

CORPORATE GOVERNANCE REPORTING TEMPLATE FOR ISSUES OF SECURITIES TO THE PUBLIC
 TO BE FILLED IN LINE WITH THE REQUIREMENTS OF THE CODE OF CORPORATE GOVERNANCE PRACTICES FOR ISSUERS OF SECURITIES TO THE PUBLIC, 2015

Company Name (in full) NIC BANK KENYA PLC

Company Details to be Provided:

Reviewer's Name

Company market to book ratio at end of financial year
 No of outstanding shares at end of financial year
 Closing price of stock at end of financial year
 Net sales as per Income Statement at end of financial year
 Net profit as per Income Statement at end of financial year
 Total debt (short and long term) as per Balance Sheet at end of financial year
 Total equity as per Balance Sheet at end of financial year
 Total no. of Board members at end of financial year
 No. of independent directors at end of financial year
 No. of non-executive directors at end of financial year

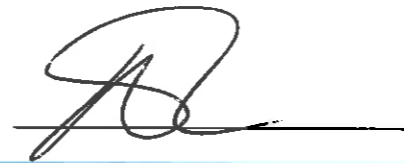
Not listed
 Not listed
 Not listed
 14,608,083,000
 5,982,050,000
 24,016,293,000
 31,116,595,000
 14
 4
 12

Stock Code - N/A
 Sector - Banking (Not listed)
 Year - 2018
 Date of Financial Year End - 31 December 2018

Group Company Secretary:



Group Managing Director:



Chairman - Governance and Nominations Committee:



Mandatory or 'apply or explain'	Part No.	Question	Kenya Code Reference	Application - FA, PA or NA - See Notes 1, 2, 3&4	Application or Explanation - Note 3 & 4	Source of Information
	A	INTRODUCTION				
M	A.1	Has the company developed and published a Board Charter which is periodically reviewed and which sets out the Board responsibility for internal control?	1.1.2, 2.6.2, 6.3.2	FA	A Board Charter is in place providing details on the duties of the Board. The Board Charter was reviewed and approved by the Board of Directors on 23 November 2016. The Charter has been made public by being published in the Company's website. Under the oversight section, the Charter stipulates responsibility for oversight and control of the Bank upon the Board. Whereas the wording does not specifically state internal control, the Board oversees internal control through its Committees and at full Board. The Board Charter will be enhanced during the 2019 review cycle as indicated on page 70 of the Integrated Report (IR) 2018.	Board Charter (section 8.5 on oversight), Website Board Charter published via (https://www.nic-bank.com/ke/wp-content/uploads/2019/02/NIC-Bank-Kenya-PLC-Board-Charter.pdf), and Integrated Report (IR) published via (https://www.nicgroup.com/wp-content/uploads/2019/04/NIC-Bank-IR-2018.pdf) pages 67, 68, 73, 75, 77, 79 among other sections of the report
M	A.2	Do the Board Charter or company documents distinguish the responsibilities of the board from management in line with Code requirements?	1.1.2, 2.3.1, 2.3.2, 2.6.2	FA	The Board Charter clearly distinguishes the responsibilities of the Board from Management	Board Charter page 12-14, and Page 74 of the IR 2018
A or E	A.3	Is there a statement indicating the responsibility of Board members for the application of corporate governance policies and procedures of the company?	1.1.6	FA	Yes. The statement indicating the responsibility of the Board members for the application of corporate governance is included on page 5 of the Board Charter.	Board Charter, page 5.
M	A.4	How has the Board ensured all directors, CEOs and management are fully aware of the requirements of this Code?	1.1.6	FA	The Board and Management were trained on Corporate Governance including the requirements of the Code on September 10-11, 2018 which covered the following areas: commitment to Corporate Governance, Board functioning and practices, control environment, disclosure and transparency and shareholder and stakeholder rights. In addition, all Board Audit Committee and Board Governance and Nominations committee members attended a CMA facilitated forum on the state of Corporate Governance and Open Session on Corporate Governance practices held on October 31- November 1, 2018. A checklist of the status of compliance and timelines for compliance was presented to the Board and the status is also highlighted in the 2018 IR. The Governance & Nominations Committee reviews the current status of compliance with the Code on a regular basis. Management was also apprised on the requirements of the Code immediately it was published and further receives status updates on compliance with the Code's requirements regularly.	Board Charter; and Minutes of the Board training held at Windsor Golf and Country Club held on September 10-11, 2018

M	A.5	Do company documents indicate the role of the Board in developing and monitoring the company strategy?	Part II – Overview, 2.3	FA	The Board Processes section of the Board Charter provides that Board Strategic Plan is developed every 3 years. Section 2 of the Board Charter states that the approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction or material deviations in business plans is the duty of the Board of Directors. The Board monitors execution of the strategy and receives business unit strategy updates regularly. The 2018-2022 Strategic Plan was presented and reviewed by the Board on 22 November 2017. During the session held on September 10- 11, 2018, the Board was updated on the Group Strategy which covered Group Overview, Strategy Updates, Financial Updates and Look forward.	Board Charter page 16, and Notes and minutes of the NIC Bank Directors training held at Windsor Golf and Country Club on September 10-11, 2018.
A or E	A.6	Does the company strategy promote sustainability of the company?	2.3.6	FA	The Board Charter provides that the Board will at least once in every three years, examine the corporate strategy, its own vision and values and develop a board strategic plan to attain its vision and the corporate strategy, including formal strategies to promote sustainability with attention given to Environmental, Social and Governance aspects of the business. The Environmental Policy and Citizenship Policies are in place. In line with our strategic plan, our 2018-2022 Citizenship Strategy focuses on broadening our citizenship philosophy through 3 broad thematic areas namely: Planet, Profit and People. Additional enhancements on integration of sustainability within the policies will be progressively made with disclosures to be made periodically through the annual integrated reports.	Board Charter, pages 14 -16; and The Group Managing Director's report on page 22 and Board updates on page 71 of the IR 2018.
M	A.7	Are all board committees governed by a written charter/terms of reference, disclosing its mandate, authority, duties, composition, leadership and working processes?	2.2.2	FA	The board has five committees that assist it in discharging its duties and responsibilities. These committees operate in accordance with written terms of reference approved by the board, disclosing the mandate, authority, duties, composition and leadership.	Board Charter; and Terms of Reference of the respective Board Committees.
II BOARD OPERATIONS and CONTROL						
M	B.1	Has the Board established a Nomination Committee comprised mainly of independent and non-executive Board members?	2.1.2; 2.2.2	FA	The Governance & Nominations Committee consists of five Non-Executive Directors out of whom, three including the Chair are independent directors. The Committee has written Terms of Reference with the Committee's rules clearly stipulated including selection and proposal of new nominees for appointment to the Board.	Board Charter, Board Committee Terms of Reference, and Page 88 and 89 of the IR 2018.
M	B.2	Is the chairperson of the Nomination Committee an independent director?	2.2.3	FA	The Chairman of the Governance & Nominations Committee is an Independent Director.	Board Charter, and Page 27, 88 and 89 of the IR 2018.
M	B.3	Has the board adopted and published procedures for nomination and appointment of new Board members?	2.1.1; 2.1.7	FA	Section I (2) of the Board Charter states that the board is responsible for identifying its members and recommending them for election by the shareholders. The Board delegates the screening process involved to the Governance and Nominations Committee. The procedures for nomination are included in the terms of reference of the Governance and Nominations Committee.	Board Charter page 6-8; Articles of Association, Minutes of the Board Governance & Nominations Committee; and Page 81 of the IR 2018.
M	B.4	Is the Board size adequate for the exercise of the company business?	2.1.4	FA	The current Board size and composition is sufficient as dictated by the Company Articles of Association, to allow for fruitful discussions and to enable appropriate, swift and prudent decisions.	Board Charter, Articles of Association; Register of Directors; Board statement on page 75 of the IR 2018, and Composition of Board Committees on page 89 of the IR.
A or E	B.5	Has the Board adopted a policy to ensure the achievement of diversity including (age, race and gender) in its composition?	2.1.2, 2.1.3, 2.1.5, 2.5.1	FA	Section I (2.1) Board Membership Criteria of the Board Charter states that the Governance and Nominations Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of Board members.	Board Charter page 7; and Skills age and gender as outlined in the profiles of the directors as provided in the Company's Website and pages 26-28 and pages 75-76 of the IR 2018.
M	B.6	Do the Board members represent a mix of skills, experience, business knowledge and independence to enable the discharge of their duties?	2.2.1	FA	Section 2.1 of the Board Charter in identifying potential candidates considers individuals from various disciplines, diverse backgrounds and gender representation. The Board has different skills and expertise within itself as evidenced by the brief profile of directors on the Company's website and the Annual Report. The Governance and Nominations Committee also reviews, on an annual basis, the appropriate skills and characteristics required of Board members.	Board Charter page 7-8, and Brief profile of directors on the website and pages 26-28 and pages 75-76 of the IR 2018.

M	B.7	Has the board adopted and applied a policy limiting the number of board positions each Board member may hold at any one time?	2.1.6	FA	Section I (5) of the Board Charter has set limits on Board membership for Board Members and senior management which is in line with the code.	Directors' disclosures and a register of other directorships is maintained by the Group Company Secretary and is available for review during inspection; Board Charter page 9; and Disclosure on page 28 of the IR 2018.
M	B.8	Have any Alternate Board members been appointed? If so, have the Alternate Director/s been appointed according to regulation and Code requirements?	2.1.6, 2.1.7	FA	In accordance with section I (2) of the Board Charter, the qualification criteria and procedures for nomination and appointment of Alternate Board Directors is the same as that required in the appointment of a substantive Board Director, subject to body corporates being non-eligible for appointment as Alternate Directors. No alternate directors have been appointed.	Board Charter - Page 7.
M	B.9	Are independent directors at least one-third of the total number of Board members?	1.1.2, 2.1.3, 2.4.1	PA	The Board has a balance of executive and non-executive directors with 12 out of 14 directors being non-executive. Four (4) out of 14 directors are Independent Non-Executive Directors which is marginally less than one-third of the total number of Board members. Following the recently concluded Group reorganisation, the company was granted a 24 month transition period in February 2017 by CBK to allow for sufficient time to complete the reconstitution of the Board in order to fully comply with applicable corporate governance requirements. The reconstitution of the Board has been temporarily deferred in light of the impending merger with CBA Limited. However, it is expected that the requirement will be fully applied by Quarter 3 of 2019.	Board Charter, page 6; Register of Directors held by the company and available for inspection; and Page 75 of the IR 2018.
A or E	B.10	Does the Board have policies and procedures to annually assess the independence of independent Board members?	2.4.1	FA	The Board Charter indicates that the Board will determine who the independent members are on an annual basis. The preamble section of the Governance & Nomination Committee Terms of Reference (TORs) tasks the Committee with the role of reviewing the composition of the Board as determined by the Board. The Committee bears responsibility for the annual assessment of the independence of the Board members and status of independent Board Members.	Board Charter, Sec. I (1.2), page 6; Terms of reference of the Board Governance & Nominations Committee; Page 75 and 81 of the IR 2018; and Minutes of the Governance & Nominations Committee.
M	B.11	Do all independent Board members have a tenure of less than 9 years?	2.4.2	FA	The Board Charter states that the tenure of independent non-executive directors is 9 years. The tenure of all the Independent Non-Executive Directors is less than 9 years as highlighted in the biographies in the Integrated Report.	Board Charter, Sec. I (1.2), page 6; and Pages 26-28 and 89 of the IR 2018.
M	B.12	Is the Board comprised of a majority of non-executive board members?	2.1.3	FA	The Board has a balance of executive and non-executive directors with 12 out of 14 directors being non-executive.	Board Charter, Sec. I (1.2), page 6, and Brief Profiles of the directors as provided on the website and page 26-28, with composition on page 89, of the IR 2018.
M	B.13	How does the Board ensure a smooth transition of Board members?	2.1.8	FA	The board has an adequate number of directors and Board Charter requires that in line with the Articles of Association of the Company, a term limit of three (3) years for each Director and one third of all Directors – excluding the Executive Directors - being the longest serving Directors, to retire at each AGM. The requirement has been observed hence providing an enabling environment for smooth transition of Board members should the need arise.	Board Charter, Sec. I (6), page 10; Articles of Association (Arts.7.18-7.21); and Page 81 of the IR 2018.
M	B.14	Has the Board established an effective Audit Committee according to Code requirements?	2.2.4, 6.5.1; 2.1.7	PA	The Board has set up an Audit Committee with clear Terms of References consisting of three (3) non-executive directors, out of whom, two (including its Chair) are Independent Non-Executive Directors. The code requires the Board to establish an Audit Committee consisting of at least three independent non-executive Directors. Following the recently concluded Group reorganisation, the company was granted a 24 month transition period in February 2017 by CBK to allow for sufficient time to complete the reconstitution of the Board in order to fully comply with applicable corporate governance requirements. The reconstitution of the Audit Committee has been temporarily deferred in light of the impending merger with CBA Limited. However, it is expected that the requirement will be fully applied by Quarter 3 of 2019.	Board Charter, Sec. II (1); Terms of Reference of the Board Audit Committee; and Pages 83 and 89 of the IR 2018.
M	B.15	Are the functions of the Chairperson and the Chief Executive Officer exercised by different individuals?	2.3.3	FA	Section I (8) of the Board Charter clearly outlines a division of the responsibilities between the Chairperson and the Managing Director. The Chairman is a Non-Executive Director and the Group Managing Director is an Executive Director.	Board Charter, Sec. I (9 & 11) pages 12-14, and Page 74 of the IR 2018.
M	B.16	Is the Chairman of the Board a non-executive board member?	2.3.4	FA	The Chairman of the Board is a Non-Executive Director. In addition, the regulatory requirement of the primary regulator of the company, i.e. CBK is such that the Chairman can only be a Non-Executive Director.	Board Charter, Sec. I (9), pages 12-13 on role; and Pages 26 and 88 of the IR 2018.

A or E	B.17	Has the Board established procedures to allow its members access to relevant, accurate and complete information and professional advice?	2.3.5	FA	Section III (6) of the Board Charter provides that in furtherance of its duties, the Board may take in independent professional advice, if necessary, at the Group's expense. The Board encourages management to, from time to time, bring managers into Board meetings who can provide additional insight into the items being discussed on account of their expertise in these areas.	Board Charter, Sec III (6), page 19; Terms of Reference of the respective Board Committees; and Page 78 of the IR 2018.
M	B.18	Has the Board adopted a policy on managing conflict of interest?	2.3.8	FA	The Group Code of Conduct and Ethics highlights the provisions on conflict of interest and requires disclosure of any such conflicts. At every Board/ Board Committee meeting, Directors are required to disclose any actual, potential or perceived conflict of interest. This is a standing agenda item at each Board and Committee meeting and the Company Secretary maintains the register of Conflict of Interest.	Board Charter, various sections; Directors' letters of appointment; Minutes of Board and Committee meetings, and Page 71 of the IR 2018.
M	B.19	Has the Board adopted a policy on related party transactions to protect the interests of the company and all its shareholders and which meets the requirements of the Code?	2.3.7	FA	The Company has in place various provisions to address related party transactions in several policies such as that of Human Resources and Credit. In 2018, the Directors submitted their annual declaration of interests and this is published in the Integrated Report. Further improvement will be made through the development of a consolidated policy on related party transactions in the 2019 policy review cycle.	Various Bank policies; and Page 197 to 199, Note 40 of the IR 2018.
M	B.20	Has the company appointed a qualified and competent company secretary who is a member in good standing of ICPSK?	2.3.9	FA	The Group Company Secretary is a qualified and competent Company Secretary who is a member in good standing of Institute of Certified Secretaries (ICS)	Articles of Association (Art. 8) page 30; and Pages 28 and 74 of the IR 2018.
A or E	B.21	Has the Board adopted policies and processes to ensure oversight of sustainability, environmental and social risks and issues?	2.3.2, 2.3.6	FA	The Board has addressed matters of sustainability, environmental and social risk issues in its Charter and through the Environmental and Social Management System (ESMS) Policy, Corporate Citizenship policy, Strategy formulation and as part of the Board reviews and deliberations. Additional enhancements will be progressively made to the policies during subsequent review cycles to enhance the practices.	Board Charter, Sec III(1) page 16; ESMS and Citizenship Policies; and Page 71 of the IR 2018.
A or E	B.22	Has the Board developed an annual work-plan to guide its activities?	2.6.3	FA	The Board develops Work Plans annually which indicate the key agenda items as well as the dates of the various meetings of Board, Board Committees, AGM and meetings of Subsidiaries throughout the year. The Board Work Plan will continue to be enhanced progressively as outlined within the IR 2018.	Board Work Plan 2018; and Page 70 of the IR 2018.
M	B.23	Has the Board determined, agreed on its annual evaluation process and undertaken the evaluation of the performance of the Board, the Board Committees, the CEO and the company secretary?	2.6.4, 2.8	FA	The Board undertakes annual evaluations of the performance of the board as a whole, the directors individually, each board committee, the Chairman, the Group Managing Director and the Group Company Secretary. The 2018 evaluation was facilitated by an independent consultant and the Board evaluation report was presented and discussed by the Board in March 2019.	Board Charter, Sec. IV(1) pages 20-21; Board evaluation report; and Page 87 of the IR 2018.
A or E	B.24	Has the Board established and applied a formal induction program for in-coming members?	2.7.1	FA	Section IV (2.1) of the Board Charter stipulates that the Board (through the office of the Group Chairman and Group Company Secretary) and Management shall conduct a comprehensive induction process through a review of background material, meetings with senior management and visits to the Group's facilities. The Company has in place an induction pack with necessary information to enable new Directors become familiar with the Company's operations, senior management and the business environment.	Board Charter, Sec IV(2.1) page 21; Board Induction Pack; Terms of Reference of the Governance and Nominations Committee; and Page 81 of the IR 2018.
A or E	B.25	Do Board members participate in on-going corporate governance training to the extent of 12 hours per year?	2.7.3	FA	Section 2.2 of the Board Charter outlines the Directors' Development which states that non-executive Directors are expected to engage in continuing education for at least twelve (12) hours of governance related education in order to improve both Board and Committee performance. In 2018, Board members attended a two days' training. In addition, all Board Audit Committee and Board Governance and Nominations committee members attended a CMA facilitated forum on corporate governance held on 30th October and November 1, 2018.	Board Charter, Sec. IV(2.2) page 21; Training course materials from the independent facilitators; and Page 82 of the IR 2018.
A or E	B.26	Has the Board set up an independent Remuneration Committee or assigned to another Board committee the responsibility for determination of remuneration of directors?	2.9.2	FA	The Board has established a Board Governance & Nomination Committee whose responsibility includes determination of remuneration of Directors. The Board Remuneration policies are disclosed in the Integrated Report and the remuneration paid to Directors is within limits imposed by shareholders.	Terms of Reference of the Governance and Nominations Committee; Board Charter, Sec. III(7) page 19-20; and Directors Remuneration Report, page 97 to 101 of the IR 2018.
M	B.27	Has the Board established and approved formal and transparent remuneration policies and procedures that attract and retain Board members?	2.9.1	FA	Section 7 of the Board Charter outlines the remuneration procedure in detail. The Board approved the Remuneration Policy and remuneration report in March, 2019, the same was tabled in Annual General Meeting held in April, 2019 and incorporated in the audited accounts.	Board Charter, pages 19-20, Board minutes of meeting held on in March, 2019; and Directors Remuneration Report, page 97 to 101 of the IR, 2018.

M	B.28	How does the Board ensure compliance with all applicable laws, regulations and standards, including the Constitution and internal policies?	2.10, 2.10.1, 2.10.2	FA	The Group has a Risk Management and Compliance Department, headed by a senior officer who reports directly to the Board Risk Management Committee. The Compliance department is tasked with ensuring compliance with all applicable laws, regulations and standards, including the Constitution and internal policies. Further, the Board Risk Management Committee meets regularly to review the Risk Management and Compliance function's reports on the level of compliance on applicable laws and regulations. The Board also requires the undertaking of a Legal and Compliance Audit to determine the level of compliance with applicable laws, regulations and standards.	Board Charter, Sec I(8.1) pages 10-11; Compliance Register; Compliance Policy & Program; Periodic Risk and Compliance Report; and Page 86 of the IR 2018.
M	B.29	In the past year, has the Board organized a legal and compliance audit to be carried out on a periodic basis?	2.10.3	FA	The Board Charter stipulates that the Board should undertake an independent legal and compliance audit once every two years by a legal professional in good standing with the Law Society of Kenya and that besides this an internal legal and compliance audit be carried out on an annual basis with the objective of establishing the level of adherence to applicable laws, regulations and standards. Internal legal and compliance reviews were conducted in 2018 and the findings communicated to the Country Risk Management Committee and Board Risk Management Committee. An independent Legal and Compliance audit by Namasaka and Kairuki Advocates is currently ongoing and the summary of key findings will be communicated to stakeholders through our website.	Board Charter, Sec I(8.3) page 11; Reports to the Board Risk Management and Board Governance and Nominations Committees; and Page 69 of the IR 2018.
A or E	B.30	Has the Board subjected the company to an annual governance audit?	2.11.1	FA	The Board commissioned an independent Governance Audit to assess the level of compliance with sound governance practices. The Audit was undertaken by Maonga Ndonge Associates, competent professionals, recognized by the Institute of Certified Secretaries. The key recommendations and findings of the report are published on page 68 of the IR 2018.	Board Charter, Sec I(8.3) page 12; Page 68 of the IR 2018; and The Governance Auditor's Report in the IR 2018.
C RIGHTS of SHAREHOLDERS						
M	C.1	Does the governance framework recognize the need to equitably treat all shareholders, including the minority and foreign shareholders?	3.0 Overview, 3.2.1	Not applicable	As stipulated in the Articles of Association, Section I (1.7) of the Board Charter states that the Board believes that as a matter of policy and to enable adequate representation and protection of the rights of minority shareholders, there should be a substantial number of Independent Non-Executive Directors on the Board. The company however has only one shareholder and hence this aspect is managed by the Holding Company.	Board Charter, Sec I(1.2) page 6, and Page 73 of the IR 2018.
M	C.2	Other than at the AGM, how does the Board facilitate the effective exercise of shareholders' rights?	3.1.1	Not applicable	Stakeholders receive relevant information on the company's performance through the distribution of annual reports and accounts, quarterly results and material disclosures as a matter of best practice. Such reports and disclosures are available across multiple communication channels such as the Company's website, newspapers and Holding Company investor briefings. The Shares Registrar is also involved in disseminating information to the Holding Company's shareholders on their rights.	Company Website, newspaper publications and Registrar's engagement with the Holding Company's shareholders
M	C.3	How does the Board facilitate shareholders participation at the AGM?	3.1.1	Not applicable	Following the Group Re-organization in 2017, the company has one shareholder, NIC Group Plc.	Not applicable
A or E	C.4	Are minority and foreign shareholders holding the same class of shares treated equitably?	3.2.1	Not applicable	The company has only one shareholder and hence minority and foreign shareholding issues do not arise.	Not applicable.
A or E	C.5	Is there evidence that the Board proactively provides information to shareholders and the media, (and in a timely basis) on corporate affairs and corporate governance?	3.1.1, 3.4.1	FA	There is continuous communication of corporate affairs activities such as on the appointment of new directors and publication of business performance and material disclosures via the company website and media publications.	Company's Website; and Media Publications.
D STAKEHOLDER RELATIONS						
A or E	D.1	Does the Board have a stakeholder-inclusive approach in its practice of corporate governance and which identifies its various stakeholders?	4.1.1	FA	The relations with various stakeholders is captured in various documents, including identification of the key stakeholders under the Compliance Policy and Risk Management Framework, Citizenship policy, Environmental and Social Management System Policy among other policies. Additional enhancements will be progressively made to enhance the existing policies and practices as outlined in the 2018 IR.	Board Charter, Sec. I(10) page 13; Various company policies; and Pages 16 and 78 of the IR 2018.
A or E	D.2	Has the Board developed policies, procedures and strategies to manage relations with different/key stakeholder groups?	4.1.2, 4.1.3, 4.1.5, 4.2.1	FA	Several policies which identify the key stakeholders of the company and how they are engaged are in place. Additional enhancements will be progressively made to enhance the company's policies and practices.	Various policies in use by the Group - Citizenship Policy, Code of Conduct and Ethics, Supplier Code of Conduct and Ethics, Environmental and Social Risk Management policy and procedures, Corporate Communications policy; and Pages 16 and 78 of the IR 2018.

A or E	D.3	How does the Board take into account the interests of key stakeholder groups prior to making decisions?	4.1.4	FA	Prior to making any significant decision, the Board considers the impact upon its stakeholders and seeks to ensure that their interests have been considered for the best possible outcome. In all decisions taken by the Board, the interests of its primary stakeholder, the Shareholder, is considered prior to effecting a resolution and public disclosures are made through public notices and where required by law, EGM and special meetings organised.	Board Charter, Sec I(8.1) page 10; Minutes of the Board meetings and AGM; Public notices and media publications; and Page 16 of the IR 2018.
M	D.4	How does the Board ensure effective communications with stakeholders?	4.1, 4.2.1	FA	By complying with the requirements of legislation, regulation and Company's Articles and Association on public notices to stakeholders.	Various company policies (Corporate Communications Policy, Stakeholder Relations policy, Public notices in the newspapers and the company's website, investor briefings), Shares Registrar engagement with shareholders; and Page 84 of the IR 2018.
M	D.5	Has the Board established a formal dispute resolution process to address internal and external disputes?	4.3.1	FA	Dispute resolution processes for internal disputes in place and for external disputes is stipulated in the service level agreements. The company also has a whistle-blowing policy and mechanism for reporting issues either overtly or anonymously that are to be addressed.	Board Charter Sec I(8.3) page 12, Various company policies; Whistle-blowing policy and mechanism; Service level agreements; and Stakeholder Relations policy.
E ETHICS AND SOCIAL RESPONSIBILITY						
A or E	E.1	Does the Board ensure that all deliberations, decisions and actions are founded on the core values (responsibility, accountability, fairness and transparency) underpinning good governance and sustainability?	5.1.1	FA	The Board is guided by ethics and core values as stipulated in the preamble of the Board Charter which include discipline, transparency, independence, accountability, responsibility, fairness and social responsibilities. The company's core values of Professionalism, Integrity, Passion, Innovation and Responsiveness are embedded in all our practices.	Board Charter, Preamble, page 4; Code of Conduct and Ethics; and Pages 67-69 of the IR 2018.
M	E.2	Has the Board developed a Code of Ethics and Conduct (which includes sustainability) and has it worked to ensure its application by all directors, management and employees?	2.6.1, 5.2.2, 5.2.3, 5.2.4	FA	The Group has a Code of Conduct and Ethics applicable to the Directors, Management and employees who all subscribe to and attest to it annually. The code has also been published on the website.	Code of Conduct and Ethics (https://www.nic-bank.com/ke/wp-content/uploads/2014/10/Code-of-Conduct-and-Ethics.pdf)
A or E	E.3	How does the Board ensure that compliance with the Ethics Code and Conduct is integrated into company operations?	5.2.3	FA	Directors, Management and the staff are provided with the Code of Conduct and Ethics which they attest to annually. The principles, policies and guidelines outlined in the Code are adhered to by practice within the various operations of the company.	Code of Conduct and Ethics.
A or E	E.4	Does the Board incorporate ethical and sustainability risks and opportunities in the risk management process?	5.2.1	FA	Reputational and Ethics/Conduct Risk is mapped as one of the risk in the Risk Appetite Framework Statement and Risk Management Framework. Discussions on sustainability risks and opportunities are embedded within the review process of operational activities within the company.	Risk Appetite Framework Statement; Risk Management Program; and New products and activities policy and governance review.
A or E	E.5	How is the company performance on ethics assessed, monitored and disclosed to internal and external stakeholders?	5.2.4, 5.2.5	FA	Status on performance on ethics relating to internal stakeholders are regularly reported to the Board and CBK. Reports on ethical matters are prepared by the Compliance Department and shared with Management and the Board periodically. Additional enhancements will be made progressively to enhance the existing policies and practices during the upcoming review cycles.	Risk management and Compliance Reports; Whistle blowing program; and Code of Conduct and Ethics.
A or E	E.6	Has the company established and implemented a whistle blowing policy?	5.2.5	FA	The Board has established a whistle-blowing policy which has been published on the company's website. In addition, the Board appointed Deloitte to independently manage the anonymous whistleblowing service that operates 24 hours, 7 days a week for 365 days. The communication channels are available on the company's website and is open to all stakeholders.	Whistle blowing Policy (https://www.nic-bank.com/ke/wp-content/uploads/2017/10/WHISTLE_BLOWING_POLICY.pdf); and Code of Conduct and Ethics.
A or E	E.7	Has the Board/or management developed policies on corporate citizenship and sustainability and strategies for company use?	5.3.1, 5.4	FA	A corporate citizen policy and strategy is in place and every year as part of the budgeting exercise, funds are set aside for citizenship activities. The Group also encourages and practices sustainability in its strategy setting and review cycles to ensure the long term sustainability of the Group and returns to shareholders. Additional enhancements will be made progressively to enhance the existing policies and practices during the upcoming review cycles.	Corporate Citizen Policy and Strategy; Our Citizenship Agenda in the Managing Director's report on page 22 of the IR 2018; and Page 39-41 of the IR 2018.

M	E.8	Does the Board consider not only the financial performance but also the impact of the company's operations on society and the environment?	5.3.2, 5.3.3	FA	The Group has an Environmental and Social Management System Policy and Procedures Manual which prescribes minimum standards for environmental and social considerations through its lending activities. It sets the minimum standards that will be observed to ensure the minimisation of any adverse impact upon the environment and the communities around its operations as well as those of its customers. The Group also has a Citizenship Policy in place which focuses on three key pillars namely People, Profit and Planet. The key highlights on corporate citizenship are contained in the Integrated Report.	Citizenship Policy; Environmental Policy; and Page 39-41 of the IR 2018.
A or E	E.9	Does the Board monitor and report activities leading to good corporate citizenship and sustainability to demonstrate they are well coordinated?	5.4.1	FA	The Board monitors the activities undertaken through its Environmental and Social Management System and Citizenship Policies which it thereafter reports upon in the Integrated Report.	Citizenship Policy; Environmental and Social Risk Management Policy, page 71 of the IR 2018; and Pages 21-22 and 39-41 of the IR 2018.
F ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL						
M	F.1	Does the Audit Committee and the Board consider and review the financial statements for integrity of the process and for truthful and factual presentation?	6.1, 6.1.1a	FA	The Audit Committee receives and reviews management accounts and quarterly financials and relevant publications for recommendation to the Board for approval. An independent external auditor also audits the end year financials and gives an independent opinion.	Minutes of the Board Audit Committee and Full Board meetings; Director's Statement of Responsibility on page 102 of the IR 2018; and Audited financial statements for the year 2018 within the IR 2018
M	F.2	Does the Annual Report contain a statement from the Board explaining its responsibility for preparing the accounts and is there a statement by the external auditor about his/her reporting responsibilities?	6.1.2	FA	The Statement of Directors' responsibilities outlines the statutory responsibility of Directors to ensure that the Group and its companies keep proper accounting records and to disclose with reasonable accuracy the financial position of the company. The independent auditor also provides a statement of their responsibility and assessment of the financials as prepared and reported by the Board	Statement of Directors' Responsibility on page 102 of the IR 2018; and Auditor's Opinion is contained in the IR 2018 before the financial statements
A or E	F.3	Does the board or audit committee have a process in place to ensure the independence and competence of the Company's external auditors?	6.1.1b	FA	Independent auditors are recommended by the Board for appointment every year at the AGM. The Board Audit Committee has, among its responsibilities, the task of assessing and ensuring the independence of the external Auditors. The Audit scope is presented to the Board Audit Committee annually for approval and the Committee also meets with the auditor in the absence of Management so as to freely discuss any issues that the auditor would wish to table.	Board Audit Committee Terms of Reference; and Minutes of the Board Audit Committee.
M	F.4	Do the shareholders formally appoint the external auditor at the AGM through a formal and transparent process?	6.1.3	Not applicable	The external auditor is formally appointed annually by the Board during the AGM as the company has only one shareholder. This follows a nomination by the Board Audit & Risk Committee for the Board's consideration of the nominee. The external auditor is also vetted for approval by CBK	Board Audit Committee TORs; Board minutes; and Minutes of the AGM.
A or E	F.5	Is the Company working towards the introduction of integrated reporting (incorporating financial and non-financial information) or is the company's Annual Report prepared on an integrated basis using a framework available from the Integrated Reporting Council, The Global Reporting Initiative, G4 Sustainability Guidelines and/or Sustainability Accounting Standards Board standards?	6.1.5	FA	The Board commenced integrated reporting and the first integrated report was published in 2018 for the period ending December 2017. The Integrated Reports are available on the company's website and physical copies at the company's registered office. The reports will be progressively enhanced with each subsequent release.	The Group's commitment to integrated reporting on page 4 of the IR 2018.
A or E	F.6	Has the Board established an effective risk management framework which is inclusive of key risks as well as foreseeable risks, environmental and social risks and issues?	6.2.1	FA	The Group's Environmental and Social Management System has adopted the IFC Performance Standards and applicable World Bank Environmental, Health and Safety ("EHS") Guidelines in its risk management framework. The risk management framework is forward looking and incorporates the requirements prescribed by the Code.	Risk Management Framework; Corporate Risk Management Matrix; Risk Dashboard & Risk Management Reports; and Risk Management Report on pages 52-64 of the IR 2018.
M	F.7	Has the Board established and reviewed on a regular basis the adequacy, integrity and management of internal control systems and information systems (including for compliance with all applicable laws, regulations, rules and guidelines)?	6.3.1, 6.3.2, 6.3.3	FA	Internal Audit is tasked with regular reviews to ensure that the internal controls are in place and adhered to. The Internal Control reports are presented to the Board Audit Committee on quarterly basis. The Company also has Legal and Compliance departments which track and ensure compliance with all applicable laws, regulations, rules and guidelines.	Internal Audit Charter, Reports and Audit Plan; Board Audit Committee Terms of Reference; Minutes of the Board Audit and Board Risk Committees; and Internal Audit Report on pages 65-66 of the IR 2018.
M	F.8	Does the Board annually conduct a review on the effectiveness of the company's risk management practices and internal control systems and report this to shareholders?	6.4.1	FA	The Audit and Risk Management Committees of the Board review all material controls including financial, strategic, operational and compliance risks. The Committees receive regular reports from the departments tasked with the review of controls, i.e. Internal Audit and Risk Management and Compliance. A report on Internal Controls and the Risk Framework is included in the Annual Integrated Report.	Internal Audit Charter; Terms of reference of the Audit and Risk Management Committees; Group Risk and Audit Reports on pages 52-66 of the IR 2018.

M	F.9	Has the Board established an effective internal audit function according to Code requirements and which reports directly to the Audit Committee?	6.5.2	FA	The Group has an Internal Audit Department which is an independent function that reports directly to the Board Audit Committee and provides independent confirmation that the Group's business standards, policies and procedures are being complied with. Where found necessary, corrective action is recommended. An annual program is prepared every year and approved by the Board Audit Committee. Appraisal and appointment of the Head of Internal Audit lies with the Board Audit Committee.	Board Audit Committee Terms of Reference; and Internal Audit Charter.
A or E	F.10	Does the Board disclose details of Audit Committee activities ?	6.5.2	FA	The Activities of the Board Audit Committee are detailed in the Committee's Terms of Reference and disclosed in the Integrated Report.	Board Audit Committee Terms of Reference; Committee meeting minutes; Page 79-80 of the IR 2018.
C TRANSPARENCY and DISCLOSURE						
M	G.1	Does the company have policies and processes to ensure timely and balanced disclosure of all material information as required by all laws, regulations and standards and this Code.	7.0 Overview, 7.1.1	FA	This role is monitored, tracked and conducted by the Board, Compliance Department, Group Company Secretary's Office and Finance Department. The Board ensures timely disclosures on all material matters concerning the company. The Corporate Communications policy establishes measures to ensure that information is readily available to the various stakeholders	Communication Policy; Publications; and Page 84 of the IR 2018.
A or E	G.2	Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to the company's governance, the Board and the Audit Committee?	7.1.1	FA	The Board ensures timely disclosures on all material matters concerning the company. The Corporate Communications policy establishes measures to ensure that information is readily available to the various stakeholders.	Communications Policy; and Pages 67-91 of the IR 2018.
A or E	G.3	Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to the company's mission, vision and strategic objectives?	7.1.1	FA	The Company's vision is disclosed in the Integrated Report. Our Vision and mission is "Building Prosperity Together" and our strategic objectives and strategy is highlighted in the report as well	Pages 7 and 14 of the IR 2018.
A or E	G.4	Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to remuneration and whistleblowing?	7.1.1	FA	The Integrated Report 2018 contains a Directors' Remuneration Report as required by the Code and the Companies Act, 2015 as well as details of the whistle blowing policy. The whistle blowing policy is available on the company's website.	Whistle-blowing policy and Directors' Remuneration Report pages 72 and 97-101 of the IR 2018.
A or E	G.5	As a minimum, does the company website disclose current information on all areas prescribed in 7.1.1 (Board Charter, Whistleblowing Policy, Code of Ethics and information on resignation of directors)?	7.1.1	FA	The Group website contains the Board Charter, Whistleblowing Policy, Code of Ethics and information on the Directors.	Company website.
A or E	G.6	Does the Board disclose the management discussion and analysis as required in 7.1.1?	7.1.1	FA	The Board discloses management discussions with regard to management's assessment of key factors affecting the company's financial conditions and results of operations over the period covered by the financial statements.	The Group Managing Director's and Executive Director's Reports on pages 21-25 of the IR 2018.
A or E	G.7	Has the Board provided disclosures as required in 7.1.1 on compliance with laws, regulations and standards; ethical leadership, conflict of interest, corporate social responsibility and citizenship?	7.1.1	FA	The Board has disclosed the level of compliance with laws, regulations and standards in the Corporate Governance Statement and has highlighted the recommendations from the Governance Auditor that will be implemented in the 2019 policy review cycle	Pages 68-71 of the IR 2018.
A or E	G.8	Has the Board made all required disclosures, including confirming requirements of 7.1.1 which include that a governance audit was carried out and that there are no known insider dealings?	7.1.1	FA	A Governance audit was undertaken and reported upon in the 2018 Integrated report. The Securities Trading Policy governs the conduct of Directors, management and staff when dealing with securities of publicly listed companies. For the period ending December 31, 2018 there were no known or identified instances of insider trading by Directors, management and staff of the company.	Pages 68 and 71 of the IR 2018; and The Governance Audit Report contained in the IR 2018.
A or E	G.9	Has the Board disclosed the company's risk management policy, company procurement policy, policy on Information technology as per 7.1.1?	7.1.1	FA	The Board has disclosed the various policies and procedures that the Code stipulates must be disclosed in the Integrated Report. Details of the Board Charter, Board Remuneration, Attraction and Retention policy, Corporate Disclosures, Code of Conduct and Ethics, Conflicts of Interest policy, Environmental, Social and Governance policies, Procurement Policy, Securities Trading, Whistle Blowing Policy, ICT Policies and Director External Activities and Related Party Transactions Policy are highlighted in the Integrated Policy.	Pages 70-72 of the IR 2018.
M	G.10	Has the Board disclosed information on shareholders, including the key shareholders, including shareholding by directors and senior management and the extent of their shareholdings as required in 7.1.1 and on stakeholder who influence company performance and sustainability?	7.1.1	FA	The Company has only one shareholder. The Details of Holding Company's key shareholders as well as their shareholding (no. of shares and percentage) are disclosed in the Integrated Report. Also disclosed is the shareholder profiles and details of Board Directors and Senior Management with shares in the company.	Page 91 of the IR 2018.
M	G.11	Has the Board disclosed all related-party transactions?	7.1.1t	FA	The Code, Prudential Guidelines and the Directors' External Activities and Related Party Transaction's policy governs the conduct of Directors' as well as their associates and related parties when conducting business with the company. The Directors submit their declaration of interests on an annual basis where they acknowledge their obligation to declare any conflict of interest and to exclude themselves from any discussion where they have actual, potential or perceived conflict of interest. In addition, all related party transactions are disclosed and reported upon	Page 197-199, Note 40 on Related Party Transactions in the IR 2018.

M	G.12	Does the Board include in its Annual Report a statement of policy on good governance and the status of the application of this Code?	1.1.3, 7.1.1r	FA	The Board has disclosed in the Integrated Report the company's level of compliance with the corporate governance requirements.	Page 67-91 of the IR 2018.
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Note 1 The Reporting Template shall be used by companies to report on their application of the provisions of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the Code). The completion of the Reporting Template and its filing with the Capital Markets Authority (CMA) will fulfill the reporting requirements of the Code at 1.1.3 paragraph 2. All elements marked in green are mandatory and MUST be complied with. Failure to fully apply will result in regulatory sanctions. When completing column 'F' for MANDATORY ITEMS, 'FA' will mean 'Fully Complied With', 'PA' will mean 'Partially Complied With' and 'NA' will mean 'Not Complied With'.

Note 2 Column 'F' should be marked as follows: 'FA' - Full Application, PA - Partially Applied or 'NA' - Not Applied. Full application of this Code is required by the Code. Therefore anything less than 'full application' is considered 'non compliance or non-application' of the Code. A response of PA or NA is non-compliance and requires an explanation to be provided with a firm commitment to moving towards full compliance. See also Note 4.

Note 3 An explanation of how the Code provision is applied is required in column 'G' and shall be supported by evidence of how application has been achieved. If the provision is NOT applied, an explanation for why it is not applied or only partially applied is required in column 'G'. For each question, column 'G' must be completed.

Note 4 If an explanation is required because of non-application of any element of the Code, the explanation must be satisfactory, must be provided to relevant stakeholders including the Capital Markets Authority and shall include:

- a: reasons for non-application
- b: time frame required to meet each application requirement
- c: the strategies to be put in place to progress to full application.