff Pension Fund (Defined Benefit Scheme). OTHER DIRECTORSHIPS: Lawrence is a non-executive director in Pozin Investments Limited and Westacres Limited</p>
		<p>NAME: JOSEPH KANIA (53 years) DESIGNATION: GROUP COMPANY SECRETARY DATE OF APPOINTMENT: June 2013</p>	<p>EDUCATION AND PROFESSIONAL BACKGROUND: Joseph has over 25 years' experience as an Advocate of the High Court and 10 years' experience as a Company Secretary. He holds an LLB degree from the University of Nairobi and is an Advocate of the High Court of Kenya. He is a Notary Public, Commissioner of Oaths as well as a Certified Public Secretary of Kenya. He previously served as Company Secretary at Housing Finance Limited. Other roles held include Senior Legal Officer at the Industrial and Commercial Development Corporation and the Legal Officer at Senator Cards/Southern Credit Corporation.</p>

SHAREHOLDING

The Company files monthly investor returns to meet the continuing obligations as prescribed by the Capital Markets Authority and the Nairobi Securities Exchange.

DIRECTORS' INTERESTS AS AT 31ST DECEMBER, 2018

Name of Director	Number of Shares	% Shareholding
Permanent Secretary to the Treasury of Kenya	537,378,947	17.53
Mr. Adil A. Khawaja	38,500	-
Mr. Joshua Nyamweya Oigara	35,157	-
Mr. J.O.A. Nyerere	10,455	-
Mr. Ngeny Biwott	1,537	-
Mr. Andrew Wambari Kairu	0	-
Mr. Tom Ipomai	0	-
Ms. Georgina M. Malombe	0	-
Mr. Lawrence Mark Njiru	0	-
Mr. Lawrence Kimathi Kiambi	0	-
Mr. Joseph Kania	0	-

Shareholders' Profile as at 31st December, 2018	Number of Shareholders	Number of Shares Held	% Shareholding
Kenyan Individual Investors	147,554	842,712,245	27.49
Kenyan Institutional Investors	5,237	1,409,511,673	45.97
East African Individual Investors	224	4,561,509	0.15
East African Institutional Investors	64	113,371,894	3.70
Foreign Individual Investors	530	42,742,507	1.39
Foreign Institutional Investors	131	653,163,659	21.30
	153,740	3,066,063,487	100.00

Summary of Totals

Shares Range	Shareholders	Number of Shares	% Shareholding
1 to 5,000	125,072	200,153,731	6.53
5,001 to 50,000	26,666	280,001,951	9.13
50,001 to 100,000	779	53,485,447	1.74
100,001 to 1,000,000	923	274,721,730	8.96
1,000,001 to 10,000,000	265	778,935,933	25.41
10,000,001 & above	35	1,478,764,695	48.23
	153,740	3,066,063,487	100.00

Major Shareholders

Major Shareholders	Number of Shares Held	% Shareholding
Permanent Secretary to the Treasury of Kenya	537,378,947	17.53
National Social Security Fund	187,634,448	6.12
Stanbic Nominees Ltd NR3530153-1	85,000,000	2.77
Standard Chartered Nominees Non Resd. A/C 9069	56,920,595	1.86
Standard Chartered Nominees Non Resd. A/C 9867	48,276,780	1.57
Standard Chartered Kenya Nominee A/C 9688	45,778,323	1.49
Standard Chartered Kenya Nominees Ltd a/c KE002382	33,067,087	1.08
Standard Chartered Nominees Ltd a/c 9687	31,680,986	1.03
Standard Chartered Nominees a/c KE17682	30,290,760	0.99
Sandip Kana Sinh Babla & Alka Sandip Babla	28,728,500	0.94
	1,144,120,355	35.38