



SIB Standard Investment Bank

Regulated by the Capital Markets Authority

Standard Investment Bank Limited
Annual Report and Financial Statements
for the year ended December 31, 2025

Standard Investment Bank Limited

Annual Report And Financial Statements for the year ended December 31, 2025

General Information

| | | |
|--|---|---|
| Country of incorporation and domicile | Kenya | |
| Directors | Samuel Mbugua Njuguna James Wangunyu Job K. Kihumba George Brian Okello Pauline Mwai Donald Wangunyu Nahashon Mungai Nicholas Wangunyu George Kihara | Non - Executive Chairman Managing Director Executive Director - Corporate Finance Director Executive Director, Finance Executive Director Executive Director, Global Markets Executive Director, Operations & Business Development Director |
| Registered office | L.R. No. 209/8287 16th Floor JKUAT Towers Kenyatta Avenue P.O Box 13714-00800 Nairobi, Kenya | |
| Principal bankers | I&M Bank Limited Head Office P.O. Box 30238-00100 Nairobi Family Bank Limited Kenyatta Avenue Branch Pan Africa House P.O. Box 74145-00200 Nairobi Co-op Bank of Kenya Limited Moi Avenue Branch P.O. Box 46541-00100 Nairobi Equity Bank Limited Harambee Avenue Branch Bima House P.O. Box 10786-00100 Nairobi | |
| Independent auditor | Atlas Associates LLP Certified Public Accountants (Kenya) 9th Floor, Westpark Towers Mpesi lane off Muthithi road P.O Box 28720- 00100 Westlands | |
| Company secretary | Zacharia Kamau Ngugi Kenyatta National Hospital P.O Box 512- 00200 Nairobi | |
| Company registration number | C.63229 | |
| Tax reference number | P051112319F | |

Standard Investment Bank Limited

Annual Report And Financial Statements for the year ended December 31, 2025

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Standard Investment Bank Limited

Annual Report And Financial Statements for the year ended December 31, 2025

Directors' Report

The directors submit their report together with the audited annual report and financial statements for the year ended December 31, 2025.

1. Incorporation

Standard Investment Bank (SIB) was founded in 1995 and incorporated in Kenya under the Kenyan Companies Act as a private company limited by shares, and is domiciled in Kenya. SIB is one of Kenya's foremost financial services firms offering the market a single point-of-entry for Investment Banking, securities trading, and investment management. The address of the registered office is set out on page 1.

2. Principal activities

SIB's principal activity is the provision of licensed investment banking, fund management, securities trading, and online foreign exchange money management services in Kenya. The Company is licensed by the Capital Markets Authority as an Investment Bank, is a member of the Nairobi Securities Exchange (NSE), and is authorized by the Central Depository & Settlement Corporation (CDSC). It is also a member of the Kenya Association of Stockbrokers and Investment Banks (KASIB) and is registered under the Investment and Financial Analysts Act, 2015.

In 2018, the Company was granted Kenya's first online forex Money Manager License under the Capital Markets Act and the Capital Markets (Online Foreign Exchange Trading) Regulations, 2017. Pursuant to this license, SIB established the MansaX Kes Fund and MansaX USD Fund, which provide investors with access to global financial markets including debt securities, commodities, precious metals, global equities, and stock indices.

In 2023, the Company expanded its product portfolio by launching Shariah-compliant funds under the MansaX Shariah umbrella, branded as SIB Najah. Subsequently, the Ziidi Fund was funded in December 2024 and officially launched in January 2025 as a money market fund, further broadening the Company's unit trust offerings and enhancing access to diversified investment solutions for both retail and institutional investors.

There have been no material changes to the nature of the company's business from the prior year.

3. Business review of financial results and activities

The annual report and financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Kenya. The accounting policies have been applied consistently compared to the prior year.

The company recorded a net profit after tax for the year ended December 31, 2025 of K Sh 1,039,558,817. This represented a increase of 966.26% from the net profit after tax of the prior year of K Sh 97,495,378.

Company revenue increased by 221.60% from K Sh 680,226,971 in the prior year to K Sh 2,187,614,759 for the year ended December 31, 2025

Company cash flows from operating activities Increased by 1,088.43% from K Sh 110,011,779 in the prior year to K Sh 1,307,415,141 for the year ended December 31, 2025.

This was largely due to the exponential growth of the MansaX funds by 100% of the Assets Under Management. We expect this trend to continue into next year.

Standard Investment Bank Limited

Annual Report And Financial Statements for the year ended December 31, 2025

Directors' Report

3. Business review of financial results and activities (continued)

Future outlook

The future of SIB is very bright:

Building on a strong foundation of investment banking, fund management, and online money management services, the Company is expanding its product suite to serve a diverse investor base. The Shariah-compliant funds under MansaX Shariah (SIB Najah) strengthen SIB's leadership in ethical and faith-based investment products. In addition, SIB, in partnership with Safaricom, launched the Ziidi Fund, which continues to enhance financial inclusion by providing accessible, technology-driven money market solutions to retail clients.

Following the Licence from the Retirement Benefits Authority to manage pension funds we initiated continuing implementation of our pension funds products but also partnered with the Taifa Pension Fund as their fund manager through CPF. We expect this product line to be up and running before the end of this year generating incomes of not less than K sh 50M p.a

Looking ahead, the construction of the **SIB International Centre** in Nairobi will serve as a landmark headquarters, providing world-class operational capacity, advanced trading infrastructure, and a platform to drive innovation, client engagement, and regional growth. With a solid capital base, a growing regional presence, and a commitment to prudent risk management and regulatory compliance, SIB is strategically positioned for sustainable growth, long-term profitability, and continued contribution to Kenya's financial sector.

4. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

5. Dividends

The Board of Directors did not recommend the declaration of a general dividend for the year ended December 31, 2025. (2024: Nil).

6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

7. Statement of disclosure to the company's auditor

With respect to each person who is a director on the day that this report is approved:

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

8. Terms of appointment of the auditor

Atlas Associates LLP are willing to continue in office in accordance with the company's Articles of Association and Section 717 of the Companies Act of Kenya. The directors monitor the effectiveness, objectivity and independence of the auditors. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

Standard Investment Bank Limited

Annual Report And Financial Statements for the year ended December 31, 2025

Directors' Report

9. Approval of annual report and financial statements

The annual report and financial statements set out on pages 10 to 36, which have been prepared on the going concern basis, were approved by the board of directors on March 6, 2026, and were signed on its behalf by:

By order of the board

CS. ZACHARIA KAMAU NGUGI, CPS (K)
CERTIFIED SECRETARY
P.O. Box 512, P.O. 00102, NAIROBI
CPS NO. 2000


Zacharia Kamau Ngugi
Company Secretary

Standard Investment Bank Limited

Annual Report And Financial Statements for the year ended December 31, 2025

Statement of Directors' Responsibilities

The Companies Act of Kenya requires the directors to prepare annual report and financial statements for each financial year that give a true and fair view of the financial position of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

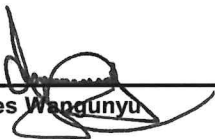
The directors accept responsibility for the preparation and presentation of these annual report and financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Companies Act of Kenya. They also accept responsibility for:

- designing, implementing and maintaining such internal controls as they determine necessary to enable the presentation of annual report and financial statements that are free of material misstatement, whether due to fraud or error;
- selecting suitable accounting policies and applying them consistently; and
- making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the annual report and financial statements does not relieve them of their responsibilities.

The annual report and financial statements set out on pages 10 to 36, which have been prepared on the going concern basis, were approved by the board of directors on March 6, 2026 and were signed on their behalf by:



James Wangunyu



Job K. Kihumba

Independent Auditor's Report

To the Shareholder of Standard Investment Bank Limited

Report on the Audit of the Annual Report And Financial Statements

Opinion

We have audited the annual report and financial statements of Standard Investment Bank Limited (the company) set out on pages 10 to 36, which comprise the statement of financial position as at December 31, 2025, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual report and financial statements, including a summary of significant accounting policies.

In our opinion, the annual report and financial statements present fairly, in all material respects, the financial position of Standard Investment Bank Limited as at December 31, 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Kenya.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report And Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of annual report and financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual report and financial statements of the current period. These matters were addressed in the context of our audit of the annual report and financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p>1. Expected Credit Loss (ECL) allowance on financial assets carried at amortised cost</p> <p>The company applies IFRS 9 in determination of Expected Credit Losses on financial assets carried at amortised cost. Determination of ECL involves judgements as follows;</p> <p>i) Assumptions used in the ECL model such as the credit worthiness of the counterparty, expected future cash flows and forward looking macroeconomics factors;</p> <p>ii) The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the model;</p> <p>iii) Identification of exposures with significant deterioration in the credit quality of the counterparty This was considered a key audit matter because of the significant judgement listed above which were involved in determining the expected credit loss allowance for trade and other receivable.</p> <p>2. Valuation of Investment Property</p> <p>The entity reports under International Reporting Standards that requires to adherence to reporting framework. Valuation of Investment Property is considered a key audit matter it being a significant management estimate stated at fair value/market values based on independent external</p> | <p>Our procedures in relation to impairment of financial assets at amortised cost included;</p> <p>i) Assessing the validity and completeness of input data, check the accuracy of computation of flow rates, average probability of default and historical probability of default</p> <p>ii) Confirming that the resulting increase have been properly charged in profit or loss</p> <p>iii) Confirming that appropriate disclosure on the financial assets at amortised cost are included in the financial statements.</p> <p>Our audit procedures included among others:</p> <p>a) Testing the control over management review of assumptions used in valuation of the investment property.</p> <p>b) Assessing the company's processes for the selection of external valuers, determination of the scope of work of the</p> |

valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

The valuations are highly sensitive to key assumptions applied in deriving the capitalisation, discount and terminal yield rates and small change in the assumptions can have a significant impact to the valuation.

valuers, review and acceptance of valuations reported by external valuers.

c) Evaluating qualifications and competence of the external valuers. Terms of engagement with the valuers company to determine whether there were matters that might have affected their objectivity or limited their scope of work, including background checks on relationship with entities management that would impact outcome of the valuers report. We also verified registration details of the valuers.

d) We considered the valuation methodologies used. We tested the integrity of inputs of the projected cashflows used in the valuation to support leases and other documents. We compared the capitalisation, discount and terminal yield rates used in the valuation by comparing them against available industry data, taking into consideration market factors.

e) Considering adequacy of the descriptions in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between key unobservable inputs and fair values, in conveying uncertainties.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report as required by the Companies Act of Kenya. The other information does not include the annual report and financial statements and our auditor's report thereon.

Our opinion on the annual report and financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual report and financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual report and financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and Those Charged with Governance for the Annual Report And Financial Statements

The directors are responsible for the preparation and fair presentation of the annual report and financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Kenya, and for such internal control as the directors determine is necessary to enable the preparation of annual report and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual report and financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Annual Report And Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual report and financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual report and financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual report and financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual report and financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual report and financial statements, including the disclosures, and whether the annual report and financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion the information given in the report of the directors on page 3 - 5 is consistent with the annual report and financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA John Kimani Practicing Certificate No. 2407.



ATLAS ASSOCIATES LLP
Certified Public Accountants

For and on behalf of Atlas Associates LLP
Certified Public Accountants (Kenya)
Nairobi

11TH MARCH 2026

Standard Investment Bank Limited

Annual Report And Financial Statements for the year ended December 31, 2025

Statement of Profit or Loss and Other Comprehensive Income

| Figures in Shillings | Note(s) | 2025 | 2024 |
|--|---------|----------------------|--------------------|
| Brokerage commissions | 2 | 338,029,430 | 125,295,785 |
| Financial services | 2 | 1,553,369,774 | 513,617,469 |
| Corporate finance | 2 | 55,763,847 | 9,892,812 |
| Interest income | 2 | 214,388,947 | 20,804,793 |
| Other income | 3 | 26,062,761 | 10,616,112 |
| Total revenue | | 2,187,614,759 | 680,226,971 |
| Direct costs | 4 | (251,510,614) | (75,657,339) |
| Gross profit | | 1,936,104,145 | 604,569,632 |
| Movement in credit loss allowances | 5 | (2,554,710) | 2,274,355 |
| Operating expenses | 6 | (429,324,883) | (341,744,501) |
| Operating profit | | 1,504,224,552 | 265,099,486 |
| Finance costs | 8 | (27,100,476) | (34,739,430) |
| Profit before taxation | | 1,477,124,076 | 230,360,056 |
| Taxation | 9 | (437,565,259) | (132,864,678) |
| Profit for the year | | 1,039,558,817 | 97,495,378 |
| Total comprehensive income for the year | | 1,039,558,817 | 97,495,378 |

The accounting policies on pages 14 to 24 and the notes on pages 25 to 36 form an integral part of the annual report and financial statements.

Standard Investment Bank Limited

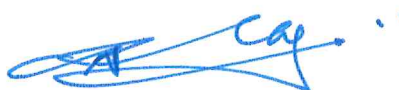
Annual Report And Financial Statements for the year ended December 31, 2025

Statement of Financial Position as at December 31, 2025

| Figures in Shillings | Note(s) | 2025 | 2024 |
|-------------------------------------|---------|----------------------|----------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 11 | 84,293,870 | 63,618,923 |
| Right-of-use assets | 12 | 28,625,850 | 31,922,510 |
| Investment property | 13 | 405,000,000 | 405,000,000 |
| Investments in NSE | 14 | 25,000,000 | 25,000,000 |
| Deferred tax | 15 | 3,155,376 | 1,195,022 |
| Deposits with CDSC | 16 | 1,000,000 | 1,000,000 |
| | | 547,075,096 | 527,736,455 |
| Current Assets | | | |
| Client debtors | 18 | 59,915,072 | 44,108,895 |
| Trade and other receivables | 18 | 570,146,351 | 458,244,184 |
| Investment in unquoted shares | 17 | 822,786,318 | - |
| Client cash and bank balances | 19 | 353,239,873 | 99,543,923 |
| Office cash and bank balances | 19 | 671,982,921 | 251,790,646 |
| | | 2,478,070,535 | 853,687,648 |
| Total Assets | | 3,025,145,631 | 1,381,424,103 |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | 20 | 560,000,000 | 560,000,000 |
| Reserves | | - | 19,122,920 |
| Retained income | | 1,578,509,134 | 538,950,316 |
| | | 2,138,509,134 | 1,118,073,236 |
| Liabilities | | | |
| Current Liabilities | | | |
| Client creditors | 21 | 347,725,592 | 91,641,209 |
| Trade and other payables | 22 | 162,658,083 | 69,382,160 |
| Lease liabilities | 12 | 33,778,944 | 34,694,353 |
| Current tax payable | 10 | 342,473,878 | 67,633,145 |
| | | 886,636,497 | 263,350,867 |
| Total Equity and Liabilities | | 3,025,145,631 | 1,381,424,103 |

The annual report and financial statements and the notes on pages 10 to 36, were approved by the board of directors on the March 6, 2026 and were signed on its behalf by:


James Wangunyū


Job K. Kihumba

The accounting policies on pages 14 to 24 and the notes on pages 25 to 36 form an integral part of the annual report and financial statements.

Standard Investment Bank Limited

Annual Report And Financial Statements for the year ended December 31, 2025

Statement of Changes in Equity

| Figures in Shillings | Share capital | Revaluation reserve | Retained income | Total equity |
|--|--------------------|----------------------|----------------------|----------------------|
| Balance at January 1, 2024 | 560,000,000 | 169,122,920 | 504,612,832 | 1,233,735,752 |
| Profit for the year | - | - | 97,495,378 | 97,495,378 |
| Other comprehensive income | - | (150,000,000) | - | (150,000,000) |
| Total comprehensive income for the year | - | (150,000,000) | 97,495,378 | (52,504,622) |
| Dividends | - | - | (63,157,894) | (63,157,894) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | - | (63,157,894) | (63,157,894) |
| Balance at January 1, 2025 | 560,000,000 | 19,122,920 | 538,950,317 | 1,118,073,237 |
| Profit for the year | - | - | 1,039,558,817 | 1,039,558,817 |
| Gain on revaluation | - | (19,122,920) | - | (19,122,920) |
| Total comprehensive income for the year | - | (19,122,920) | 1,039,558,817 | 1,020,435,897 |
| Balance at December 31, 2025 | 560,000,000 | - | 1,578,509,134 | 2,138,509,134 |
| Note(s) | 20 | | | |

The accounting policies on pages 14 to 24 and the notes on pages 25 to 36 form an integral part of the annual report and financial statements.

Standard Investment Bank Limited

Annual Report And Financial Statements for the year ended December 31, 2025

Statement of Cash Flows

| Figures in Shillings | Note(s) | 2025 | 2024 |
|---|---------|----------------------|--------------------|
| Cash flows from operating activities | | | |
| Profit before taxation | | 1,477,124,076 | 230,360,056 |
| Adjustments for: | | | |
| Depreciation and amortisation | | 29,408,368 | 22,103,810 |
| Finance costs | | 27,100,476 | 34,739,430 |
| Impairment losses and reversals | | 2,554,710 | (2,274,355) |
| Changes in working capital: | | | |
| Trade and other receivables | | (130,263,054) | (41,669,711) |
| Trade and other payables | | 93,275,921 | 44,364,488 |
| Cash generated from operations | | 1,499,200,497 | 287,623,718 |
| Dividends | | - | (63,157,894) |
| Tax paid | 10 | (164,684,880) | (79,714,615) |
| Net cash from operating activities | | 1,307,415,141 | 110,011,779 |
| Cash flows (used in) / from investing activities | | | |
| Purchase of property, plant and equipment | 11 | (33,440,101) | (22,271,653) |
| Movement in Right-of-use assets (e.g. additions arising from initial direct costs or prepayments made for cash) | 11 | (13,341,580) | (16,277,647) |
| Revaluation reserve | 13 | - | 60,000,000 |
| Purchase of investments at fair value | 14 | 1,457,768 | 1,457,768 |
| Movement in financial assets at fair value through profit or loss | 14 | (1,457,768) | - |
| Purchase of unquoted shares | | (822,786,318) | - |
| Net cash (used in) / from investing activities | | (869,567,999) | 22,908,468 |
| Cash flows used in financing activities | | | |
| Movement in other liability | | 256,084,383 | 16,639,553 |
| Payment on lease liabilities | 12 | (915,409) | 6,081,104 |
| Other non-cash item | | (19,127,890) | - |
| Net cash used in financing activities | | 236,041,084 | 22,720,657 |
| Total cash and cash equivalents movement for the year | | | |
| Cash and cash equivalents at the beginning of the year | 19 | 351,334,569 | 195,693,666 |
| Total cash and cash equivalents at end of the year | 19 | 1,025,222,795 | 351,334,570 |

Standard Investment Bank Limited

Annual Report And Financial Statements for the year ended December 31, 2025

Significant Accounting Policies

1. Significant accounting policies

1.1 Basis of preparation

The annual report and financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual report and financial statements and the Companies Act of Kenya as follows;

IFRS Standards Adopted

During the year, the Bank adopted new and amended IFRS standards, including IFRS 7, Financial Instruments: Disclosures, and IAS 1, Presentation of Financial Statements: Amendment – Capital Disclosures. IFRS 7 requires disclosures that enable users of the financial statements to evaluate the significance of the Bank's financial instruments and the nature and extent of risks arising from those instruments. The amendment to IAS 1 provides additional guidance on the classification and valuation of the Bank's financial instruments and enhances transparency on capital disclosures.

IFRIC Interpretations

The following IFRIC standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2007 but are not relevant to the Bank's operations: IFRIC 7, Applying the restatement approach under IAS 29 for hyperinflationary economies; IFRIC 8, Scope of IFRS 2; IFRIC 9, Re-assessment of embedded derivatives; and IFRIC 10, Interim financial reporting and impairment. These interpretations provide guidance on the application of IFRS in specific scenarios, including hyperinflation, share-based payments, embedded derivatives, and interim financial reporting.

For Companies Act of Kenya reporting purposes, the balance sheet is represented in these annual report and financial statements by the Statement of Financial Position and the profit and loss account by the Statement of Profit or Loss and Other Comprehensive Income.

The annual report and financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Kenyan Shillings, which is the company's functional currency and rounded off to the nearest Shilling.

These accounting policies are consistent with the previous period, except for the changes set out in note .

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual report and financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Standard Investment Bank Limited

Annual Report And Financial Statements for the year ended December 31, 2025

Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

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Significant Accounting Policies

1.4 Property, plant and equipment (continued)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Rate per annum (%) |
|---------------------------|---------------------|--------------------|
| Partitioning and flooring | Reducing balance | 10 |
| Furniture and fixtures | Reducing balance | 10 |
| Motor vehicles | Reducing balance | 25 |
| Office equipment | Reducing balance | 10 |
| Computers | Reducing balance | 25 |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

1.6 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company ,as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows)

Financial liabilities:

- Amortised cost

Note 25 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

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Significant Accounting Policies

Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 18).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Shillings equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 25).

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 18.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 6).

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is shown on the face of the statement of profit or loss and other comprehensive income as a movement in credit loss allowance.

Write off policy

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Significant Accounting Policies

Financial instruments (continued)

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 18) and the financial instruments and risk management note (note 25).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 14. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the company may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the company becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments), depending on their classification.

Impairment

Investments in equity instruments are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

The gains or losses which accumulated in equity in the reserve for valuation of investments for equity investments at fair value through other comprehensive income are not reclassified to profit or loss on derecognition. Instead, the cumulative amount is transferred directly to retained earnings.

Trade and other payables

Classification

Trade and other payables (note 22), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

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Significant Accounting Policies

Financial instruments (continued)

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 8).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 25 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Shillings equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 25).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

Standard Investment Bank Limited

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Significant Accounting Policies

Financial instruments (continued)

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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Significant Accounting Policies

1.8 Leases (continued)

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 6) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the company is a lessee are presented in note 12 Leases (company as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 12).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 8).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

Standard Investment Bank Limited

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Significant Accounting Policies

1.8 Leases (continued)

- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

| Item | Depreciation method | Average useful life |
|------|---------------------|---------------------|
|------|---------------------|---------------------|

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

Dividends are recognised as a liability in the company in which they are declared.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

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Significant Accounting Policies

1.10 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the Statement of Profit or Loss and Other Comprehensive Income in the year they fall due.

1.11 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

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Significant Accounting Policies

1.12 Provisions and contingencies (continued)

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.13 Revenue from contracts with customers

Revenue is recognised either when the performance obligation has been satisfied ('point in time') or as control of the goods or service is transferred to the customer ('over time'). This requires an assessment of the company's performance obligations and of when control is transferred to the customer. Where revenue is recognised over time, this is in general due to the company performing and the customer simultaneously receiving and consuming the benefits over the life of the contract as services are rendered. For each performance obligation over time, the company applies a revenue recognition method that faithfully depicts the company's performance in transferring control of the service to the customer. Due to the nature of the company's business, the majority of its revenue from contracts with customers is considered to be recognised 'over time'. If performance obligations in a contract do not meet the overtime criteria, the company recognises revenue at a point in time.

Revenue is measured based on the consideration specified in contracts with customers excluding amounts collected on behalf of third parties and, including an assessment of any variable consideration dependent on the achievement of agreed key performance indicators. Such amounts are only included based on the expected value or most likely outcome method, and only to the extent that it is highly probable that no significant revenue reversal will occur. In assessing whether a significant reversal will occur, the company considers both the likelihood and the magnitude of the potential revenue reversal.

1.14 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual report and financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Shillings by applying to the foreign currency amount the exchange rate between the Shillings and the foreign currency at the date of the cash flow.

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Notes to the Annual Report And Financial Statements

2. Revenue

Revenue from contracts with customers

| | | |
|-----------------------|----------------------|--------------------|
| Brokerage commissions | 338,029,430 | 125,295,785 |
| Financial services | 1,553,369,774 | 513,617,469 |
| Corporate finance | 55,763,847 | 9,892,812 |
| Interest income | 214,388,947 | 20,804,793 |
| | 2,161,551,998 | 669,610,859 |

3. Other income

| | | |
|-----------------------------|-------------------|-------------------|
| Premium fees | 6,939,841 | 10,616,112 |
| Unrealized revaluation gain | 19,122,920 | - |
| | 26,062,761 | 10,616,112 |

4. Direct costs

| | | |
|-----------------------|-------------|------------|
| Rendering of services | 251,510,614 | 75,657,339 |
|-----------------------|-------------|------------|

5. Movement in credit loss allowances

| | | |
|---------------------------------|------------------|--------------------|
| Provision for trade receivables | 3,531,309 | (2,911,771) |
| Provision for bank balances | (976,599) | 637,416 |
| | 2,554,710 | (2,274,355) |

6. Operating expenses

| | | |
|----------------------------------|--------------------|--------------------|
| Staff costs (Note 7) | 180,359,166 | 144,069,273 |
| Directors remuneration | 65,932,848 | 15,380,000 |
| Auditors remuneration | 687,500 | 625,000 |
| Bank charges | 2,774,403 | 743,388 |
| Consulting and professional fees | 11,385,901 | 15,058,958 |
| Insurance | 938,668 | 806,629 |
| Printing and stationery | 9,708,471 | 5,205,108 |
| Repairs and maintenance | 775,815 | 1,050,865 |
| Secretarial fees | 801,850 | 433,950 |
| Subscriptions | 1,628,325 | 745,450 |
| Telephone and postage | 8,146,715 | 7,097,981 |
| Travelling expenses | 10,184,777 | 6,322,094 |
| Licenses | 900,000 | 700,000 |
| Custody fee | 3,782,635 | 3,099,828 |
| Digital marketing | 12,411,870 | 9,885,919 |
| System software | 43,736,037 | 35,341,820 |
| Short term leases | 6,095,080 | 7,984,201 |
| SIB Najah expenses | 1,049,286 | 4,407,664 |
| Donations | 1,700,000 | - |
| Depreciation | 29,408,368 | 22,103,810 |
| Advertising | 34,358,106 | 59,517,405 |
| Office expenses | 2,151,282 | 825,218 |
| Newspapers and periodicals | 407,780 | 339,940 |
| | 429,324,883 | 341,744,501 |

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7. Staff costs

| | | |
|--------------------------|--------------------|--------------------|
| Salaries and wages | 223,402,776 | 144,419,274 |
| Other staff expenses | 13,700,196 | 9,398,627 |
| Retirement benefit plans | 9,189,042 | 5,631,372 |
| | <u>246,292,014</u> | <u>159,449,273</u> |

8. Finance costs

| | | |
|-----------------------------|-------------------|-------------------|
| Interest on lease liability | 4,936,476 | 2,299,486 |
| Interest expense | 22,164,000 | 32,439,944 |
| Total finance costs | <u>27,100,476</u> | <u>34,739,430</u> |

9. Taxation

Major components of the tax expense

Current

| | | |
|-----------------------------------|--------------------|--------------------|
| Local income tax - current period | <u>439,525,613</u> | <u>132,728,959</u> |
|-----------------------------------|--------------------|--------------------|

Deferred

| | | |
|-------------------------------------|--------------------|--------------------|
| Local deferred tax - current period | (1,960,354) | 135,719 |
| | <u>437,565,259</u> | <u>132,864,678</u> |

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

| | | |
|--|----------------------|--------------------|
| Accounting profit | <u>1,477,124,076</u> | <u>230,360,056</u> |
| Tax at the applicable tax rate of 30% (2024: 30%) | 439,525,613 | 69,108,017 |
| Tax effect of adjustments on taxable income | | |
| Deferred tax effect | (1,960,354) | 135,719 |
| | <u>437,565,259</u> | <u>69,243,736</u> |

10. Tax paid

| | | |
|---|----------------------|---------------------|
| Balance at beginning of the year | (67,633,145) | (14,618,801) |
| Current tax for the year recognised in profit or loss | (439,525,613) | (132,728,959) |
| Balance at end of the year | 342,473,878 | 67,633,145 |
| | <u>(164,684,880)</u> | <u>(79,714,615)</u> |

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11. Property, plant and equipment

| | 2025 | | | 2024 | | |
|-------------------------|---------------------|--------------------------|-------------------|---------------------|--------------------------|-------------------|
| | Cost or revaluation | Accumulated depreciation | Carrying value | Cost or revaluation | Accumulated depreciation | Carrying value |
| Partitioning & flooring | 69,815,777 | (39,410,011) | 30,405,766 | 63,779,343 | (36,031,592) | 27,747,751 |
| Furniture and fixtures | 41,153,926 | (15,925,418) | 25,228,508 | 26,134,038 | (13,122,251) | 13,011,787 |
| Motor vehicles | 28,102,041 | (23,861,069) | 4,240,972 | 28,102,041 | (22,447,412) | 5,654,629 |
| Office equipment | 27,147,445 | (13,784,114) | 13,363,331 | 21,830,902 | (12,299,299) | 9,531,603 |
| Computers | 51,979,971 | (40,924,678) | 11,055,293 | 44,912,734 | (37,239,581) | 7,673,153 |
| Total | 218,199,160 | (133,905,290) | 84,293,870 | 184,759,058 | (121,140,135) | 63,618,923 |

Reconciliation of property, plant and equipment - 2025

| | Opening balance | Additions | Depreciation | Total |
|-------------------------|-------------------|-------------------|---------------------|-------------------|
| Partitioning & flooring | 27,747,751 | 6,036,434 | (3,378,419) | 30,405,766 |
| Furniture and fixtures | 13,011,787 | 15,019,888 | (2,803,167) | 25,228,508 |
| Motor vehicles | 5,654,629 | - | (1,413,657) | 4,240,972 |
| Office equipment | 9,531,603 | 5,316,543 | (1,484,815) | 13,363,331 |
| Computers | 7,673,153 | 7,067,236 | (3,685,096) | 11,055,293 |
| | 63,618,923 | 33,440,101 | (12,765,154) | 84,293,870 |

Reconciliation of property, plant and equipment - 2024

| | Opening balance | Additions | Depreciation | Total |
|-------------------------|-------------------|-------------------|---------------------|-------------------|
| Partitioning & flooring | 18,774,514 | 12,056,297 | (3,083,060) | 27,747,751 |
| Furniture and fixtures | 9,454,035 | 5,003,506 | (1,445,754) | 13,011,787 |
| Motor vehicles | 7,539,501 | - | (1,884,872) | 5,654,629 |
| Office equipment | 8,972,319 | 1,618,350 | (1,059,066) | 9,531,603 |
| Computers | 6,637,371 | 3,593,500 | (2,557,718) | 7,673,153 |
| | 51,377,740 | 22,271,653 | (10,030,470) | 63,618,923 |

Fully depreciated assets still in use

| | | | |
|--|--|-------------------|-------------------|
| Carrying value of idle property, plant and equipment | | 3,858,954 | 3,858,954 |
| Fully depreciated property, plant and equipment still in use | | 7,122,646 | 7,122,646 |
| | | 10,981,600 | 10,981,600 |

12. Leases (company as lessee)

The company leases office space where it resides. The average lease term is - years.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

| | | |
|--------------|------------|------------|
| Office space | 28,625,850 | 31,922,510 |
|--------------|------------|------------|

Additions to right-of-use assets

| | | |
|--------------|------------|------------|
| Office space | 13,346,552 | 36,472,998 |
|--------------|------------|------------|

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12. Leases (company as lessee) (continued)

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 6), as well as depreciation which has been capitalised to the cost of other assets.

| | | |
|--------------|------------|------------|
| Office space | 16,643,212 | 12,073,340 |
|--------------|------------|------------|

Other disclosures

| | | |
|--|-----------|-----------|
| Interest expense on lease liabilities | 4,936,476 | 2,299,486 |
| Expenses on short term leases included in operating expenses | 6,095,080 | 7,984,201 |

Lease liabilities

| | | |
|---------------------|------------|------------|
| Current liabilities | 33,778,944 | 34,694,353 |
|---------------------|------------|------------|

13. Investment property

| | 2025 | | | 2024 | | |
|---------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
| | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying value |
| Investment property | 405,000,000 | - | 405,000,000 | 405,000,000 | - | 405,000,000 |

Reconciliation of investment property - 2025

| | | |
|---------------------|-----------------|-------------|
| | Opening balance | Total |
| Investment property | 405,000,000 | 405,000,000 |

Reconciliation of investment property - 2024

| | | | |
|---------------------|-----------------|--------------|-------------|
| | Opening balance | Disposals | Total |
| Investment property | 465,000,000 | (60,000,000) | 405,000,000 |

Details of property

| | | |
|-----------------------------------|-------------|-------------|
| - Purchase price: 1 December 2005 | 405,000,000 | 405,000,000 |
|-----------------------------------|-------------|-------------|

14. Investments at fair value

| | | |
|---|------------|------------|
| Equity investments at fair value through profit or loss | 25,000,000 | 25,000,000 |
|---|------------|------------|

Mandatorily at fair value through profit or loss:

| | | |
|--------------------------|-------------------|-------------------|
| Member's Deposits at NSE | 25,000,000 | 25,000,000 |
| | 25,000,000 | 25,000,000 |

IFRS 9 Financial Instruments was adopted in the current year and replaces IAS 39. This note reflects the application of IFRS 9 to the specified instruments. Prior year figures

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15. Deferred tax

| | | |
|--------------------|-----------|-----------|
| Deferred tax asset | 3,155,376 | 1,195,022 |
|--------------------|-----------|-----------|

Reconciliation of deferred tax asset

| | | |
|-------------------------------|------------------|------------------|
| At beginning of year | 1,195,022 | 1,330,741 |
| Accelerated capital allowance | 1,960,354 | (135,719) |
| | <u>3,155,376</u> | <u>1,195,022</u> |

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

16. Deposits with CDSC

| | | |
|---------------------------|-----------|-----------|
| Member's deposits at CDSC | 1,000,000 | 1,000,000 |
|---------------------------|-----------|-----------|

17. Unquoted shares

| | | |
|-------------------------------|-------------|---|
| Investment in unquoted shares | 822,786,318 | - |
|-------------------------------|-------------|---|

18. Trade and other receivables

Financial instruments:

| | | |
|-------------------------------------|--------------------|--------------------|
| Client receivables | 59,915,072 | 44,108,895 |
| Trade receivables | 459,661,853 | 439,606,491 |
| Loss allowance | (619,539) | 2,911,771 |
| Trade receivables at amortised cost | <u>518,957,386</u> | <u>486,627,157</u> |
| Deposits | 9,576,477 | 9,576,477 |
| Accrued income | 91,525,917 | - |

Non-financial instruments:

| | | |
|--|---------------------------|---------------------------|
| Employee costs in advance | 10,001,643 | 6,149,445 |
| Total trade and other receivables | <u>630,061,423</u> | <u>502,353,079</u> |

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

| | | |
|---------------------------|---------------------------|---------------------------|
| At amortised cost | 620,059,780 | 496,203,634 |
| Non-financial instruments | 10,001,643 | 6,149,445 |
| | <u>630,061,423</u> | <u>502,353,079</u> |

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

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18. Trade and other receivables (continued)

The average credit period on trade receivables is 180 days (2024: 180 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

| | 2025 | 2025 | 2024 | 2024 |
|-----------------------------------|---|--|---|--|
| | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) |
| Expected credit loss rate: | | | | |
| 1-30 days past due: 2% | 6,050,562 | 110,967 | 2,719,550 | 56,840 |
| 31 - 60 days past due: 4% | 4,750,146 | 169,257 | 3,562,348 | 144,655 |
| 61 - 90 days past due: 7% | 1,845,578 | 135,392 | 2,214,046 | 185,099 |
| 91 - 150 days past due: 52% | 8,320,390 | 4,359,885 | 1,047,316 | 625,413 |
| 181-365 days past due: 52% | 5,886,924 | 3,084,748 | 448,154 | 267,619 |
| Over 365 days past due: 52% | 33,061,472 | 17,324,211 | 34,117,482 | 20,373,525 |
| Total | 59,915,072 | 25,184,460 | 44,108,896 | 21,653,151 |

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

| | | |
|---|-------------|-----------|
| Provision raised on new trade receivables | (3,531,309) | 2,911,771 |
|---|-------------|-----------|

Exposure to currency risk

Refer to note for details of currency risk management for trade receivables.

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|---|----------------------|--------------------|
| 19. Client cash and bank balances | | |
| Cash and cash equivalents consist of: | | |
| Bank balances - Clients account | 353,239,873 | 99,543,923 |
| Bank balances - Office account | 671,643,738 | 252,428,062 |
| Expected credit loss provision | 339,183 | (637,416) |
| | <u>1,025,222,794</u> | <u>351,334,569</u> |
| Exposure to currency risk | | |
| Refer to note 25 Financial instruments and financial risk management for details of currency risk management for client cash and bank balances. | | |
| 20. Share capital | | |
| Authorised | | |
| 1,120,000 Ordinary shares of Ksh 500 each | <u>750,000,000</u> | <u>750,000,000</u> |
| Issued | | |
| 1,120,000 Ordinary shares of Ksh 500 each | <u>560,000,000</u> | <u>560,000,000</u> |
| 21. Client creditors | | |
| Client creditors | <u>347,725,592</u> | <u>91,641,209</u> |
| Client liabilities above relates to unclaimed funds from various trades as at the end of the year. | | |
| 22. Trade and other payables | | |
| Financial instruments: | | |
| Trade payables - related parties (Note 23) | - | 14,087,706 |
| Other payables | 76,993,389 | 28,406,280 |
| Non-financial instruments: | | |
| VAT | 85,664,694 | 26,888,174 |
| | <u>162,658,083</u> | <u>69,382,160</u> |
| Exposure to currency risk | | |
| Refer to note 25 Financial instruments and financial risk management for details of currency risk management for trade payables. | | |
| Exposure to liquidity risk | | |
| Refer to note 25 Financial instruments and financial risk management for details of liquidity risk exposure and management. | | |
| 23. Related parties | | |
| Related party balances | | |
| Loan accounts - Owing (to) by related parties | | |
| SITF Mansa X | <u>-</u> | <u>14,087,706</u> |

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23. Related parties (continued)

Related party transactions

Compensation to directors and other key management

| | | |
|------------------------|------------|------------|
| Directors remuneration | 65,932,848 | 15,380,000 |
|------------------------|------------|------------|

Standard Investment Bank Limited is related to the above related companies by virtue of common control and directorship.

24. Dividends paid

| | | |
|-----------|---|--------------|
| Dividends | - | (63,157,894) |
|-----------|---|--------------|

Dividends are from capital profits.

25. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2025

| | Note(s) | Fair value through profit or loss - Mandatory | Amortised cost | Total | Fair value |
|-----------------------------|---------|---|----------------------|----------------------|----------------------|
| Investments | 14 | 25,000,000 | - | 25,000,000 | 25,000,000 |
| Trade and other receivables | 18 | - | 620,059,780 | 620,059,780 | 620,059,780 |
| Cash and cash equivalents | 19 | - | 1,025,222,794 | 1,025,222,794 | 1,025,222,794 |
| | | 25,000,000 | 1,645,282,574 | 1,670,282,574 | 1,670,282,574 |

2024

| | Note(s) | Fair value through profit or loss - Mandatory | Amortised cost | Total | Fair value |
|-----------------------------|---------|---|--------------------|--------------------|--------------------|
| Investments at fair value | 14 | 25,000,000 | - | 25,000,000 | 25,000,000 |
| Trade and other receivables | 18 | - | 496,203,634 | 496,203,634 | 496,203,634 |
| Cash and cash equivalents | 19 | - | 351,971,985 | 351,971,985 | 351,971,985 |
| | | 25,000,000 | 848,175,619 | 873,175,619 | 873,175,619 |

Categories of financial liabilities

2025

| | Note(s) | Amortised cost | Leases | Total | Fair value |
|--------------------------|---------|--------------------|-------------------|--------------------|------------|
| Trade and other payables | 22 | 162,658,083 | - | 162,658,083 | - |
| Lease liabilities | 12 | - | 33,778,944 | 33,778,944 | - |
| | | 162,658,083 | 33,778,944 | 196,437,027 | - |

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25. Financial instruments and risk management (continued)

2024

| | Note(s) | Amortised cost | Leases | Total | Fair value |
|---------------------------|---------|-------------------|-------------------|-------------------|------------|
| Trade and other payables | 22 | 42,493,986 | - | 42,493,986 | - |
| Finance lease obligations | | - | 34,694,353 | 34,694,353 | - |
| | | 42,493,986 | 34,694,353 | 77,188,339 | - |

Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The boards policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

The board of directors monitor the return on capital, which is defined as the net operating income divided by total shareholder's equity.

The Company's objectives when managing capital are:

- to provide an adequate return to shareholder's by pricing services commensurately with with the level of risk.
- to comply with the minimum capital requirements set out by the Capital Markets Authority (CMA) at Ksh 250,000,000.
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- to maintain a strong asset base to support the development of business and
- to maintain an optimal capital structure to reduce the cost of capital.

The company manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The capital structure of the company at the reporting date was as follows:

1. Capital strength

| | | |
|------------------------------|--------------------|--------------------|
| (a) Paid up capital | 560,000,000 | 560,000,000 |
| (b) Minimum capital required | 250,000,000 | 250,000,000 |
| Excess (a-b) | 310,000,000 | 310,000,000 |

2. Shareholder' fund

| | | |
|--|----------------------|--------------------|
| (a) Total shareholders' funds | 2,138,509,134 | 1,118,073,238 |
| (b) Minimum shareholders' funds required | 250,000,000 | 250,000,000 |
| Excess (a-b) | 1,888,509,134 | 868,073,238 |

3. Liquidity

| | | |
|--|--------------------|--------------------|
| (a) Current assets excluding client cash | 1,002,556,023 | 728,074,782 |
| (b) Minimum working capital required 8 % of total liabilities or 30M whichever is higher | 68,228,604 | 30,000,000 |
| Excess (a-b) | 934,327,419 | 698,074,782 |

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|--|------------------|------------------|
| 25. Financial instruments and risk management (continued) | | |
| 4. Client funds | | |
| (a) Total client' creditors | 347,725,592 | 91,641,209 |
| (b) Total clients' cash and bank balances held | 353,239,873 | 99,543,923 |
| Excess/Deficiency (b-a) | 5,514,281 | 7,902,714 |

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the board of directors on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on , trade and other receivables.

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

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25. Financial instruments and risk management (continued)

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

| | | 2025 | | | 2024 | | |
|-----------------------------|----|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
| | | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Trade and other receivables | 18 | 630,680,962 | (619,539) | 630,061,423 | 499,441,308 | 2,911,771 | 502,353,079 |
| Cash and cash equivalents | 19 | 1,024,883,611 | 339,183 | 1,025,222,794 | 351,971,985 | (637,416) | 351,334,569 |
| | | 1,655,564,573 | (280,356) | 1,655,284,217 | 851,413,293 | 2,274,355 | 853,687,648 |

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

Liquidity risk

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

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| Figures in Shillings | 2025 | 2024 |
|--|------|-------------------|
| 25. Financial instruments and risk management (continued) | | |
| 2025 | | |
| | | Carrying amount |
| Current liabilities | | |
| Trade and other payables | 22 | 162,658,083 |
| Finance lease liabilities | 12 | <u>33,778,944</u> |
| 2024 | | |
| | | Carrying amount |
| Current liabilities | | |
| Trade and other payables | 22 | 42,493,986 |
| Finance lease liabilities | | <u>34,694,353</u> |

Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the company deals primarily are US Dollars.

The company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the company's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

26. Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

27. Commitments

There were no commitments during the year ended December 31, 2025.

28. Contingencies

There were no contingencies during the year ended December 31, 2025.