National Bank

A Subsidiary of Access Bank PLC

2025 ANNUAL REPORT

& Financial Statements

National Bank

A Subsidiary of Access Bank PLC

A New **Chapter.** **A Stronger** Legacy.

National Bank
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TABLE OF CONTENTS

CORPORATE PHILOSOPHY

Purpose

We exist to make a positive impact in Africa.

Vision

To be the world's most respected African bank.

Mission

Setting standards for sustainable business practices that ignite the talents of our employees and create superior value for our stakeholders.

NBK AWARDS 2025

AWARDING ORGANIZATION	AWARD
4th Aviation Business Excellence Awards – ABEA 2024	1st Runners Up Retail Outlets (Bank & Forex)
The Institute of Internal Auditors Kenya.	First Runner Up Best Internal Audit Function
Sanlam Insurance Annual Awards Gala	Best Bank in New and Promising Bank Partner for the Mortgage and Credit Life Business 2024
	2nd Runner-Up in Most Improved Bank in Bancassurance Business 2024
Think Business Banking Awards	Best Bank in Microfinance
	Best Bank in mortgage Finance
	Best Bank in Financial Literacy Program
16th Edition of Africa Bank 4.0 Summit – Pan Africa	Most Innovative Corporate Digital Banking in East Africa
Think Business Insurance Awards 2025	Risk Management Award
Think Business Insurance Awards 2025	Best Bancassurance Intermediary in Non life and Non embedded products
Supplier Diversity & Inclusion.	Private Sector Procurement Awards 2025
Finance Expert	Digitally Fit Awards
Real Estate Awards	Best Mortgage Solution Providers in 2025

CORPORATE INFORMATION

Directors

The following directors held office during the year to the date of our report:

Non-Executive

1. Ms. Barbara Barungi - Appointed in May 2025
2. Mr. Oluseyi Kumapayi - Appointed in May 2025
3. Mr. Oludolapo Ogundimu - Appointed in May 2025
4. Mr. Peter Kemei - Appointed in May 2025
5. Mr. Sammy Langat - Appointed in May 2025
6. Ms. Lina Githuka
7. Mr. Laban Omangi
8. Mr. Paul Russo - Resigned in May 2025
9. Mr. Geoffrey Malombe - Resigned in May 2025

Executive

10. Mr. George Odhiambo (Managing Director)

Board committees

Audit Committee

1. Mr. Peter Kemei (Chair)
2. Mr. Oluseyi Kumapayi
3. Mr. Sammy Langat
4. Mr. Laban Omangi
5. Mr. George Odhiambo

Human Resources & Nominations Committee

1. Ms. Lina Githuka (Chair)
2. Mr. Peter Kemei
3. Mr. Oluseyi Kumapayi
4. Mr. Oludolapo Omotayo Ogundimu
5. Mr. George Odhiambo

Risk Committee

1. Mr. Sammy Langat (Chair)
2. Mr. Oluseyi Kumapayi
3. Mr. Oludolapo Omotayo Ogundimu
4. Ms. Lina Githuka
5. Mr. George Odhiambo

Strategy, IT & Procurement Committee

1. Mr. Laban Omangi (Chair)
2. Mr. Oludolapo Omotayo Ogundimu
3. Mr. Sammy Langat
4. Mr. Oluseyi Kumapayi
5. Mr. George Odhiambo

Credit Committee

1. Mr. Oludolapo Omotayo Ogundimu (Chair)
2. Mr. Sammy Langat
3. Mr. Laban Omangi
4. Mr. Peter Kemei
5. Mr. George Odhiambo

Company Secretary

Samuel W Mundia
Director Legal & Company Secretary
P O Box 72866 City Square
00200 Nairobi

Registered and Operating office
National Bank Building, 2nd Floor
LR No. 209/5401
Harambee Avenue
P O Box 72866 City Square
00200 Nairobi

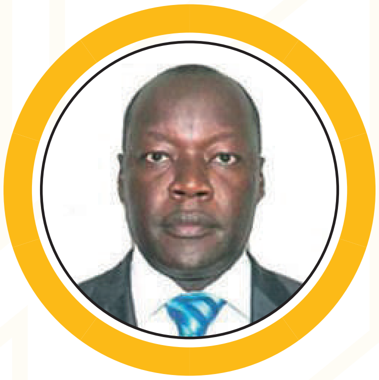
Auditor

PricewaterhouseCoopers LLP
Certified Public Accountants
PwC Tower, Waiyaki Way/Chiromo Road,
Westlands
P O Box 43963
00100 Nairobi

GOVERNANCE & ACCOUNTABILITY

BOARD OF DIRECTORS

Ms. Barbara Barungi
Non-Executive Director



Mr. Sammy Langat
Non-Executive Director

Mr. Oluseyi Kumapayi
Non-Executive Director

Mr. Laban Omangi
Non-Executive Director

Mr. Peter Kemei
Non-Executive Director

Mr. Oludolapo Omotayo Ogundimu
Non-Executive Director

Ms. Lina Githuka
Non-Executive Director

Mr. George Odhiambo
Managing Director

BOARD OF DIRECTORS

The Board of Directors is elected by shareholders and is responsible for providing strategic direction, overseeing management, and promoting the long-term success of the Bank. In discharging its fiduciary duties, the Board seeks to create sustainable value for shareholders while balancing the interests of customers, employees, regulators, and the wider community.

The Board approves the Bank's strategic objectives, risk appetite, capital and operating plans, and provides oversight of the Bank's performance against these objectives. It also ensures that appropriate governance frameworks, internal controls, and risk management systems are in place to safeguard the Bank's assets and reputation.

While the Board retains responsibility for overall governance and oversight, the Managing Director leads the Management team and is responsible for the day-to-day management of the Bank's operations under delegated authority from the Board.

All Directors are expected to act with integrity, professionalism, independence of judgment, and in the best interests of the Bank. Directors are guided by the Board Charter, the Code of Ethics and Conduct, applicable laws and regulations, and established corporate governance principles.

Board Composition

As at 31 December 2025, the Board comprised of 8 Directors comprising 5 non-executive directors, 2 Independent non-executive and 1 Executive Director, being the Managing Director.

The Board is constituted to ensure an appropriate balance of skills, experience, independence, diversity, and industry knowledge. The Directors collectively bring extensive expertise in banking, finance, risk management, law, governance, strategy, business leadership, and human capital management, enabling effective oversight and stewardship of the Bank.

Independent Non-Executive Directors are free from any relationships or circumstances that could materially impair their ability to exercise objective and independent judgment. The Board regularly reviews its composition to ensure continued effectiveness and compliance with regulatory and governance requirements.

The Company Secretary supports the effectiveness of the Board and its Committees by ensuring adherence to applicable legal, regulatory and governance requirements. The Company Secretary works closely with the Chairman and the Managing Director in planning Board and Committee meetings, preparing agendas and facilitating the smooth conduct of Board business.

Board Meetings

The Board and its Committees meet regularly and follow an approved annual work plan that guides their deliberations. Directors are provided with timely and comprehensive information to facilitate effective oversight and decision-making on the Bank's strategic, financial, operational, risk, compliance and governance matters.

Director	Meetings Held	Attended
Ms. Barbara Barungi*	7	7
Mr. Oluseyi Kumapayi*	7	7
Mr. Oludolapo Ogundimu*	7	7
Mr. Peter Kemei*	7	7
Mr. Sammy Langat*	7	7
Ms. Lina Githuka	9	7
Mr. Laban Omangi	9	9
Mr. George Odhiambo	9	9
Mr. Geoffrey Malombe**	2	2
Mr. Paul Russo**	2	2

*Appointed in May 2026

**Resigned in May 2026

BOARD OF DIRECTORS

Board Committees

Credit Committee

The Board Credit Committee oversees the Bank's credit risk management framework, reviews significant credit facilities, monitors asset quality, and ensures compliance with approved credit policies, risk appetite, and regulatory requirements. It also oversees the management and recovery of non-performing loans.

Director	Meetings Held	Attended
Mr. Oludolapo Ogundimu (Chair)*	6	6
Mr. Peter Kemei*	6	6
Mr. Sammy Langat*	6	6
Mr. Laban Omangi	11	11
Mr. Geoffrey Malombe**	5	5
Mr. George Odhiambo	11	11

Audit Committee

The Board Audit Committee assists the Board in overseeing the integrity of financial reporting, the effectiveness of internal controls, risk management and compliance processes, and the performance of the internal and external audit functions. The Committee also reviews the Bank's financial statements, monitors regulatory compliance, and oversees the implementation of Internal Audit plans and governance policies.

Director	Meetings Held	Attended
Mr. Peter Kemei (Chair)*	2	2
Mr. Oluseyi Kumapayi*	2	2
Mr. Sammy Langat*	2	2
Mr. Laban Omangi	6	6
Ms. Lina Githuka	5	5
Mr. Geoffrey Malombe**	4	4
Mr. Paul Russo**	4	4
Mr. George Odhiambo	6	6

Risk Committee

The Board Risk Committee assists the Board in overseeing the Bank's risk management and compliance framework. The Committee monitors the effectiveness of risk management policies, regulatory compliance, and internal controls, while ensuring that material risks are identified, assessed and appropriately managed. It also oversees the Bank's whistleblowing framework and ethical conduct programmes.

Director	Meetings Held	Attended
Mr. Sammy Langat (Chair)*	2	2
Mr. Oludolapo Ogundimu*	2	2
Mr. Oluseyi Kumapayi*	2	2
Ms. Lina Githuka	4	4
Mr. Laban Omangi	2	2
Mr. Paul Russo**	2	2
Mr. George Odhiambo	4	4

BOARD OF DIRECTORS

Board Committees Continued...

Nomination & Remuneration Committee

The Board Nomination and Remuneration Committee oversees Board composition, succession planning, performance evaluation, and remuneration. It ensures the Board maintains the appropriate mix of skills, experience, diversity, and independence, while promoting remuneration practices that support the Bank's long-term objectives.

Director	Meetings Held	Attended
Ms. Lina Githuka (Chair)	5	5
Mr. Oludolapo Ogundimu*	2	2
Mr. Peter Kemei*	2	2
Mr. Oluseyi Kumapayi*	2	2
Mr. Laban Omangi	4	4
Mr. George Odhiambo	5	5

Strategy, IT & Procurement Committee

The Strategy, IT & Procurement Committee assists the Board in overseeing the Bank's strategic initiatives, technology transformation, digital innovation, and procurement governance. The Committee monitors the execution of the Bank's strategy, oversees key technology investments and IT risks, and ensures procurement activities are conducted in a transparent, efficient and value-driven manner.

Director	Meetings Held	Attended
Mr. Laban Omangi (Chair)	5	5
Mr. Oluseyi Kumapayi*	2	2
Mr. Oludolapo Ogundimu*	2	2
Mr. Sammy Langat*	2	2
Mr. Geoffrey Malombe**	3	3
Mr. George Odhiambo	5	5

NBK Bancassurance Intermediary Limited

The NBK Bancassurance Intermediary Limited Board provides oversight of the Bank's bancassurance subsidiary, including strategy, performance, regulatory compliance and risk management. The Committee monitors the growth and sustainability of the bancassurance portfolio while ensuring effective governance and alignment with the Bank's overall strategic objectives.

Director	Meetings Held	Attended
Ms. Lina Githuka (Chair)	4	4
Mr. Laban Omangi	4	4
Mr. George Odhiambo	4	4

PERFORMANCE OVERVIEW

PERFORMANCE OVERVIEW

2024 vs 2025

	2024	2025	
Total Assets	Kes 148B	Kes 141B	↓ 4.7% decrease
Customer Deposits	Kes 98B	Kes 106B	↑ 8.2% increase
Shareholders Funds	Kes 13B	Kes 17B	↑ 30.8% increase
Total Operating income	Kes 15.6B	Kes 13.5B	↓ 13.5% decrease
Profit Before Tax	Kes 1B	Kes 2.9B	↑ 190% increase

KEY HIGHLIGHTS

- ✓ Customer Deposits grew by 8.2%
- ✓ Shareholders Funds grew by 30.8%
- ✓ Profit Before Tax increased by 190%

SENIOR MANAGEMENT

George Odhiambo	Managing Director
Ken Ouko	Director, Corporate Banking
Alice Kimuhu	Ag. Director, Retail Banking
Jacqueline Kahome	Head, Treasury
Bernadette Ngara	Director, Marketing, Corporate Communications and Citizenship
Stephen Gathongo	Director, Credit
Samuel Mundia	Director Legal and Company Secretary
Zablon Jowi	Director, Internal Audit
Simon Mbogo	Director, Information & Communication Technology
John Ojalla	Director, Risk
Henry Maosa	Ag. Director Finance and Strategy
Catherine Wabwire	Ag. Director Operations
Ronald Okero	Ag. Director, Human Resources
Duncan Onyango	Principal Officer, Bancassurance
Agnes Mutisya	Ag. Head, Credit Remedial & Recoveries

SENIOR MANAGEMENT (Continued)

EXECUTIVE MANAGEMENT COMMITTEE (EMC)

The Executive Management Committee, chaired by the Managing Director, oversees the execution of the Bank's strategy, business plans and operational performance. The Committee monitors financial performance, key business initiatives, and strategic objectives, and regularly reports progress to the Board.

MANAGEMENT CREDIT RISK COMMITTEE (MCRC)

The Management Credit Risk Committee oversees credit risk management and approves credit facilities within delegated authority limits. The Committee monitors asset quality, portfolio performance and credit risk trends, and provides regular reports to the Board Credit Committee.

ASSETS AND LIABILITY COMMITTEE (ALCO)

The Assets and Liability Committee oversees the Bank's balance sheet management, including liquidity, funding, interest rate, market and foreign exchange risks. The Committee ensures compliance with regulatory requirements and supports the Bank's financial stability and profitability objectives.

EXECUTIVE RISK COMMITTEE (ERC)

The Executive Risk Committee oversees the Bank's enterprise risk management and compliance framework. The Committee monitors operational, regulatory and compliance risks, reviews control effectiveness, and ensures appropriate measures are in place to identify, assess and mitigate key risks across the Bank.

CRISIS MANAGEMENT TEAM (CMT)

The Crisis Management Team (CMT) is responsible for coordinating the Bank's response to significant incidents and crisis events that may disrupt operations, impact customers, employees, or threaten the Bank's reputation and financial stability. The Team provides leadership during crisis situations, ensuring timely decision-making, effective communication, business continuity and escalation of critical matters to Management and the Board.

INFORMATION COMMUNICATION TECHNOLOGY (ICT) STEERING COMMITTEE

The Information Communication Technology (ICT) Steering Committee oversees the Bank's technology strategy, digital transformation initiatives, and ICT governance framework. The Committee ensures that ICT investments, systems, and infrastructure support the Bank's strategic objectives, business requirements, and operational resilience.

MANAGING DIRECTOR'S STATEMENT

Mr. George Odhiambo
Managing Director

A New Chapter. A Stronger Legacy.

The year 2025 will be remembered as a defining milestone in the history of National Bank of Kenya. It marks the beginning of a new chapter—one that builds on more than five decades of service, trust, and contribution to Kenya's economic development while positioning the Bank for accelerated growth under the ownership of Access Bank PLC.

On 30 May 2025, Access Bank PLC completed the acquisition of 100% of National Bank of Kenya Limited. This was more than a change in ownership; it was the start of a strategic transformation that combines National Bank's strong local heritage with the scale, expertise, and pan-African reach of one of the continent's leading financial institutions. Together, we are creating a stronger platform to serve our customers, support businesses, and contribute to economic growth across Kenya and beyond.

This transition occurred against a backdrop of a resilient but evolving operating environment. Kenya's economy continued to demonstrate stability despite fiscal pressures and a changing regulatory landscape. The financial services sector remained a key driver of economic activity, supported by ongoing digital transformation, improving monetary conditions, and increasing demand for innovative financial solutions.

Amid these developments, the Group delivered one of its strongest financial performances in recent years. Profit before tax rose to KShs 2.9 billion from KShs 1.0 billion in 2024, while profit after tax increased to KShs 2.4 billion. These results reflect the strength of our franchise, disciplined execution of strategic priorities, improved asset quality, and a relentless focus on operational efficiency.

MANAGING DIRECTOR'S STATEMENT

Managing Director's Statement Continued...

Our strategic focus throughout the year was clear: strengthen the foundations of the business, improve risk management, enhance customer experience, and position the Bank for sustainable growth. The results of these efforts are evident. Customer deposits grew to KShs 106 billion despite the transfer of certain customer balances, demonstrating continued customer confidence in our brand and service proposition. At the same time, our credit impairment charge reduced significantly, reflecting stronger recoveries, improved collections, and enhanced credit risk management practices.

Looking ahead, we are focused on translating this momentum into long-term growth. Our ambition is to build a future-ready institution that combines the trusted legacy of National Bank with the international capabilities of Access Bank. We will leverage the Access Bank network to unlock new opportunities in trade finance, cross-border banking, corporate banking, and SME development while deepening our relationships with individuals and businesses across Kenya.

Digital transformation will remain at the heart of our strategy. We are investing in technology, process automation, and innovative solutions that simplify banking, improve customer experiences, and enhance operational efficiency. As customer expectations continue to evolve, we will continue to develop products and services that are accessible, responsive, and aligned to the needs of a modern economy.

We also recognize that the future of banking will be shaped by resilience, responsible growth, and strong governance. As the industry adapts to new capital requirements, risk-based pricing reforms, and heightened regulatory expectations, we remain committed to maintaining robust governance standards, prudent risk management, and sustainable business practices.

The opportunities before us are significant. Kenya remains one of Africa's most dynamic economies, supported by innovation, entrepreneurship, regional trade, and an increasingly connected digital ecosystem. Coupled with Access Bank's pan-African footprint and international presence, we are uniquely positioned to capture these opportunities and create greater value for our stakeholders.

This is not the end of a legacy—it is the amplification of one.

As we enter this new era, we do so with confidence, strengthened by our heritage, energized by our performance, and inspired by the opportunities ahead. Together with our customers, employees, regulators, and shareholder, we are building a stronger National Bank: one that is more agile, more connected, and ready for the future.

A new chapter has begun. And with it, a stronger legacy.

Mr. George Odhiambo
Managing Director

2025 SUSTAINABILITY IMPACT REPORT

National Bank
A Subsidiary of Access Bank PLC

2025 SUSTAINABILITY IMPACT REPORT

INTRODUCTION

At National Bank of Kenya, sustainability is not just a policy, it is a guiding principle that shapes how we do business, engage with communities, and contribute to Kenya's future. Sustainability is embedded into our financing and operations to ensure longterm value for communities and the environment.

Adopted SDGs

The Bank has strategically aligned its operations with 7 Sustainable Development Goals (SDGs), embedding sustainability into its financial products, employee wellbeing, community programs, and environmental initiatives.

SDG 2: Zero Hunger

NBK is committed to ending hunger by supporting initiatives that improve food security. Kilimo Konnect Initiative is the Bank's proposition designed to empower Kenya's agricultural sector particularly smallholder and growth-stage farmers. By delivering accessible, tailored financing and support mechanisms, this program directly advances SDG 2: Zero Hunger, while promoting sustainable agricultural practices and rural economic development.

Through this programme, the Bank has also partnered with other stakeholders to construct biogas systems for farmers, ensuring that animal waste is effectively utilized to produce clean energy. This innovation not only reduces reliance on traditional fuels but also enhances resource efficiency, lowers household energy costs, and contributes to climate resilience. By combining financial support with sustainable solutions, Kilimo Konnect demonstrates NBK's commitment to transforming agriculture into a driver of food security, energy sustainability, and rural prosperity.

SDG 3: Good Health and Well-being

Health is central to NBK's sustainability agenda. The bank promotes wellness programs for staff, including fitness challenges, medical screenings, and mental health awareness. Beyond its workforce, NBK supports healthcare infrastructure and community health projects, ensuring that more people can access quality services. By linking financial literacy to healthier lifestyles, NBK empowers families to make choices that improve their long-term well-being.

Furthermore, the Bank provides comprehensive insurance coverage for all employees, their spouses, and children, reinforcing our commitment to holistic wellbeing and family support. This ensures that staff and loved ones have access to quality healthcare when needed, reducing financial stress and promoting resilience.

SDG 4: Quality Education

NBK believes education is the foundation of opportunity and a driver of sustainable development.

Through Elimu Konnect Programme, the Bank's flagship education financing and empowerment initiative, we offer support to schools across Kenya through flexible financial solutions encompassing:

- Asset financing and infrastructure development, including sustainable solutions for green energy and water management
- Leadership development and capacity building for school management
- Promotion of innovation and excellence in teaching and learning
- Advancement of ICT digitization and connectivity to bridge digital gaps in education

Through other initiatives such as the AdoptaSchool programme, NBK equips learners with practical knowledge in budgeting, savings, and investment, fostering financial literacy from an early age. These efforts empower students to make informed decisions, build resilience, and unlock opportunities for longterm success.

SDG 6: Clean Water and Sanitation

Access to clean water and proper sanitation is essential for healthy communities. NBK contributes by financing water projects, supporting sanitation awareness campaigns, and helping communities build sustainable water harvesting and purification systems. These initiatives reduce waterborne diseases and ensure that families can rely on safe water sources.

The Maji Konnect Initiative is the Bank's flagship WASH program designed to promote sustainable access to clean and safe water across the country. Aligned with SDG 6: Clean Water and Sanitation, Maji Konnect empowers Water Service Providers (WSPs) and water-sector vendors through tailored financial solutions that drive operational efficiency, infrastructure development, and resource sustainability.

Through Maji Konnect we have been able to lend to county governments and WASPs, this has seen increase in the number of people accessing water to more than **1,000,000** people who have been connected directly and indirectly to clean water.

SDG 7: Affordable and Clean Energy

NBK is driving Kenya's transition to renewable energy by offering green financing for solar, wind, and other clean energy solutions. The bank also encourages energy efficiency within its own operations and partners with innovators to expand access to affordable energy for households and small businesses. This commitment reduces reliance on fossil fuels and supports a cleaner environment.

SDG 10: Reduced Inequalities

NBK champions inclusivity by extending financial services to marginalized groups, including women, youth, and persons with disabilities. The bank also promotes equitable workplace policies that foster diversity and inclusion. By bridging economic and social gaps, NBK ensures that opportunities are shared more fairly across society. The Staff ratio of men to women is 49:51.

2025 SUSTAINABILITY IMPACT REPORT

Sustainability Impact Report Continued...

Our W-Initiative is a flagship financial empowerment program designed to close the financing gap for women-led businesses and enterprises. Rooted in the Bank's commitment to SDG 10: Reduced Inequality, W-initiative represents a proactive approach to transforming the entrepreneurial landscape and creating equal opportunities for women across Kenya.

This initiative not only provides tailored financial products but also nurtures the growth and resilience of women-owned businesses through capacity building, access to resources, and dedicated relationship support.

W-initiative directly contributes to:

- Addressing income disparities through financial empowerment
- Enabling women to scale sustainable businesses and become economic drivers
- Creating ripple effects of inclusion and equality within households and local economies

SDG 11: Sustainable Cities and Communities

NBK supports the development of resilient and inclusive cities. Through financing mortgages, sustainable infrastructure, and climate risk management, the bank helps communities prepare for urban challenges. NBK also invests in community-driven projects that make cities safer, greener, and more inclusive for all residents.

IMPACT STORIES.

Kitchen Gardens

NBK constructed 16 kitchen gardens across 14 schools and 2 hospitals, directly and indirectly impacting over **32,000** people. This initiative is firmly aligned with SDG 2: Zero Hunger, as it promotes food security, nutrition, and sustainable agricultural practices. The gardens serve as living classrooms and demonstration sites where diverse crops are cultivated to support both learning and nourishment. At Pumwani Hospital, expectant mothers are introduced to the gardens and trained on how to grow organic vegetables at home, empowering them with practical skills for healthier families. In schools, children actively participate in planting and preparing the gardens, gaining hands-on experience and real-life examples of sustainable farming. By integrating education, health, and community empowerment, NBK's kitchen garden program not only addresses immediate nutritional needs but also fosters long-term resilience and self-sufficiency.

Tree Planting

Through the **Bank on Trees Program**, NBK planted **67,563 trees** across the country, positively impacting more than **50,000 people**. This initiative reflects our commitment to climate resilience, biodiversity, and community empowerment. By integrating tree planting into our sustainability agenda, we not only contribute to carbon sequestration but also create greener, healthier environments for learning and healing.

In addition to indigenous and shade trees, NBK supported the planting of **64 fruit trees at Alliance High School** impacting directly and indirectly over **3000 people**, ensuring that students benefit from both environmental conservation and nutritional value. These efforts demonstrate how sustainability can be both practical and transformative, offering shade, food, and long-term ecological benefits.

The program continues to inspire communities to take ownership of their environment, reinforcing NBK's role as a catalyst for positive change and aligning with our broader ESG and SDG commitments.

Education: Adopt a School Programme

Through the **Adopt a School Programme**, NBK mentored over **30,000 students** across **32 schools**. This initiative is designed to equip young learners with essential financial literacy skills, focusing on three critical aspects: **savings, budgeting, and investment**. By engaging students in interactive sessions and mentorship activities, the programme fosters practical knowledge that empowers them to make informed financial decisions from an early age. Beyond classroom learning, the initiative instills confidence, discipline, and a culture of responsibility, preparing students to thrive in a dynamic economic environment.

The programme continues to serve as a cornerstone of NBK's community empowerment agenda, ensuring that the next generation is not only financially literate but also resilient and future ready.

2025 SUSTAINABILITY IMPACT REPORT

Sustainability Impact Report Continued...

Health and Wellness Initiative

NBK placed health and wellness at the forefront of its community engagement agenda. In partnership with the **Kenya Red Cross**, the Bank organized blood donation drives, including one on **World Sickle Cell Day**, to support patients in need. In the Coast region, NBK branches collaborated with the **Kenya Blood Transfusion and Transplant Service** to host a medical camp and blood donation drive, collecting **33 pints of blood** enough to potentially save **99 lives** while also providing free medical screenings to more than **150 community members**.

During **Blue November**, NBK hosted a Wellness Day and Prostate Cancer Screening, benefiting over **135 individuals** with comprehensive health checks. Altogether, these initiatives directly impacted more than **384 people** through blood donations, medical screenings, and wellness programs, while indirectly raising awareness among thousands more.

By addressing critical health needs, promoting preventive care, and fostering community resilience, NBK continues to demonstrate its commitment to holistic well-being and sustainable impact.

Community Empowerment

Beyond schools, NBK extended its outreach to children's homes during the festive season, bringing joy and support to vulnerable children at **Gathiga Hope** and **Christ Chapel Children's Home**, where **200 children** were impacted through donations of food and personal items. These efforts underscored the Bank's belief that sustainability is about people as much as it is about the planet.

NBK was also proud to sponsor and participate in the **2025 Lewa Safari Marathon**, championing conservation and community through sport. As part of this initiative, and in collaboration with the **Lewa Wildlife Conservancy**, the Bank hosted a community outreach program and a tree planting exercise, planting **1,000 trees** to promote environmental conservation. In addition, NBK facilitated financial literacy training for **100 women** in the Lewa Conservancy Women Group Program, equipping them with practical skills to grow their businesses and improve livelihoods. Through the marathon sponsorship and outreach, NBK's impact reached over **1,000,000 people**, reflecting the Bank's commitment to community empowerment and sustainable development.

Training and Capacity Building

Recognizing that sustainability begins with people, NBK invested in continuous training and capacity building for its staff and customers in 2025. **ESG and sustainability training** was delivered across **18 Nairobi branches**, reaching over **200 staff members**. By integrating sustainability into induction programs for new employees, NBK ensures that every member of the NBK family is equipped to champion sustainability in their daily work and decision-making.

Beyond internal training, NBK broadened horizons for its SME customers through the **W-initiative Trip**, a ten-day business exposure journey to **Turkey and Dubai**. During the trip, **30 customers** explored global opportunities, built international partnerships, and unlocked new markets. This initiative reflects NBK's commitment to empowering Kenyan businesses to think big, act globally, and embrace sustainability as a driver of growth.

Through these efforts, NBK continues to strengthen both internal capacity and external partnerships, ensuring that sustainability is embedded at every level of the organization and extended to the communities we serve.

RISK MANAGEMENT

EXECUTIVE RISK DASHBOARD

The Bank closed 2025 with a stronger and more resilient risk profile, supported by improved profitability, lower non-performing loans, robust liquidity, capital ratios above regulatory minimums and continued investment in operational resilience. However, the gross NPL ratio remained elevated at 30.4%, underscoring the need for sustained recoveries, disciplined underwriting and close portfolio monitoring. This dashboard summarizes the key indicators used by Management and the Board to assess financial strength, risk appetite adherence and readiness for 2026 and beyond.

The Bank maintained a strong Basel III-aligned resilience position in 2025, supported by robust liquidity, stable funding and capital ratios above regulatory minimums. The Liquidity Coverage Ratio of **286.81%** demonstrates strong capacity to withstand short-term liquidity stress, while the Net Stable Funding Ratio of **220%** indicates a stable funding profile over a one-year horizon. Capital adequacy remained sound, with core capital to risk-weighted assets at **13.7%** against the **10.5%** minimum, and total capital to risk-weighted assets at **17.8%** against the **14.5%** minimum. These ratios confirm that the Bank has adequate loss-absorbing capacity and sufficient balance sheet resilience to support ongoing operations and prudent growth. Continued focus should be placed on preserving capital buffers, strengthening risk-weighted asset governance, maintaining high-quality liquid assets, enhancing stress testing, and linking capital and liquidity planning to ICAAP, recovery planning and Board-approved risk appetite.

Metric	2025 Actual	Risk Interpretation
Total assets	KShs 141.3 Billion	Scale remained stable, supporting balance sheet resilience and strategic execution.
Profit before tax	KShs 2.9 Billion	Improved earnings capacity strengthened internal capital generation.
Gross NPLs	KShs 19.1 Billion	Material reduction from KShs 30.8 billion in 2024, reflecting progress in recoveries and remedial management.
Gross NPL ratio	30.4%	Remains elevated and continues to require disciplined recoveries, restructures and portfolio monitoring.
Customer deposits	KShs 106.1 Billion	Stable core funding base supporting liquidity and lending capacity.
CBK liquidity ratio	65%	Comfortably above statutory minimum and internal appetite.
Liquidity Coverage Ratio	286.81%	Strong short-term stress resilience under Basel III principles.
Net Stable Funding Ratio	220%	Strong structural funding stability over a one-year horizon.
Core capital to RWA	13.7%	Above the 10.5% regulatory minimum.
Total capital to RWA	17.8%	Above the 14.5% regulatory minimum, supporting resilience and growth capacity.

RISK MANAGEMENT

Risk Management Continued...

RISK HEATMAP SUMMARY

Principal Risk	Direction	Residual Risk	2025 Assessment
Credit risk	Improving	Elevated	NPLs reduced materially, but NPL ratio remains elevated and portfolio quality remains a key priority.
Liquidity risk	Stable	Low	Strong CBK and Basel III liquidity metrics.
Capital risk	Improving	Low	Capital ratios above regulatory minimums with improved earnings capacity.
Operational and cyber risk	Increasing	Moderate	Digital fraud, cyber threats, third-party dependency and resilience remain key focus areas.
Compliance and conduct risk	Increasing	Moderate	Regulatory expectations continue to expand across AML/CFT, data protection, consumer protection and climate disclosures.
Strategic risk	Stable	Moderate	Execution discipline, profitability and digital transformation remain central.
Climate and sustainability risk	Increasing	Low	Data, portfolio classification and scenario analysis capabilities require continued development.

1. RISK MANAGEMENT OVERVIEW & STRATEGIC PHILOSOPHY

Risk management is central to the Bank's ability to safeguard stakeholders, support responsible growth and deliver sustainable value. The Enterprise Risk Management Framework enables the Bank to identify, assess, manage, monitor and report material risks across its activities, while linking risk-taking to strategy, capital, liquidity, customer outcomes and regulatory expectations.

Consistent with leading global bank disclosures, the Bank positions risk management as a strategic capability rather than a compliance exercise. The framework is anchored on Board-approved risk appetite, clear ownership, independent challenge, timely escalation, data-driven reporting and continuous learning. It incorporates recognized practices from enterprise risk management, the Three Lines Model, Basel capital and liquidity principles, operational resilience, conduct risk, climate-related financial risk and model governance.

1.1 Risk Management Principles

- Risk appetite is approved by the Board, cascaded to business units and embedded in strategy, budgeting, credit origination, portfolio management, product governance, capital planning, liquidity management and performance scorecards.
- The Bank applies the updated Three Lines Model, under which business units own and manage risks, Risk Management and Compliance provide independent oversight and challenge, and Internal Audit provides independent assurance to the Board.
- Risk identification and assessment are forward-looking and supported by risk and control self-assessments, key risk indicators, internal loss data, near-miss reporting, regulatory intelligence, stress testing, scenario analysis and emerging risk scanning.
- Risk data aggregation and reporting are governed through defined data ownership, quality controls, common taxonomies, automated dashboards, timely escalation and Board-level reporting that is accurate, complete, comparable and decision-useful.
- The control environment is strengthened through segregation of duties, maker-checker controls, system-based controls, reconciliations, exception monitoring, independent validation, issue tracking and disciplined closure of audit and regulatory findings.
- Operational resilience is managed through business continuity planning, disaster recovery testing, cyber resilience, third-party risk management, incident response readiness and monitoring of critical business services.
- Climate, ESG and sustainability-related risks are progressively integrated into credit assessment, portfolio monitoring, sector

RISK MANAGEMENT

Risk Management Continued...

concentration limits, scenario analysis and external reporting, consistent with evolving global disclosure expectations.

- A strong risk culture is reinforced through tone from the top, clear ownership, conduct standards, training, consequence management, whistleblowing protection and remuneration practices that discourage excessive risk-taking.

1.2 2025 Macroeconomic Environment and Risk Implications

In 2025, the Kenyan banking sector operated in a cautiously improving but still risk-sensitive macroeconomic environment. Economic activity remained resilient, supported by agriculture, services, financial and insurance activities, transport, construction recovery and easing monetary conditions. Inflation remained within the Central Bank of Kenya target range, supported by relatively stable food and energy prices and improved exchange rate stability. The Kenyan shilling stabilized against the US dollar, easing foreign exchange pressure on import-dependent customers and strengthening market confidence. Monetary policy progressively shifted to a more accommodative stance as inflation moderated, creating scope for lower funding costs, improved borrower affordability and gradual recovery in private sector credit growth.

Notwithstanding these improvements, the operating environment remained exposed to material downside risks. Elevated non-performing loans across the banking sector, constrained household and business cash flows, fiscal consolidation pressures, public debt vulnerabilities, global trade uncertainty, geopolitical tensions and climate-related shocks continued to influence credit performance, liquidity planning, capital resilience and customer affordability. These conditions require the Bank to maintain a disciplined and forward-looking risk posture, with emphasis on early warning indicators, sectoral concentration monitoring, portfolio stress testing and proactive management of vulnerable obligors.

The 2025 results reinforce the importance of disciplined execution. Improved profitability, stronger liquidity and capital ratios above minimum requirements provide a stronger foundation for 2026. However, the gross NPL ratio of 25.84% remains elevated and requires continued vigilance, early intervention, intensified recoveries, prudent underwriting and robust Board oversight.

2. RISK GOVERNANCE ARCHITECTURE & THREE LINES OF DEFENCE

The Bank's risk governance architecture is designed to ensure clear ownership of risk, effective oversight, independent challenge and timely escalation. It is aligned to the Central Bank of Kenya Prudential Guidelines, the Banking Act, applicable regulatory requirements, Basel Committee principles, the updated Three Lines Model and current expectations for Board accountability, risk culture, data quality, operational resilience and integrated assurance.

2.1 Board-Level Oversight

The Board retains ultimate accountability for the Bank's risk governance, strategy and risk appetite. Through the Board Risk Committee, the Board oversees the adequacy and effectiveness of the risk management framework, approves material risk policies and risk appetite statements, reviews the Bank's risk profile against approved thresholds, challenges management actions, monitors emerging risks and ensures that capital, liquidity and operational resilience remain aligned to the Bank's strategy and regulatory obligations.

2.2 Three Lines of Defence Model

First Line of Defence — Business Units & Operations

The First Line of Defence comprises the business segments (Retail Banking, Corporate Banking, Islamic Banking, Treasury, and Operations) and their aligned support functions. These units own the risks associated with their respective activities and are responsible for the design and execution of controls to manage those risks. Responsibilities include adherence to applicable laws, regulations, and internal policies, as well as implementation of the risk governance framework established by the Risk Management function.

During 2025, the First Line continued to strengthen risk ownership through business-level risk appetite cascade, process-level risk and control self-assessments, enhanced key risk indicators, issue ownership, control attestations and timely escalation of material breaches. The focus shifted from periodic compliance reporting to continuous control monitoring, early warning signals, customer-impact assessment and accountability for remediation.

RISK MANAGEMENT

Risk Management Continued...

Second Line of Defence — Independent Risk Management & Compliance

The Second Line of Defense comprises the independent Risk Management and Compliance functions, led by the Director Risk. These functions provide objective oversight, challenge and assurance over the First Line's identification, assessment, management and risk reporting. Their responsibilities include maintaining risk and compliance policies, methodologies, limits and standards; monitoring the Bank's risk profile against approved risk appetite; overseeing regulatory compliance and conduct risk; validating key risk assessments and control effectiveness; and providing forward-looking risk intelligence to Management and the Board. The Risk Management function reports to the Board Risk Committee through the Director Risk, ensuring independence, objectivity and direct escalation of material risk matters.

Third Line of Defence — Internal Audit

The Third Line of Defence is provided by the Internal Audit function, led by the Director of Internal Audit. Internal Audit operates independently and provides objective assurance to the Board Audit Committee on the effectiveness of governance, risk management and internal controls across the First and Second Lines of Defence.

2.3 Management-Level Risk Committees

Management-level risk committees support the Board by providing executive oversight, challenge and coordination over key risk areas. These forums ensure timely review of risk exposures, control issues, emerging risks, regulatory matters and management actions, with material matters escalated to the appropriate Board committee.

- **Executive Risk Committee:** Chaired by the Managing Director, the committee oversees the Bank's enterprise-wide risk profile, top and emerging risks, risk appetite adherence, stress indicators, material incidents, conduct risk, customer outcomes and remediation actions. Significant matters are escalated to the Board Risk Committee.
- **Management Credit Risk Committee:** Reviews credit applications within delegated authority, monitors portfolio quality, watch-list exposures, sector concentrations, remedial actions and compliance with credit policy and approved risk limits.
- **Assets and Liabilities Committee:** Oversees capital, liquidity, interest rate risk in the banking book, market risk, foreign exchange exposure, funding strategy, investment portfolio performance and stress testing outcomes.
- **Technology, Cyber and Operational Resilience Committee:** Oversees technology risk, cyber resilience, information security, digital channel stability, incident response, third-party technology risk, data protection, business continuity and operational resilience readiness.
- **Model, Data and Analytics Governance Forum:** Oversees model risk, data quality, automated decisioning, risk data aggregation, dashboard integrity, artificial intelligence use cases and independent model validation.
- **Functional Risk and Compliance Committees:** Divisional forums chaired by Heads of Function to review functional risk profiles, control issues, compliance matters, audit findings, incidents and remediation actions before escalation to enterprise-level committees where required.

3. RISK APPETITE FRAMEWORK

The Risk Appetite Framework defines the amount and type of risk the Bank is prepared to accept in pursuit of its strategic objectives. It is approved by the Board, cascaded across business units and embedded in strategy, budgeting, product approval, credit origination, portfolio management, capital planning, liquidity management and performance scorecards. In 2025, the framework was calibrated to reflect elevated credit risk, digital transformation, operational resilience, climate-related expectations, cyber risk and the need to preserve capital, liquidity and stakeholder confidence.

3.1 Qualitative Risk Appetite Statements

The qualitative statements below translate the Board's risk appetite into practical guidance for business decisions, portfolio growth, product design, control expectations, escalation and performance management. Appetite levels are supported by quantitative limits, key risk indicators and timely management actions where exposures approach or exceed approved tolerance.

- **Credit Risk:** The Bank has a low appetite for unmanaged credit losses and credit growth that is not supported by sound underwriting, adequate pricing, reliable cash

RISK MANAGEMENT

Risk Management Continued...

flows and effective collateral governance. The Bank will continue to reduce legacy non-performing exposures while pursuing selective, risk-adjusted growth in sectors and customer segments that demonstrate strong repayment capacity, acceptable concentration levels and alignment with approved risk appetite.

- **Market Risk:** The Bank maintains a low appetite for market risk and limits exposure to customer-driven treasury activity, approved investment strategies and tightly controlled trading positions. Interest rate, foreign exchange and valuation risks are managed within Board-approved limits, supported by independent monitoring, stress testing and timely escalation of limit breaches.
- **Liquidity Risk:** The Bank has a very low appetite for liquidity stress and is committed to maintaining stable, diversified and behaviourally reliable funding. The Bank holds sufficient high-quality liquid assets to meet CBK statutory requirements, maintain Basel III-aligned liquidity buffers, withstand severe but plausible short-term liquidity shocks and preserve contingency funding capacity under idiosyncratic, market-wide and combined stress scenarios.
- **Operational, Technology and Cyber Risk:** The Bank has no appetite for material control failures, internal or external fraud, cyber incidents, data breaches, service disruption or regulatory breaches arising from weak controls or poor execution. The Bank accepts only controlled operational risk inherent in business growth and digital transformation, provided it is supported by strong governance, resilient systems, effective segregation of duties, third-party oversight, incident response and continuous control monitoring.
- **Strategic Risk:** The Bank has a moderate and controlled appetite for strategic risk where initiatives are aligned to approved strategy, risk appetite, capital and liquidity capacity, customer outcomes and execution capability. New products, partnerships, digital initiatives, transformation programmes and market expansion must be supported by robust due diligence, clear business cases, phased implementation, risk assessment and post-implementation review.
- **Compliance, Conduct and Financial Crime Risk:** The Bank has no appetite for deliberate or material breaches of laws, regulations, sanctions requirements, AML/CFT obligations, data protection requirements, internal policies or ethical standards. The Bank is committed to fair customer outcomes, transparent product governance, responsible selling, timely regulatory engagement and effective remediation of compliance and conduct issues.
- **Reputational and Sustainability Risk:** The Bank has no appetite for actions, omissions or business practices that materially undermine stakeholder trust, customer confidence, regulatory standing or long-term franchise value. The Bank seeks to manage reputational and sustainability risks through ethical conduct, responsible lending, customer protection, climate-risk integration, transparent stakeholder communication and alignment between growth, governance and sustainable value creation.

3.2 Key Risk and Resilience Metrics

The table below summarizes the key 2025 risk and resilience metrics most relevant to the Bank's integrated risk profile focusing on asset quality, liquidity, funding, capital strength, profitability and balance sheet scale.

Theme	Key Metric	2025 Actual	Comments
Asset quality	Gross non-performing loans	KShs 19.1 Billion	Materially reduced from KShs 37 Billion in 2024, reflecting progress in recoveries and remedial management.
Asset quality	Gross NPL ratio	30.4%	Remains elevated and requires sustained recoveries, close watch-list management and disciplined portfolio actions.

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RISK MANAGEMENT

Risk Management Continued...

Theme	Key Metric	2025 Actual	Comments
Balance sheet	Net loans and advances	KShs 50.7 Billion	Reflects the customer lending book and underscores the need for disciplined origination, recoveries and portfolio quality oversight.
Funding	Customer deposits	KShs 106.1 billion	Stable core funding base supporting liquidity and balance sheet resilience.
Liquidity	CBK liquidity ratio	65%	Comfortably above the statutory minimum of 20.0% and internal appetite.
Liquidity	Liquidity Coverage Ratio	286.81%	Strong short-term stress resilience under Basel III liquidity principles.
Liquidity	Net Stable Funding Ratio	220%	Strong structural funding stability over a one-year horizon.
Capital	Core capital to risk-weighted assets	13.7%	Above the 10.5% regulatory minimum.
Capital	Total capital to risk-weighted assets	17.8%	Above the 14.5% regulatory minimum, supporting resilience and growth capacity.
Profitability	Profit before tax	KShs 2.9 Billion	Improved earnings capacity supports internal capital generation and sustainable growth.
Scale	Total assets	KShs 141.3 Billion	Stable balance sheet scale supporting strategic execution and risk absorption capacity.

4. ENTERPRISE RISK MANAGEMENT PROCESS

The Bank applies an integrated Enterprise Risk Management process that connects strategy, risk appetite, performance, capital, liquidity, customer outcomes and sustainability. The process supports early identification of adverse trends, timely escalation, risk-adjusted decision-making and resilience under normal and stressed conditions.

4.1 Risk Identification

Risk identification is continuous and forward-looking. It is led by the First Line, challenged by the Second Line and informed by risk and control self-assessments, key risk indicators, internal and external loss events, customer complaints, regulatory intelligence, stress testing, scenario analysis and emerging risk scanning. In 2025, the key themes included credit quality, fiscal and public debt pressure, cyber and digital fraud, third-party technology dependency, data protection, artificial intelligence and model risk, climate-related risk, geopolitical uncertainty and social disruption.

4.2 Risk Measurement & Assessment

Risks are measured and assessed using quantitative metrics, expert judgement and scenario analysis. Credit risk is evaluated through IFRS 9 expected credit loss models, portfolio quality indicators and sector reviews; market and liquidity risks through limits, gap analysis, valuation controls and stress testing; and operational risk through incidents, KRIs, control testing, loss data and resilience indicators. Key models, assumptions and methodologies are independently reviewed and periodically validated to support reliable risk measurement and decision-making.

4.3 Risk Mitigation & Control

Risk mitigation is proportionate to the nature, materiality and velocity of the risk. Key controls include portfolio and concentration limits, collateral and covenant management, hedging where appropriate, operational controls, insurance, business continuity arrangements, third-party oversight, issue remediation and management action plans. Control effectiveness is monitored through management committees, independent challenge and assurance activities.

4.4 Risk Monitoring & Reporting

Risk reporting is designed to be accurate, timely, comparable and decision-useful. Management and Board reports focus on risk appetite adherence, principal risk trends, emerging risks, material incidents, stress indicators, regulatory matters, remediation progress and required management actions. Reporting frequency is risk-based, with high-velocity risks such as liquidity, cyber, trading and credit deterioration escalated more frequently.

RISK MANAGEMENT

Risk Management Continued...

4.5 Risk Escalation

The Bank maintains structured escalation protocols for material risk events. Breaches of risk appetite, significant control failures, material cyber or technology incidents, data protection matters, regulatory issues, liquidity stress indicators, capital pressure, large credit deterioration and reputational events are escalated promptly to the Director Risk, the Managing Director, the relevant management committee and where appropriate, the Board Risk Committee. Escalation reports include root cause analysis, customer impact, financial impact, regulatory implications, remediation owners, target closure dates and independent validation requirements.

5. PRINCIPAL RISK CATEGORIES

The Bank's principal risk taxonomy is organized around the material risks that could affect strategy execution, financial performance, capital, liquidity, customers, operations, compliance and stakeholder confidence. Each risk category is governed by approved policies, defined ownership, risk appetite metrics, escalation triggers, management reporting and independent assurance.

5.1 Credit Risk

Credit risk is the potential for loss when a customer, counterparty or issuer fails to meet contractual obligations. It remains the Bank's most material financial risk, reflecting the size of the lending book, legacy non-performing exposures and sensitivity of borrowers to macroeconomic, sectoral and cash-flow pressures.

Risk Drivers

Credit risk arises mainly from the Bank's lending to retail, corporate, SME, public sector, trade, real estate, construction and agricultural customers. In 2025, the key drivers reflected broader Kenyan banking-sector experience, with elevated industry NPLs, borrower cash-flow pressure, delayed payments, and sector stress in personal and household lending, trade, real estate and construction. Additional pressure arose from import-related foreign exchange exposure, climate effects on agriculture, collateral value sensitivity and the need for disciplined restructuring, collections, recoveries and remedial management.

Management Approach

- Independent Credit Governance: Credit approval, underwriting standards, risk rating governance and portfolio monitoring are independent of business origination and aligned to delegated authority limits.
- Portfolio Quality Management: The Bank monitors arrears migration, watch-list accounts, sector concentrations, collateral coverage, restructuring performance and early warning indicators to identify deterioration before default.
- IFRS 9 and Provisioning: Expected credit losses are assessed using forward-looking PD, LGD and EAD parameters, supported by macroeconomic overlays and management judgement where required.
- Collections and Recoveries: Dedicated teams manage early arrears, restructures, remedial accounts, legal recovery, collateral realization and cure strategies.
- Collateral Governance: Independent valuation, perfection, monitoring and periodic revaluation of collateral are used to support recoverability and reduce loss severity.

2025 Risk Implications

In 2025, credit risk remained a key financial risk, although asset quality improved materially compared with the prior year. Gross non-performing loans reduced to KShs 19.1 billion from KShs 37.1 billion. Loans and advances stood at KShs 62.9 billion, resulting in a gross NPL ratio of 30.41%. The Bank's credit risk response is focused on sustaining recoveries, early identification of deterioration, sector-specific portfolio reviews, disciplined restructuring, cash-flow based underwriting, collateral perfection, legal recovery tracking, watch-list governance and proactive management of higher-risk sectors.

5.2 Market Risk

Market risk is the potential for loss of earnings arising from adverse movements in market prices, including interest rates, foreign exchange rates, equity prices, and commodity prices. The Bank's market risk exposure is primarily customer-driven and managed through the Treasury function.

Risk Drivers

Market risk drivers in 2025 included movements in interest rates following the monetary policy easing cycle, changes in yields on government securities, foreign exchange volatility, global trade uncertainty, commodity price movements, geopolitical tensions and repricing risk in the banking book. The stabilization of the Kenyan shilling reduced immediate foreign exchange pressure, but import-dependent customers, foreign currency borrowers and cross-border trade exposures

RISK MANAGEMENT

Risk Management Continued...

remained sensitive to external shocks.

Management Approach

- Market Risk Framework: An approved Market Risk Framework governs the identification, measurement, monitoring, and control of market risk exposures.
- ALCO Oversight: The Assets and Liabilities Committee meets monthly to review interest rate risk in the banking book (IRRBB), foreign exchange exposure, and investment portfolio performance.
- Position Limits: Trading and foreign exchange positions are subject to strict limits approved by the Board. Intraday and overnight limits are monitored in real time.
- Hedging: The Bank uses forward foreign exchange contracts and interest rate swaps to hedge material exposures, subject to counterparty credit risk limits.
- Valuation: Financial instruments at fair value are marked to market daily using independent pricing sources. Model-based valuations are subject to independent validation.

2025 Risk Implications

In 2025, market risk management priorities included close monitoring of interest rate risk in the banking book, treasury portfolio valuation, foreign exchange open positions, counterparty limits, stress testing of yield curve movements and assessment of earnings sensitivity under different rate-cut transmission scenarios. The Bank should continue to align treasury activities to customer flows, approved limits, independent valuation controls and Board-approved risk appetite.

5.3 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its obligations as they fall due, or can only do so at an excessive cost. The Bank maintains a conservative liquidity risk profile, supported by strong liquid asset buffers, diversified funding sources, disciplined balance sheet management and tested contingency funding arrangements.

2025 Liquidity Position and Risk Profile

In 2025, the Bank maintained a strong liquidity position under both local regulatory and Basel III-aligned measures. The CBK liquidity ratio stood at 65% against the statutory minimum of 20.0%, while the Liquidity Coverage Ratio and Net Stable Funding Ratio were 286.81% and 220% respectively, both well above the Basel III benchmark of 100%. Customer deposits of Kshs 106.1 billion provided a stable funding base, complemented by liquid asset holdings, interbank placements and government securities that support day-to-day liquidity, collateral mobilization and contingency funding capacity.

Management Approach

- Governance and Oversight: Liquidity risk is managed through a Board-approved framework, with oversight by ALCO and independent monitoring by Risk Management. Daily liquidity positions, funding concentrations, limit utilizations and early warning indicators are monitored and escalated in line with approved governance protocols.
- Funding Stability: The Bank seeks to maintain a stable, diversified and behaviourally reliable funding base, with active monitoring of customer deposit trends, large depositor concentration, wholesale funding reliance, interbank exposures and maturity mismatches.
- Liquidity Buffer Management: The Bank maintains sufficient high-quality liquid assets, including cash, balances with the Central Bank of Kenya, government securities and readily marketable assets, to meet customer obligations, support collateral mobilization and withstand stress conditions.
- Basel III Alignment: The Bank monitors short-term resilience through the Liquidity Coverage Ratio, structural funding stability through the Net Stable Funding Ratio and overall compliance through the CBK statutory liquidity ratio. These indicators provide a forward-looking view of liquidity resilience across short-term and longer-term horizons.
- Stress Testing and Contingency Planning: Liquidity stress testing is conducted under idiosyncratic, market-wide and combined scenarios, including deposit run-off, market funding closure and collateral haircuts. The Contingency Funding Plan and Recovery Plan define escalation triggers, available funding actions, governance responsibilities and communication protocols.

Key Risk Indicators

The Bank monitors a focused set of liquidity indicators to assess regulatory compliance, funding stability, asset

RISK MANAGEMENT

Risk Management Continued...

liquidity, concentration risk and stress resilience. These indicators are reviewed through management and Board reporting, with escalation where actuals or trends approach approved thresholds.

- CBK Liquidity Ratio: 65% against the statutory minimum of 20.0%.
- Liquidity Coverage Ratio: 286.81% against the Basel III benchmark of 100%.
- Net Stable Funding Ratio: 220% against the Basel III benchmark of 100%.
- Customer Deposits: KShs 106.1 billion as at 31 December 2025.
- Funding Concentration: Monitors reliance on large depositors, wholesale funding, interbank placements and price-sensitive deposits.
- Loan-to-Deposit Ratio: Monitors alignment between customer lending and stable customer funding.
- High-Quality Liquid Assets: Tracks cash, balances with the Central Bank of Kenya, government securities and other readily marketable assets available for liquidity and collateral mobilization.
- Cumulative Liquidity Gap: Measures contractual and behavioural maturity mismatches across key time buckets.
- Liquidity Survival Horizon: Assesses the number of days the Bank can meet obligations under defined stress scenarios.
- Early Warning Indicators: Tracks unusual deposit withdrawals, failed rollovers, market rumours, counterparty limit tightening, payment delays and increased use of contingency funding options.

Outlook and Priorities

Looking ahead, the Bank will continue to preserve strong liquidity buffers, diversify its deposit base, manage deposit concentration, strengthen behavioural maturity analysis and align asset growth to stable funding capacity. Continued focus will be placed on maintaining adequate high-quality liquid assets, enhancing liquidity stress testing, strengthening contingency funding readiness, monitoring Basel III liquidity measures and ensuring that liquidity risk remains within Board-approved appetite under both normal and stressed conditions.

5.4 Operational Risk (including Cyber, Technology & Legal)

Operational risk is the potential for loss resulting from inadequate or failed internal processes, people, and systems, or from external events. It includes legal risk but excludes reputational and strategic risk. In the modern banking environment, operational risk is increasingly dominated by technology and cyber risk.

Risk Drivers

Operational risk drivers in 2025 included cyber-attacks, ransomware, phishing, digital fraud, technology outages, third-party and cloud service dependency, data protection breaches, process failures, human error, internal and external fraud, business disruption from social unrest or climate events, legal claims, model errors and conduct-related failures. Increased customer migration to mobile, internet, agency, card and payment channels heightened the importance of cyber resilience, digital channel stability, fraud monitoring, incident response and control automation.

Management Approach

- Operational Resilience Framework: The Bank identifies critical business services, defines impact tolerances and monitors continuity of customer-facing services, payment capabilities and key operational processes.
- Cyber and Fraud Defence: Cybersecurity, fraud analytics, access governance, security monitoring, incident response and staff awareness are strengthened to reduce exposure to cyber-enabled financial crime.
- Business Continuity and Disaster Recovery: Continuity plans, disaster recovery arrangements, data backup protocols and crisis simulations are tested to support operational continuity under stress.
- Third-Party and Technology Risk: Outsourced service providers, fintech partners, payment processors, cloud providers and technology vendors are subject to due diligence, contractual controls, service monitoring, resilience testing and exit planning.
- Control Environment and Incident Management: Segregation of duties, maker-checker controls, reconciliations, exception reporting, issue tracking and root-cause remediation are used to strengthen the control environment.

2025 Risk Implications

In 2025, operational risk management focused on strengthening resilience of critical services, cyber monitoring, fraud prevention, third-party oversight, business continuity, data protection and control

RISK MANAGEMENT

Risk Management Continued...

remediation. Material incidents are reported using a structured framework covering root cause, customer impact, financial impact, regulatory implications, remediation progress and independent validation.

5.5 Capital & Adequacy Risk

Capital risk is the risk that the Bank has insufficient capital to absorb unexpected losses, meet regulatory requirements, and support its business strategy. It encompasses both the quantum of capital and the quality of capital instruments.

Risk Drivers

Capital risk in 2025 was influenced by asset quality pressure, risk-weighted asset consumption, earnings volatility, regulatory capital requirements, concentration risk and the need to support prudent balance sheet growth. The Bank's capital position improved, with core capital to risk-weighted assets at 13.7% against the 10.5% minimum, total capital to risk-weighted assets at 17.8% against the 14.5% minimum, and core capital to total deposit liabilities at 11.5% against the 8.0% minimum. Capital planning remained closely linked to stress testing, ICAAP, profitability, portfolio optimization and management actions to preserve buffers under baseline and adverse scenarios.

Management Approach

- Capital Management Policy: The Board-approved policy defines capital planning, allocation, and monitoring processes.
- Internal Capital Adequacy Assessment Process (ICAAP): The Bank conducts an annual ICAAP to determine the adequate level of capital required to cover all material risks, including pillar 1 and pillar 2 risks. The ICAAP was submitted to the Board and CBK.
- Capital Conservation: The Bank implemented targeted cost-containment and efficiency measures to preserve capital, protect earnings and strengthen resilience under the prevailing operating environment.
- RWA Optimisation: The Bank actively manages risk-weighted assets (RWAs) through portfolio mix adjustments and securitisation where feasible.

2025 Risk Implications

In 2025, capital management priorities included sustaining capital ratios above regulatory minimums, aligning growth ambitions to capital capacity, monitoring risk-weighted asset consumption, stress testing adverse credit and market scenarios, assessing the capital impact of IFRS 9 overlays and evaluating strategic initiatives on a risk-adjusted return basis. Board and management reporting should continue to track capital adequacy trends, stress results, early warning indicators and credible management actions.

5.6 Strategic Risk

Strategic risk is the potential loss of value, earnings or market position arising from ineffective strategy formulation, poor execution, or failure to adapt to changes in the operating environment. It includes risks associated with business transformation, mergers and acquisitions, digital disruption, competitive positioning and misalignment between strategic ambition, risk appetite and execution capacity.

Risk Drivers

Strategic risk drivers in 2025 included heightened competition from banks, fintechs and mobile-led financial services providers; changing customer expectations; digital transformation execution risk; cybersecurity and technology resilience requirements; integration and transformation execution risk; fiscal policy uncertainty; public debt pressures; social unrest linked to cost-of-living and taxation concerns; climate and sustainability expectations; and the need to balance growth with asset quality, capital preservation and profitability.

Management Approach

- Strategy and Risk Appetite Alignment: Strategic initiatives are assessed against risk appetite, capital capacity, liquidity implications, customer outcomes, execution readiness and expected risk-adjusted returns.
- Execution Discipline: Management monitors delivery of strategic priorities through milestones, financial performance, budget achievement, cost-to-income trends, channel profitability, customer migration and corrective actions for underperforming initiatives.
- Transformation and Integration Risk Management: Major transformation, integration, digital and partnership programmes are governed through defined workstreams, executive sponsorship, risk assessments, dependency tracking and issue escalation.
- Competitive and Market Intelligence: The Bank monitors competitor activity, fintech

RISK MANAGEMENT

Risk Management Continued...

disruption, regulatory change, customer behaviour, technology trends and market developments to inform strategy, product design and capital allocation.

2025 Risk Implications

In 2025, strategic risk management required stronger linkage between strategy, risk appetite, budget delivery, capital allocation, customer value propositions and execution milestones. Management reporting should include progress against strategic initiatives, lagging and leading indicators, profitability by business line and channel, loss-making units or products, customer migration trends, digital adoption, revenue diversification, cost-to-income trends and corrective actions for underperforming strategic priorities.

5.7 Reputational & Sustainability Risk

Reputational and sustainability risk is the potential loss of stakeholder trust, earnings, funding access or market confidence arising from negative public perception, poor customer outcomes, regulatory breaches, unethical conduct, weak governance, or inadequate management of environmental and social impacts. It also includes ESG-related risks that may affect the Bank's resilience, licence to operate and long-term value creation.

Risk Drivers

Reputational and sustainability risks are driven by customer outcomes, service reliability, conduct, regulatory compliance, media and social media sentiment, stakeholder expectations, climate-related impacts, responsible lending, data protection, supplier conduct and governance standards. In a digital environment, reputational events can escalate rapidly and may affect customer trust, deposit stability, funding access, regulatory confidence and long-term franchise value.

Management Approach

- Reputation and Stakeholder Governance: Material reputational matters are monitored through structured escalation, issue ownership, stakeholder communication and Board-level oversight where appropriate.
- Customer Outcomes and Complaints Management: Customer complaints, service quality, product fairness and conduct indicators are monitored to identify root causes and improve customer experience.
- Media and Social Listening: The Bank monitors mainstream media, social media and stakeholder sentiment to identify emerging perception risks and respond in a timely and coordinated manner.
- Sustainability and ESG Integration: Environmental, social and governance considerations are progressively embedded into credit assessment, supplier management, stakeholder engagement, climate risk monitoring and external reporting.
- Responsible Business Conduct: The Bank promotes ethical conduct, transparency, fair customer treatment, responsible lending and alignment between business performance and stakeholder impact.

2025 Risk Implications

In 2025, reputational and sustainability risk management required greater focus on customer protection, service reliability, regulatory confidence, social media responsiveness, climate-related expectations and responsible business conduct. The Bank should continue to strengthen issue escalation, complaints root-cause analysis, ESG data quality, stakeholder communication and monitoring of reputational risk indicators across products, channels and strategic initiatives.

5.8 Compliance, Conduct & Regulatory Risk

Compliance and conduct risk is the potential for regulatory sanctions, financial loss, reputational damage or customer harm arising from failure to comply with applicable laws, regulations, internal policies, codes of conduct or expected standards of ethical business practice. It also includes the risk that employee behaviour, product design, sales practices or business processes result in unfair outcomes for customers, market participants or the Bank.

Risk Drivers

The Bank operates in a highly regulated environment subject to the Banking Act, Central Bank of Kenya Prudential Guidelines, anti-money laundering and counter-terrorism financing requirements, sanctions obligations, data protection laws, consumer protection expectations, tax compliance requirements, capital markets obligations where applicable, climate-related disclosure expectations and evolving supervisory guidance on cyber and operational resilience. Conduct risk drivers include unfair customer outcomes, mis-selling, conflicts of interest, inadequate disclosure, complaints handling weaknesses, staff misconduct,

RISK MANAGEMENT

Risk Management Continued...

third-party conduct failures and poor product governance.

Management Approach

- Compliance Governance: Compliance provides independent oversight of regulatory obligations, policy adherence, regulatory change, thematic compliance risks and management action plans.
- AML/CFT and Sanctions Controls: Customer due diligence, beneficial ownership verification, transaction monitoring, sanctions screening, suspicious activity reporting and staff awareness remain core elements of the financial crime control framework.
- Conduct and Customer Protection: Product governance, fair customer treatment, transparency, complaints root-cause analysis, channel conduct and sales practices are monitored to prevent customer harm.
- Data Protection and Privacy: Personal data processing, access controls, breach escalation, third-party data handling and privacy awareness are monitored in line with legal and regulatory expectations.
- Regulatory Change and Issue Remediation: Regulatory developments, supervisory findings, audit issues and compliance breaches are tracked to closure with assigned owners, timelines and independent validation where appropriate.

2025 Risk Implications

In 2025, compliance and conduct priorities included strengthening AML/CFT monitoring, sanctions screening, customer due diligence, beneficial ownership controls, data privacy governance, product suitability, complaints root-cause analysis, regulatory change management, staff declarations, ethics training and reporting of material compliance issues. Board reporting should focus on thematic compliance risks, unresolved regulatory matters, breach trends, customer impact and remediation effectiveness.

5.9 Climate & Emerging Risk

Climate and emerging risks represent potential threats that may not yet be fully understood or quantified but could have a material impact on the Bank's strategy, operations, or financial performance over the medium-to long term. This is a modern risk category that has gained prominence in integrated reporting, reflecting stakeholder expectations for climate resilience and sustainable finance.

Risk Drivers

Climate risk drivers include physical risks such as drought, flooding, extreme weather and damage to collateral or customer operations; transition risks arising from policy, technology, market and consumer shifts; and liability risks related to disclosure, greenwashing or failure to manage foreseeable climate-related exposures. Emerging risks in 2025 included artificial intelligence and model risk, cyber threats, data governance, digital fraud, geopolitical tensions, supply chain disruption, fiscal uncertainty, social unrest, public debt pressure and rapid changes in customer behaviour across digital channels.

Management Approach

- Climate Risk Assessment: The Bank has begun assessing the exposure of its loan portfolio to climate-related risks, particularly in agriculture, real estate, and energy sectors. Sectoral limits are under review to incorporate climate sensitivity.
- Green Lending: The Bank has introduced lending products targeting sustainable agriculture, renewable energy, and energy efficiency. The ESG framework guides investment and lending decisions.
- Environmental Partnerships: In 2025, the Bank partnered with various government and private bodies to launch the National Tree Planting initiative, committing to purchase tree seedlings and support reforestation.
- Emerging Risk Radar: The Risk Management function maintains an emerging risk register, reviewed quarterly by the ERC, to identify and assess nascent risks before they crystallise.
- Scenario Analysis: Climate scenario analysis is being integrated into the Bank's stress testing framework, assessing portfolio resilience.

2025 Risk Implications

In 2025, climate and emerging risk management required progressive integration of climate considerations into governance, strategy, credit assessment, portfolio monitoring, collateral valuation, sector limits, scenario analysis and disclosures. The Bank should align implementation with applicable Central Bank of Kenya

RISK MANAGEMENT

Risk Management Continued...

climate-related risk management and disclosure expectations, while building data capability to classify green assets, assess exposure to high-risk sectors and report climate-related metrics over time.

6. FORWARD-LOOKING RISK MANAGEMENT

Forward-looking risk management enables the Bank to assess resilience under adverse but plausible conditions and to maintain credible capital, liquidity and recovery actions. Stress testing, scenario analysis, ICAAP and recovery planning are used to challenge strategy, test risk appetite and inform Board decision-making.

6.1 Stress Testing, Scenario Analysis & ICAAP

Stress testing is a critical tool for assessing the Bank's resilience to severe but plausible adverse events. The Bank conducts stress tests across credit, market, liquidity, and operational risk categories, using both CBK-mandated scenarios and internally developed scenarios.

- Credit Risk Stress Testing: Assesses the impact of macroeconomic shocks, delayed customer cash flows, increased default rates, sector-specific stress, collateral value declines, currency depreciation and higher impairment overlays on portfolio quality, NPLs, profitability and capital adequacy.
- Liquidity Stress Testing: Simulates idiosyncratic (Bank-specific), market-wide, and combined stress scenarios to assess the adequacy of liquid assets and contingency funding. The Bank's liquidity buffer was found adequate under all 2025 scenarios.
- Market Risk Stress Testing: Evaluates the impact of extreme interest rate and foreign exchange movements on earnings and economic value. The Bank's market risk exposures remained manageable under stress.
- Reverse Stress Testing: Identifies scenarios that would cause the Bank to become non-viable, helping to inform risk appetite and recovery planning.

The Internal Capital Adequacy Assessment Process assesses the capital required to cover material risks, including risks not fully captured under Pillar 1. In 2025, the ICAAP linked capital planning to strategy, stress testing, recovery planning, risk appetite, portfolio quality, profitability, climate-related risk, model risk and credible management actions under baseline and adverse scenarios.

6.2 Recovery & Resolution Planning

The Bank maintains a Recovery Plan that sets out triggers, governance, escalation and management options for restoring financial viability under stress. Recovery actions may include capital conservation, balance sheet optimization, liquidity mobilization, cost reduction, portfolio de-risking, funding diversification and capital raising. The Plan is reviewed annually, tested through scenario exercises and aligned to regulatory expectations for recovery planning, operational continuity and critical services.

7. RISK CULTURE, CONDUCT & REMUNERATION ALIGNMENT

Risk culture reflects the behaviours, values and decision-making norms that guide how the Bank takes, manages and escalates risk. A strong risk culture embeds risk management into daily business decisions, ensuring it is a core part of how the Bank operates rather than a compliance exercise. The Board and Management continue to take deliberate actions to strengthen accountability, ethical conduct and prudent risk-taking across the organization.

7.1 Tone from the Top

The Board and Managing Director set the tone for risk culture through clear accountability, ethical leadership, transparent communication and consistent personal conduct. In line with current best practice, the Board Risk Committee oversees conduct, culture and customer outcomes through regular review of whistleblowing matters, staff conduct trends, compliance indicators, risk appetite breaches and the effectiveness of management actions to reinforce prudent risk-taking and sustainable growth.

7.2 Accountability & Consequences

The Bank maintains clear accountability for risk ownership, control execution and timely remediation. Business and functional leaders are accountable for the risks generated by their activities, while consequence management is applied where conduct, control or policy failures occur. Accountability mechanisms include performance impact, formal warnings, disciplinary

RISK MANAGEMENT

Risk Management Continued...

action, deferral or clawback of variable remuneration where applicable, and escalation of material breaches to the appropriate governance forum.

7.3 Remuneration Alignment

The Bank aligns remuneration with prudent risk-taking, ethical conduct and sustainable long-term performance. The Board Nomination and Remuneration Committee reviews pay structures to ensure they support the Bank's risk appetite, discourage excessive risk-taking and reinforce accountability. Key safeguards include risk-adjusted performance measures, deferred variable pay for senior management, malus and claw-back provisions for misconduct or material risk events, and no performance-based incentives for non-executive directors.

7.4 Training & Awareness

The Bank strengthens risk culture through continuous training and awareness programmes covering risk management, compliance, AML/CFT, ethics and the Code of Conduct. In 2025, mandatory e-learning was complemented by biweekly learning sessions on topical risk and business issues, executive coaching for senior management, leadership development programmes and coaching for line managers. These initiatives ensure that staff, including new joiners, understand their risk responsibilities, identify emerging risks early, comply with regulatory obligations and make decisions consistent with the Bank's values, policies and risk appetite.

8. RISK MANAGEMENT OUTLOOK: 2026 AND BEYOND

Looking ahead, the Bank's risk agenda will remain focused on resilience, disciplined growth and stakeholder trust. Priorities include sustaining asset quality improvement, preserving capital and liquidity strength, strengthening cyber and operational resilience, enhancing data-driven risk reporting, meeting evolving regulatory expectations and embedding climate and sustainability considerations into business decisions.

8.1 Strategic Priorities

- Asset Quality and Risk-Adjusted Growth: Sustain improvements in NPLs through early warning monitoring, collections, remedial management, legal recovery tracking, collateral realisation and selective growth in quality, adequately priced and capital-efficient segments.
- Capital, Liquidity and Recovery Readiness: Preserve capital and liquidity buffers, align balance sheet growth to funding and capital capacity, enhance stress testing and maintain credible contingency and recovery actions.
- Operational, Cyber and Third-Party Resilience: Strengthen cybersecurity, fraud analytics, disaster recovery, business continuity, incident response, data protection and oversight of critical vendors and digital ecosystem partners.
- Regulatory, Conduct and Customer Protection: Strengthen AML/CFT, sanctions, consumer protection, product governance, complaints root-cause analysis and fair customer outcome monitoring.
- Data, Model and AI Governance: Improve data quality, automated dashboards, risk aggregation, model validation, artificial intelligence governance and scenario-based Board reporting.
- Climate and Sustainability Integration: Embed climate and sustainability considerations into governance, credit assessment, portfolio monitoring, sector limits, collateral valuation, scenario analysis and disclosure readiness.
- Execution, Culture and Accountability: Monitor strategic delivery, profitability by business line and channel, customer outcomes, loss-making units and alignment of conduct, remuneration and accountability with prudent risk-taking.

8.2 Emerging Risk Landscape

From 2026 onward, the Bank will monitor a broader, more interconnected emerging risk landscape shaped by macroeconomic uncertainty, fiscal pressures, rapid digital adoption, cyber-enabled financial crime, regulatory change, climate volatility, geopolitical disruption and evolving customer expectations. These risks may affect asset quality, profitability, capital, liquidity, operational resilience, compliance, strategic execution and stakeholder confidence. Key focus areas include:

- Macroeconomic, Fiscal and Sovereign Risk: Public debt pressures, fiscal consolidation, tax policy changes, domestic borrowing, delayed public-sector payments, inflation volatility and cost-of-living pressures may

RISK MANAGEMENT

Risk Management Continued...

affect customer cash flows, credit demand, repayment capacity, asset quality, funding costs and market confidence.

- Credit Cycle, Concentration and Portfolio Quality Risk: Elevated non-performing loans may persist despite monetary policy easing, while large borrower concentration, sectoral stress and collateral value pressure may require disciplined underwriting, proactive restructuring, sector reviews, realistic provisioning and accelerated recovery execution.
- Cyber, Fraud, Insider Threat and Technology Resilience Risk: Increasing digital adoption, ransomware, phishing, social engineering, digital fraud, insider collusion, third-party technology dependency, cloud concentration and system availability risks will require stronger cyber controls, fraud analytics, access governance, incident response and resilience testing.
- Data, Artificial Intelligence, Model and Automation Risk: Greater reliance on analytics, automated decisioning, credit scoring models and artificial intelligence will require robust data governance, model validation, explainability, bias monitoring, access controls, cybersecurity safeguards and ongoing performance review.
- Regulatory, Financial Crime and Conduct Risk: Evolving supervisory expectations on capital, liquidity, operational resilience, AML/CFT, sanctions, beneficial ownership, data protection, consumer protection, climate disclosures and digital finance may increase compliance obligations, enforcement risk and remediation costs.
- Geopolitical, Trade and Supply Chain Risk: Regional conflicts, global trade tensions, commodity price shocks, exchange rate movements and supply chain disruption may affect import-dependent customers, cross-border transactions, foreign currency borrowers, inflation, liquidity planning and market volatility.
- Climate, Environmental and Sustainability Risk: Droughts, floods, extreme weather events, transition policy changes, carbon-related requirements and sustainability disclosure expectations may affect customers, collateral values, sector exposures, capital planning, reputation and long-term portfolio resilience.
- Competition, Fintech, Digital Assets and Payments Risk: Fintechs, mobile-led financial services, agency banking, digital wallets, tokenization, stablecoins and alternative payment rails may disrupt deposits, payments, fee income, customer relationships and traditional banking business models.
- Third-Party, Cloud and Ecosystem Concentration Risk: Dependence on outsourced service providers, fintech partners, payment processors, telecommunications networks, cloud platforms and critical vendors may create operational, cyber, conduct, data protection and continuity risks requiring stronger oversight and exit planning.
- Social, Political, People and Reputational Risk: Public protests, fiscal policy tensions, misinformation, rapid social media amplification, customer activism and weak accountability may disrupt operations, affect customer confidence and heighten reputational sensitivity.

8.3 Conclusion

The Bank enters 2026 with a stronger risk foundation, supported by improved profitability, robust liquidity and capital ratios above regulatory minimums. While non-performing loans reduced during 2025, the gross NPL ratio of 30.4% remains elevated and we have instituted sustained recoveries measures, disciplined underwriting and close portfolio oversight. The focus now shifts to execution discipline, sustainable growth and continuous resilience. Risk management will remain embedded in strategy, capital allocation, customer protection, regulatory confidence and long-term value creation, with continued emphasis on early warning capabilities, portfolio discipline, cyber and technology resilience, climate-risk integration, conduct oversight and accountability.

FINANCIAL STATEMENTS

For the year ended 31 December 2025

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of National Bank of Kenya Limited (the "Bank") and its subsidiaries (together, the "Group") for the year ended 31 December 2025.

Principal activities

The principal activity of the Group is the provision of banking and bancassurance services.

Dividend

The directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2025 (2024: Nil).

Business review

The Group consolidation includes the results of National Bank of Kenya Limited and its 100% wholly owned subsidiary, NBK Bancassurance Intermediary Limited. The Group operates as a subsidiary of Access Bank PLC.

On 30 May 2025, Access Bank PLC completed the acquisition of 100% of National Bank of Kenya Limited. In line with the Share Purchase Agreement (SPA), selected assets and liabilities were transferred to the seller resulting in a leaner balance sheet profile compared to the prior year.

Results for the year

	Group		Bank	
	2025 Shs'000	2024 Shs'000	2025 Shs'000	2024 Shs'000
Profit before income tax	2,913,507	1,048,361	2,679,375	921,496
Income tax expense	(520,186)	15,692	(453,613)	71,528
Profit after tax	**2,393,321**	**1,064,053**	**2,225,762**	**993,024**

Operating environment

The economic environment in Kenya for 2025 was characterized by a mix of challenges and opportunities. Fiscal pressures intensified with the FY2024/25 deficit widening to 5.9% of GDP, driven mostly by revenue shortfalls and increasingly rigid expenditure structures. The services sector remained the main growth driver, supported by a resurgence in tourism and sustained expansion in financial services and ICT. Agriculture, Forestry, and Fishing rebounded from previous droughts although this recovery was uneven across sub-sectors. Despite these challenges, the Kenyan economy remained resilient and stable in 2025, driven largely by a robust services sector and improved investment in the creative economy.

The banking environment in Kenya for 2025 was characterized by a mix of resilience and challenges. The sector continued to play a crucial role in supporting economic growth, but it faced hurdles such as heightened regulatory expectations. Despite these challenges, banks remained a backbone for households and businesses, processing payments and extending credit. The sector also underwent digital transformation, with banks investing heavily in mobile, and automated services to cut transaction costs and meet customer needs.

The Central Bank of Kenya (CBK) made several adjustments to its benchmark interest rate in 2025, reflecting a cautious approach to monetary policy. In December 2025, the CBK cut the benchmark interest rate by 25 basis points to 9% in its December 2025 meeting, marking the ninth consecutive rate cut. This decision aimed to stimulate lending by banks to the private sector and support economic activity. The annual inflation rate eased to 4.5% in November. These adjustments were part of CBK's strategy to manage inflation and support economic growth while maintaining a stable exchange rate. The Kenyan Shilling (KES) remained relatively stable against the US Dollar (USD) throughout 2025, with a slight decrease of 0.22%.

The Central Bank of Kenya (CBK) introduced several changes in statutory requirements for banks in Kenya as of 2025. These changes included:

FINANCIAL STATEMENTS

DIRECTORS' REPORT (continued)

Operating environment (continued)

- An increase in Minimum Core Capital Requirement. The minimum core capital requirement for commercial banks was increased from KES 1 billion to KES 10 billion by December 2029. This change was part of the Business Laws (Amendment) Act, 2024, which also extended the mandate of the CBK to regulate non-deposit taking credit providers.
- The moratorium on licensing new commercial banks was lifted, effective July 1, 2025. The move was expected to attract new entrants to the sector and enhance competition and resilience.
- A new Risk-Based Credit Pricing Model (RBCPM) was introduced, which aligns credit pricing with borrowers' risk profiles. This model is anchored on the overnight interbank average rate, now renamed the Kenya Shilling Overnight Interbank Average (KESONIA). The objective of the new rate is to align it with international best practices; strengthen monetary policy transmission; enhance transparency in lending; and promote responsible lending by aligning credit pricing with the borrowers' risk profiles.
- The regulation of non-deposit taking lending was expanded, requiring banks to obtain a license from the CBK to operate in Kenya.

These changes are expected to have a significant impact on the Kenyan banking sector, leading to increased consolidation, improved financial stability, and a more competitive environment.

Credit conditions remained mixed, with the sector continuing to grapple with historically elevated non-performing loans. While previous year saw non-performing loans reach record highs, gradual improvement in lending rates stimulated measured private-sector credit recovery in 2025.

Despite these challenges, the banking system remained fundamentally stable, supported by strong liquidity and adequate capital buffers. Regulatory shifts—including the revised Risk-Based Credit Pricing Model and new Credit Guarantee Business Regulations—underscore ongoing efforts to enhance transparency, improve credit risk alignment, and support MSME lending through structured guarantees.

In summary, while the operating environment in 2025 presented both opportunities and challenges, the sector's fundamentals—combined with supportive monetary policy and regulatory reforms—provided a solid foundation for sustained performance. We remain committed to delivering value to our stakeholders by leveraging our strong liquidity, operational agility, and disciplined financial stewardship.

Financial Performance

Profit before income tax for the year was Shs 2.9 billion compared to Shs 1.05 billion in 2024. Profit after tax stood at Shs 2.39 billion, our strongest performance in recent years.

Net loans and advances stood at Shs 51 billion, down from Shs 75 billion in 2024. The decline followed:

- The transfer of selected assets and liabilities as part of the acquisition transaction by Access Bank PLC.
- A deliberate risk-adjusted lending approach
- Strong loan recovery efforts that improved asset quality

The Bank remains focused on rebuilding a high-quality loan portfolio supported by enhanced credit risk frameworks.

Customer deposits closed the year at Shs 106 billion, compared to Shs 98 billion in 2024, an increase despite transfer of certain customer deposits as part of the SPA. This was driven through improved customer experience after introduction of new products & initiatives.

Interest income for the year stood at Shs 15.61 billion, lower than Shs 18.95 billion in 2024, mainly due to a reduced asset base following the acquisition-related asset transfer and a more prudent lending strategy. Interest expense decreased significantly by 33% to Shs 4.29 billion (2024: Shs 6.43 billion), reflecting improved cost of funding and lower reliance on expensive borrowings. Net interest income closed at Shs 11.3 billion.

FINANCIAL STATEMENTS

DIRECTORS' REPORT (continued)

Financial Performance (continued)

Net fee and commission income remained stable at Shs 1.63 billion (2024: Shs 1.86 billion), supported by steady transactional activity and growth in digital channels. Trading income declined to Shs 759 million due to reduced market volatility. Other operating income increased to Shs 164 million, resulting in total other operating income of Shs 923 million.

Allowance for expected credit losses reduced substantially to Shs 2.57 billion, down from Shs 6.28 billion in 2024, reflecting improving asset quality and enhanced collections. Operating expenses reduced to Shs 8.39 billion from 8.85 billion in 2024, indicating sustained cost containment measures and efficiency gains.

The Group is focused on strengthening customer relationships by providing unique solutions to customers and enhancing staff productivity.

Directors

The directors who held office during the year and to the date of this report are as shown on page 5.

Statement as to disclosure to the Company's auditor

The directors confirm that with respect to each director at the time of approval of this report:

a) there is, so far as each director is aware, no relevant audit information of which the company's auditor is unaware; and

b) each director has taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Terms of appointment of the auditor

PricewaterhouseCoopers continues in office in accordance with the company's Articles of Association and Section 719 of the Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

Events after the reporting year

There have been no events after the reporting date that require adjustment or disclosure to these financial statements.

By Order of the Board

Samuel Mundia
Director Legal & Company Secretary
Nairobi

27 February **2026**

National Bank
A Subsidiary of Access Bank PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and the Bank at the end of the financial year and of their profit or loss for that year. The directors are responsible for ensuring that the Group and the Bank keep proper accounting records that are sufficient to show and explain the transactions of the Group and the Bank; disclose with reasonable accuracy at any time the financial position of the Group and the Bank; and that enables them to prepare financial statements of the Group and the Bank that comply with prescribed financial reporting standards and the requirements of the Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and the Bank, 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 financial statements in accordance with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

iii. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

iv. Selecting suitable accounting policies and then apply them consistently; and

v. Making judgements and accounting estimates that are reasonable in the circumstances

Having assessed the Group's ability to continue as a going concern, the directors have disclosed in Note 3 (i) of the financial statements matters relating to the use of going concern basis of preparation of the financial statements.

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

Approved by the board of directors on 27 February **2026** and signed on its behalf by:

....
Director

....
Managing Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF NATIONAL BANK OF KENYA LIMITED

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Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of National Bank of Kenya Limited (the Bank) and its subsidiary (together, the Group) set out on pages 42 to 139, which comprise the consolidated and Bank statement of financial position at 31 December 2025 and the consolidated and Bank statement of comprehensive income, consolidated statement of changes in equity, the Bank statement of changes in equity and consolidated and Bank statement of cash flows for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Bank as at 31 December 2025 and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF NATIONAL BANK OF KENYA LIMITED (continued)

pwc

Report on the audit of the financial statements (continued)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Group'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 Group'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 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF NATIONAL BANK OF KENYA LIMITED (continued)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 matters prescribed by the Companies Act, 2015

In our opinion the information given in the directors' report on page 35 to 37 is consistent with the financial statements.

Richard Njoroge

FCPA Richard Njoroge, Practising certificate No. 1244
Engagement partner responsible for the independent audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

23 March 2026

UNIQUE CODE 99235260323

CONSOLIDATED AND BANK STATEMENT OF COMPREHENSIVE INCOME

		Group		Bank	
		2025	2024	2025	2024
	Notes	Shs'000	Shs'000	Shs'000	Shs'000
Interest income	5	15,614,956	18,949,836	15,569,588	18,898,828
Interest expense	5	(4,287,484)	(6,433,928)	(4,287,484)	(6,433,928)
Net interest income		11,327,472	12,515,908	11,282,104	12,464,900
Fee and commission income	6	1,852,289	2,103,206	1,620,902	1,913,597
Fee and commission expense	6	(221,359)	(243,024)	(220,503)	(241,916)
Net commission income		1,630,930	1,860,182	1,400,399	1,671,681
Trading income	7	758,973	1,705,698	758,973	1,705,698
Other operating income	8	163,556	96,349	163,556	171,349
Net other operating income		922,529	1,802,047	922,529	1,877,047
Allowance for expected credit losses	9(b)	(2,569,383)	(6,279,566)	(2,569,383)	(6,279,566)
Operating expenses	9(a)	(8,398,041)	(8,850,210)	(8,356,274)	(8,812,566)
Profit before income tax		2,913,507	1,048,361	2,679,375	921,496
Income tax (charge)/ credit	11	(520,186)	15,692	(453,613)	71,528
Profit for the year		2,393,321	1,064,053	2,225,762	993,024
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Fair value gain/(loss) on financial instruments held at FVOCI	14	1,777,603	2,108,542	1,771,204	2,105,176
Deferred tax impact on above items	19	(533,281)	(632,563)	(531,361)	(631,553)
Total other comprehensive income		1,244,322	1,475,979	1,239,843	1,473,623
Total comprehensive income for the year		**3,637,642**	**2,540,032**	**3,465,605**	**2,466,647**

CONSOLIDATED AND BANK STATEMENT OF FINANCIAL POSITION

		Group		Bank	
		2025	2024	2025	2024
	Notes	Shs'000	Shs'000	Shs'000	Shs'000
Assets					
Deferred income tax	19	5,284,969	6,250,576	5,287,231	6,252,428
Intangible assets	23	1,068,056	1,231,406	1,067,093	1,224,663
Right-of-use assets	22	687,016	533,223	687,016	533,223
Property and equipment	21	1,566,251	1,470,495	1,564,613	1,468,802
Investment in subsidiaries	20	-	-	5,000	5,000
Other investments	17	1,092,601	985,787	1,092,601	985,787
Current income tax	11	240,383	266,420	243,842	255,299
Other assets and prepayments	16	4,565,957	5,574,351	4,538,823	5,546,795
Due from related parties	32	178	339,067	22,298	417,922
Loans and advances to customers	15	50,706,808	74,869,054	50,706,808	74,869,054
Investment securities	14	60,037,628	48,742,033	59,926,964	48,637,285
Deposits with other banks	13	8,793,362	2,283,049	8,793,362	2,283,049
Cash and bank balances	12	7,268,225	5,775,478	7,268,225	5,775,478
Total assets		**141,311,434**	**148,320,939**	**141,203,876**	**148,254,785**
Liabilities					
Lease liabilities	27	845,298	748,394	845,298	748,394
Borrowings	33	3,946,481	3,942,610	3,946,481	3,942,610
Provisions for liabilities	28	280,574	183,993	280,574	183,993
Customer deposits	24	106,166,887	98,512,242	106,642,695	98,833,762
Other liabilities and accrued expenses	26	6,107,338	8,417,385	6,042,938	8,376,639
Deposits from other banks	25	6,940,570	23,129,672	6,940,570	23,129,672
Total liabilities		**124,287,148**	**134,934,296**	**124,698,556**	**135,215,070**
Equity					
Share capital	29	12,683,038	12,683,038	12,683,038	12,683,038
Share premium		3,141,319	3,141,319	3,141,319	3,141,319
Statutory credit risk reserve		2,858,245	3,879,265	2,858,245	3,879,265
Other reserves		760,405	(483,917)	754,030	(485,813)
Accumulated losses		(2,418,721)	(5,833,062)	(2,931,312)	(6,178,094)
Total equity		**17,024,286**	**13,386,643**	**16,505,320**	**13,039,715**
Total liabilities and equity		**141,311,434**	**148,320,939**	**141,203,876**	**148,254,785**

The financial statements on pages 42 to 139 were approved and authorised for issue by the board of directors on 27 February **2026** and were signed on its behalf by:

Director | **Managing Director**

Director | **Company Secretary**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024	Share Capital Shs'000	Share premium Shs'000	Accumulated losses Shs'000	Statutory Reserve Shs'000	FVOCI reserve Shs'000	Total Shs'000
At 1 January 2024	12,683,038	3,141,319	(6,665,152)	3,647,302	(1,959,896)	10,846,611
Profit for the year	-	-	1,064,053	-	-	1,064,053
Other comprehensive loss	-	-	-	-	1,475,979	1,475,979
Total comprehensive income	-	-	1,064,053	-	1,475,979	2,540,032
Transfer to statutory credit risk reserve	-	-	(231,963)	231,963	-	-
At 31 December 2024	12,683,038	3,141,319	(5,833,062)	3,879,265	(483,917)	13,386,643
Year ended 31 December 2025						
At 1 January 2025	12,683,038	3,141,319	(5,833,062)	3,879,265	(483,917)	13,386,643
Profit for the year	-	-	2,393,321	-	-	2,393,321
Other comprehensive income	-	-	-	-	1,244,322	1,244,322
Total comprehensive income	-	-	2,393,321	-	1,244,322	3,637,643
			-	-	-	
Transfer to statutory credit risk reserve	-	-	1,021,020	(1,021,020)	-	-
At 31 December 2025	**12,683,038**	**3,141,319**	**(2,418,721)**	**2,858,245**	**760,405**	**17,024,286**

BANK STATEMENT OF CHANGES IN EQUITY

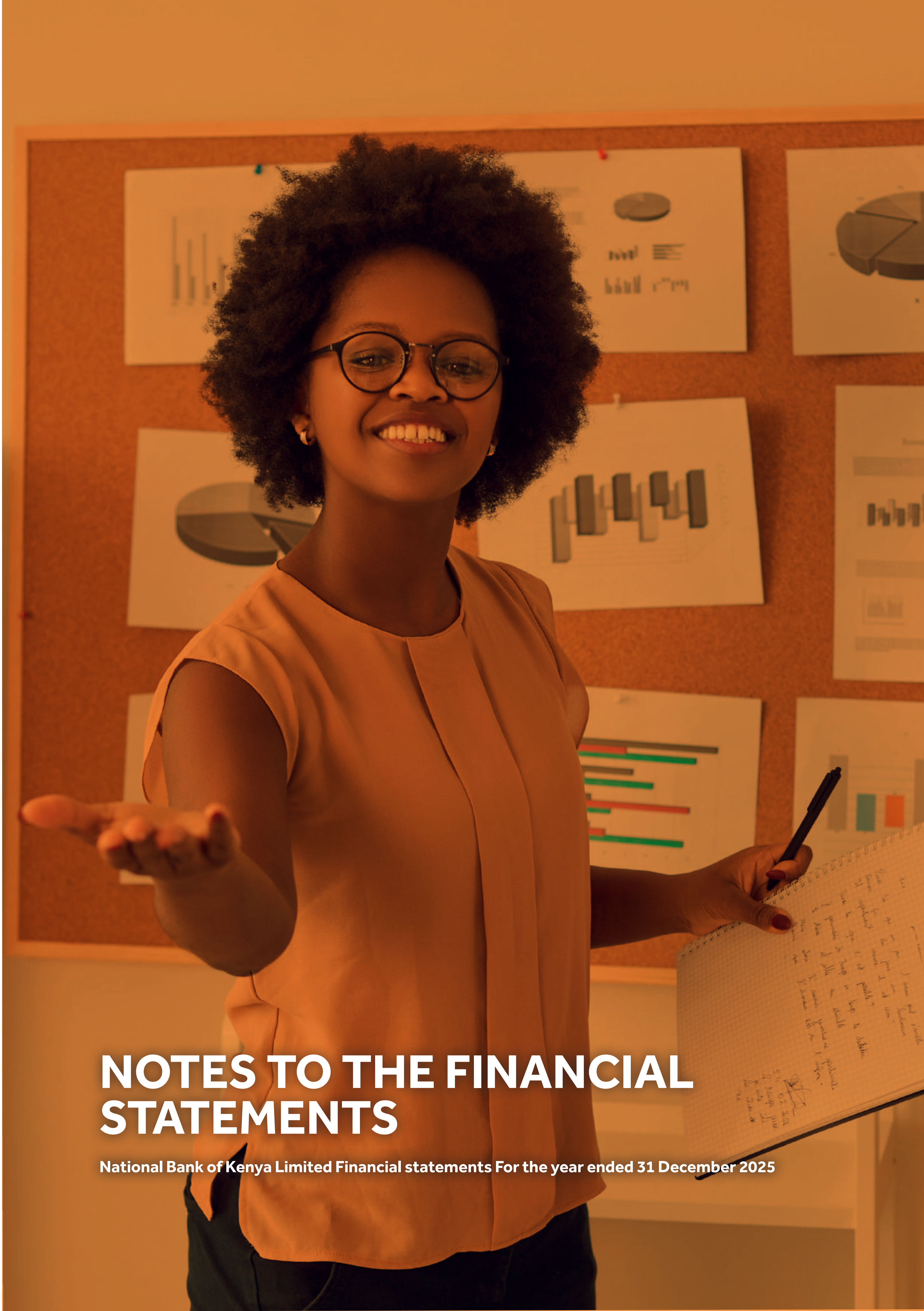
Year ended 31 December 2024	Share Capital Shs'000	Share premium Shs'000	Accumulated losses Shs'000	Statutory Reserve Shs'000	FVOCI Reserve Shs'000	Total Shs'000
At 1 January 2024	12,683,038	3,141,319	(6,939,155)	3,647,302	(1,959,436)	10,573,068
Profit for the year	-	-	993,024	-	-	993,024
Other comprehensive loss	-	-	-	-	1,473,623	1,473,623
Total comprehensive income	-	-	993,024	-	1,473,623	2,466,647
Transfer to statutory credit rwisk reserve	-	-	(231,963)	231,963	-	-
At 31 December 2024	12,683,038	3,141,319	(6,178,094)	3,879,265	(485,813)	13,039,715
Year ended 31 December 2025						
At 1 January 2025	12,683,038	3,141,319	(6,178,094)	3,879,265	(485,813)	13,039,715
Profit for the year	-	-	2,225,762	-	-	2,225,762
Other comprehensive income	-	-	-	-	1,239,843	1,239,843
Total comprehensive income	-	-	2,225,762	-	1,239,843	3,465,605
Transfer to statutory credit risk reserve	-	-	1,021,020	(1,021,020)	-	-
At 31 December 2025	**12,683,038**	**3,141,319**	**(2,931,312)**	**2,858,245**	**754,030**	**16,505,320**

National Bank
A Subsidiary of Access Bank PLC

CONSOLIDATED AND BANK STATEMENT OF CASH FLOWS

		Group		Bank	
		2025	2024	2025	2024
	Notes	Shs'000	Shs'000 Restated*	Shs'000	Shs'000 Restated*
Operating activities					
Cash generated from operations	30	27,132,743	(11,581,479)	27,083,874	(11,669,939)
Income tax paid	11	(61,823)	(95,149)	(8,321)	(5,452)
Net cash flows from operating activities		27,070,920	(11,676,628)	27,075,553	(11,675,391)
Investing activities					
Purchase of government securities	14	(16,378,095)	(11,903,095)	(16,376,000)	(11,901,000)
Proceeds from disposal of government securities	14	8,821,302	13,443,808	8,814,534	13,361,429
Purchase of property and equipment	21	(414,020)	(36,067)	(413,980)	(32,020)
Purchase of intangible assets	23	(178,342)	(493,572)	(178,342)	(493,572)
Proceeds from disposal of property and equipment	21	-	13,948	-	13,948
Dividends received		-	-	-	75,000
Net cash flows from investing Activities		(8,149,155)	1,011,074	(8,153,788)	1,023,785
Financing activities					
Payment of interest on borrowings	33	(310,065)	(217,531)	(310,065)	(217,531)
Payment of borrowings	33	-	(660,193)	-	(660,193)
Repayments of lease liabilities	27	(397,949)	(374,302)	(397,949)	(374,302)
Net cash flows from financing Activities		(708,014)	(1,252,026)	(708,014)	(1,252,026)
Increase/ (decrease) in cash and cash equivalents		18,213,751	(11,917,580)	18,213,751	(11,917,580)
Cash and cash equivalents at start of year		(16,423,734)	(4,506,154)	(16,423,734)	(4,506,154)
Cash and cash equivalents at end of year	30	1,790,017	(16,423,734)	1,790,017	(16,423,734)

* Refer to note 34 on restatement of prior year cash and cash equivalents balance



NOTES TO THE FINANCIAL STATEMENTS

National Bank of Kenya Limited Financial statements For the year ended 31 December 2025

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting entity

National Bank of Kenya Limited ("the Bank") and its subsidiaries consolidated (together, the "Group") provide banking, bancassurance and related services. The Bank is incorporated in Kenya under the Companies Act, 2015. The bank is a fully owned subsidiary of Access Bank Plc..

The address of the Bank's registered office is as follows:

National Bank Building
LR No. 209/5401
Harambee Avenue
P O Box 72866 City Square
00200 Nairobi

2 Summary of material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.0 Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards.

For the Companies Act, 2015 reporting purposes, in these financial statements, the balance sheet is represented by the statement of financial position, and the profit and loss account is presented in the statement of comprehensive income.

2.1 Basis of preparation

The annual financial statements have been prepared under the historical cost basis except for the following material items in the statement of financial position:-

i) Financial assets measured at fair value through profit or loss or other comprehensive income
ii) Non-current assets held for sale, measured at the lower of carrying value and the fair value less costs to sell
iii) Loan notes measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policies (continued)

2.2 Changes in accounting policies and disclosures

(i) New standards, amendments and interpretations effective for the first time for December 2025 year-ends

Number	Effective date	Executive summary
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

These amendments did not have a significant impact on the financial statements.

(ii) Standards, amendments and interpretations effective but not yet adopted for December 2025 year-ends

Number	Effective date	Executive summary
Amendments to IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.	Annual periods beginning on or after 1 January 2024 (Published June 2023)	IFRS S1 provides guidance on identifying sustainability-related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability-related risks and opportunities.
Amendments to Climate-related Disclosures (IFRS S2)	Annual periods beginning on or after 1 January 2024 (Published June 2023)	IFRS S2 requires an entity to identify and disclose climate-related risks and opportunities that could affect the entity's prospects over the short, medium, and long term. It also requires entities to consider specified industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor and manage the identified material climate-related risks and opportunities.

The Institute of Certified Public Accountants of Kenya (ICPAK) outlined a formal adoption roadmap under which the standards will become mandatory in phases beginning 1 January 2027 for Public Interest Entities (PIEs), 1 January 2028 for large non-PIEs, and 1 January 2029 for SMEs. As at 31 December 2025, the standards are not yet mandatory for the Group and the Group has not early-adopted IFRS S1 or IFRS S2.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policies (continued)

2.2 Changes in accounting policies and disclosures

(iii) New standards, amendments and interpretations issued but not effective

The following standards and interpretations had been issued but were not mandatory for annual reporting period ending 31 December 2025 and have not been early adopted by the Group. They are not expected to have a significant impact on the financial statements.

Number	Effective date	Executive summary
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027 (Published April 2024)	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2027 (Published May 2024)	The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of material accounting policies (continued)

2.2 Changes in accounting policies and disclosures

(iii) New standards, amendments and interpretations issued but not effective(continued)

Number	Effective date	Executive summary
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (Published May 2024)	These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiary NBK Bancassurance Intermediary Limited for the year ended 31 December 2025. All inter-company transactions, balances and gains or losses on transactions between group companies are eliminated in full on consolidation.

i. Investment in subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying of the acquirer's previously held equity interest in the acquiree is re-measured to its fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

ii. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiaries is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.3 Basis of consolidation (continued)

iii. Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.4 Interest income and expense

Interest income and expense for all interest earning/ bearing financial instruments, are recognised within interest income or interest expense in profit or loss using the effective interest method except for;

a. Purchased or originated credit impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

b. Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or group of similar assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.

2.5 Fees and commissions

Fees and commissions summarily include account ledger fees, transaction charges, advances commitment and appraisal fees and service commissions. Fees relating to services provided or received by the Group are recognised as the services are provided, say on completion of an underlying transaction. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

2.6 Foreign currency trading income

This arises from the margins which are achieved through market-making and customer business and from changes in market value caused by movements in exchange rates. It comprises gains and losses related to trading assets and liabilities, and includes all realised and unrealised foreign exchange differences.

2.7 Investments in subsidiary companies

Investments in subsidiary companies are stated at cost less impairment loss where applicable.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.8 Other income

The Group receives revenues streams that are not directly attributable to banking activity; this is generally recognised as other income and includes items like profit on disposal of assets, rental income from leased property, debt collection from written-off advances and securities trading. These revenues are recognised upon reasonable completion of the underlying transaction.

2.9 Property and equipment

All items of property and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of these assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. Maintenance and repairs, which do not meet these criteria, are recognised in profit or loss as incurred.

Depreciation

Freehold land is not depreciated. Depreciation on other property and equipment is calculated to write off their cost in equal annual instalments over their estimated useful lives. Depreciation, impairment losses and gains or losses on disposal of assets are included in profit or loss.

The estimated useful lives of tangible assets for the current financial year are as follows:

Freehold land	Nil
Leasehold improvements	Rates based on the shorter of the lease term or estimated useful lives
Buildings on short leasehold land	over the unexpired period of the lease
Computers	20%
Motor vehicles	20 - 25%
Furniture and fittings	10%
Office equipment	10%

The assets residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each reporting date. Changes in the expected useful life shall be accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation shall not be charged in the first month of purchase, but a full month depreciation shall be charged in the month of disposal, irrespective of the date of the month the asset is disposed. Depreciation methods, useful lives and residual values are reviewed each financial year end and adjusted, if necessary.

Impairment

Property and equipment are reviewed for impairment on an annual basis. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is immediately written down to its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.9 Property and equipment (continued)

Impairment (continued)

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Gains or losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are taken into account in determining operating profit.

Long and short leasehold land

Payments to acquire leasehold interest in land are treated as operating lease prepayments and amortised over the period of the lease.

2.10 Repossessed Properties

Repossessed properties acquired in exchange for loans as part of an orderly realisation are reported in 'other assets' as inventory – Land for sale - as it is held for sale in the ordinary course of business. The repossessed properties are recognised when the risks and rewards of the properties have been transferred to the Bank. The corresponding loans are derecognised when the Bank obtains ownership.

The properties acquired are initially recorded at cost, which is the lower of their fair value less costs to sell and the carrying amount of the loan (net of impairment allowance) at the date of exchange. They are subsequently measured at the lower of the carrying amount or net realisable value, no depreciation is charged in respect of these properties. Any subsequent write-down of the acquired properties to net realisable value is recognised in the statement of comprehensive income, in other impairments. Any subsequent increase in net realisable value, to the extent that it does not exceed the cumulative write- down, is also recognised in other income.

Gains or losses on disposal of repossessed properties are reported in 'other operating income' or 'operating expenses, as the case may be.

2.11 Non-current assets held for sale

Non-current assets, comprising assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale and are measured at the lower of carrying amount and fair value less costs to sell.

2.12 Intangible assets

Costs that are clearly associated with an identifiable and unique product which will be controlled by the Group and has a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset. Expenditure which enhances and extends computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original costs of the software.

Computer software development costs recognised as assets are stated at cost less amortisation. Amortisation is calculated on a straight line basis over the estimated useful lives not exceeding a period of 5 years. Amortisation methods, useful lives and residual values are reviewed each financial year end and adjusted, if necessary.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.12 Intangible assets (continued)

Work in progress

Work in progress relates to the acquisition of banking software and related hardware; and the construction of the Banking halls for the branches under the branch expansion program. Costs include materials, direct labour and any other direct expenses incurred in respect of the project. Depreciation of these assets commences when the assets are ready for their intended use.

2.13 Income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

(i). Current income tax

The current income tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii). Deferred income tax

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of Other assets and prepayments and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in associates, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.13 Foreign currency translation

(i). Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kenya shillings (Shs), which is the group's presentation currency.

(ii). Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for differences arising on translation of non-monetary financial assets carried at fair value through other comprehensive income, which are recognised in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or costs". All other foreign exchange gains and losses are presented in the statement of profit or loss for the year within "other gains/losses-net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

The Group does not have any foreign operations.

2.14 Statutory reserve

Central Bank of Kenya prudential guidelines require the Group to set aside certain prescribed amounts for impairment losses on loans and advances. Where impairment losses required by Central Bank regulations exceed those computed under IFRS, the excess is recognised as a statutory loan loss reserve and is accounted for as an appropriation of retained earnings. The statutory loan loss reserve is non-distributable.

2.15 Fair value reserves

This represents the unrealised increase or decrease in the value of investments at fair value through other comprehensive income, excluding impairment losses. The reserve is not distributable to the shareholders.

2.16 Employee benefits

(i). Retirement benefit obligations

a. The Group's defined contribution pension scheme

The Group operates a defined contribution scheme for its employees. The assets of this scheme are held in a separate trustee administered fund. The scheme is funded by contributions from both the employees and employer. Benefits are paid to retiring staff in accordance with the scheme rules. The Group's contribution is charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.17 Employee benefits (continued)

(i). Retirement benefit obligations (continued)

b. Statutory defined contribution pension scheme

The Group also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Group's obligations under the scheme are limited to specific contributions legislated from time to time. The Group's obligations to staff retirement benefit schemes are charged to the profit or loss in the year to which they relate.

(ii). Other employee entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave accrued at the end of the reporting period.

Certain employees of the Group are entitled to service gratuity on resignation or termination of employment based on the salary at the time of such resignation or termination of services. The service gratuity is provided for in the financial statements as it accrues to each employee.

2.18 Other investments

Other investments comprise quoted and unquoted equity instruments. Unquoted investments are classified as fair value through profit or loss and are stated at fair value. Quoted investments are also classified as fair value through profit or loss and are stated at their fair value determined by the published price in the stock exchange markets they are traded in.

2.19 Share capital and share premium

Ordinary shares are classified as 'share capital' in equity. Any amount not assigned to share capital is recognised as 'share premium' in equity.

2.20 Provisions and contingent liabilities

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote.

Letters of credit, acceptances, guarantees and performance bonds are generally written by the Group to support performance by a customer to third parties. The Group is only required to meet these obligations in the event of the customer's default. These obligations are accounted for as off-balance sheet transactions and disclosed as contingent liabilities. Undisbursed commitments provided by the Group are approved loans, overdrafts or lines of credit that have not been disbursed.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.20 Provisions and contingent liabilities (continued)

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

2.21 Financial instruments

(i). Recognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through the profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such fees and commissions. Transaction costs of financial assets and financial liabilities are carried at fair value through profit or loss are expensed in profit or loss. Immediately after the initial recognition, an expected credit loss allowance (ECL) is recognised for the financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(ii). Classification and measurement

Financial liabilities

The Group measures all financial liabilities including customer deposits and borrowings at amortised cost, except for:

I. Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial asset did not qualify for derecognition, a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and

II. Financial guarantee contracts and loan commitments

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.21 Financial instruments (continued)

Financial assets

The Group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss (FVTPL); Financial assets at fair value through other comprehensive income (FVOCI) and Financial assets at amortised cost. Management determines the appropriate classification of its investments at initial recognition. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

The classification requirements for debt and equity instruments are described below:

a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse. Classification and subsequent measurement of debt instruments depend on:

(i) the Group's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance measured and recognised. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. Financial assets measured at amortised cost are balances with Central Bank of Kenya, Deposits with other banks, financial investments that are not measured at FVPL and loans and advances to customers that are not measured at FVOCI.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other operating income'. Interest income from these financial assets is included in 'Interest income' using effective interest rate method. These assets are classified under investment securities.

Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Other operating income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. Financial assets measured at FVPL are other investments and loan notes at fair value

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.21 Financial instruments (continued)

(ii). Classification and measurement (continued)

Financial assets (continued)

a) Debt instruments (continued)

Business model

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include how the cash flows for these assets will be collected, how the asset's performance is evaluated and reported to Asset Liabilities Committee (ALCO) and how risks are assessed and managed. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

Solely payments of principal and interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

b) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Group measures all equity investments at fair value through profit or loss. Gains and losses on equity investments at FVPL are included in the 'Other operating income' line in the statement of profit or loss. These assets are classified under other investments.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.21 Financial instruments (continued)

(ii). Classification and measurement (continued)

Financial assets (continued)

a) Debt instruments (continued)

(iii). Impairment of financial assets

At the end of each reporting period, all financial assets at amortised cost and FVOCI are subject to review for impairment. The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- Time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(iv). Restructure of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.21 Financial instruments (continued)

(ii). Classification and measurement (continued)

a) Debt instruments (continued)

(v). Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires) and the consideration paid and payable is recognised in profit or loss.

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial guarantee contracts and loan commitments

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and

- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument. For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as provision.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.21 Financial instruments (continued)

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency exchange rate risks, including currency forward exchange contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition of gains or losses in the profit or loss will depend on the nature of the hedge relationship. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Derivatives embedded in the non-derivative host contracts are treated as separate derivatives when:

- their risks and economic characteristics are not closely related to those of the host contract;

- a separate instrument with the same terms would meet the definition of a derivative; and

- the hybrid contract is not measured at fair value through profit or loss.

2.22 Repurchase agreement transactions

Securities purchased from the Central Bank of Kenya under agreements to resell ("reverse repos"), are disclosed as balances with the Central Bank of Kenya as they are held until their maturity after which they are repurchased and are not negotiable/discounted during the tenure. The difference between the sale and repurchase price is treated as interest and accrued over the life of the repurchase agreement using the effective yield method.

2.23 Leases

The Group assesses whether a contract is or contains a lease based on the definition of a lease, as required by IFRS 16.

The Group as lessor

The amounts due from lessees under leases are recorded as receivables at the amount of the Group's net investment in the leases. Income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Rental income from leases is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

The Group leases many assets including property, motor vehicles and equipment.

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.23 Leases (continued)

The Group as lessee (continued)

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liabilities,
- any lease payments made at or before the commencement date, less any lease incentives,
- any initial direct costs incurred by the lessee
- any cost to dismantle

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the Lease liabilities. Depreciation is calculated using the straight-line method over period of the lease.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments are not included in the initial measurement of the lease liabilities and are expensed.

The lease payments are discounted using the Group's incremental borrowing rate. The incremental borrowing rate is determined as the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The lease term determined by the Group comprises:

- non-cancellable period of lease contracts,
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option,
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date the Group measures the Lease liabilities by:

- increasing the carrying amount to reflect interest on the lease liabilities,
- reducing the carrying amount to reflect lease payments made, and
- re-measuring the carrying amount to reflect any reassessment or lease modifications.

2.24 Fiduciary activities

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these financial statements where the Group acts in a fiduciary capacity such as nominee, trustee or agent.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (continued)

2.25 Cash and cash equivalents

For the purposes of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the dates of the advances.

2.26 Dividends

Dividends are charged to equity in the period in which they are declared. Proposed dividends are not accrued until they have been ratified at the Annual General Meeting.

2.27 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.28 Comparatives

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

3. Critical accounting estimates and judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the directors have made estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. These are dealt with below:

i. Going concern

The financial statements have been prepared on a going concern basis which assumes that the entity will remain in operation and continue to meet its obligations as they fall due for the foreseeable future.

ii. Impairment losses on financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting estimates and judgements in applying the Group's accounting policies (continued)

ii. Impairment losses on financial assets (continued)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determining period of exposure for revolving credit facilities i.e. credit cards and overdrafts; and
- Determining business models and assessing the "SPPI" requirements for financial assets.

As at 31 December 2025, certain key judgements and estimations were made regarding the above items, as they relate to the determination of expected credit losses on financial assets. Out of those, the highest sources of uncertainty and their sensitivities are as follows;

For non-performing (stage 3) loans and advances:

i) Recoverable amounts of collateral for stage 3 (non-performing) loans: Were the net present value of estimated cash flows on the non performing portfolio to differ by +/-1%, the impairment loss would vary by Shs 115 million (2024: Shs 351 million).

For performing (stage 1 & 2) loans and advances:

i) Forward looking information (FLI) adjustment factor.

ii) Probabilities of default (PDs): Were the PDs determined using historical trends to vary by +/-5%, the expected credit loss on this portfolio of assets would vary by Shs 69 million (2024: Shs. 80 million).

iii) Secured loss given defaults (LGDs) – Were the LGDs determined using collateral values, adjusted for time and cost to recovery, to vary by +/-5%, the expected credit loss would vary by Shs 70 million (2024: Shs 66 million).

iii. Valuation of financial assets held at fair value

As per IFRS 13, where the Group measures a financial instrument at fair value, the fair value should represent the price that would be received to sell an asset in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date. Fair value is a market-based measurement, which uses the assumptions that market participants would use when pricing an asset or liability under current market conditions.

iv. Income taxes

The Group is subject to Kenyan taxation laws and regulations. In the normal course of business, there may be transactions and calculations, whose ultimate tax impact determination has an element of uncertainty. In determining the interpretation and/or application of the various tax rules, disputes may arise with the relevant tax authorities, of which the outcome may not be favourable to the Group. In such cases, the Group relies on internal management expertise and where relevant, seeks expert advice to determine whether the unfavourable outcome is probable or possible.

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting estimates and judgements in applying the Group's accounting policies (continued)

iv. Income taxes (continued)

For financial reporting purposes, estimates are required in determining the provision for income taxes, especially relating to matters under dispute. Where objective estimates of the potential tax liabilities that may crystallise from such tax disputes are determinable, the Group recognises provision in line with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. In such cases, if the final tax determination is different from the amounts that were initially recorded, the difference will impact the current income tax and deferred income tax provisions in the period in which such determination is made. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability.

4. Financial risk management

Introduction and overview

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Group's business, and operational risks are an inevitable consequence of being in business.

The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

The most important types of risk include:
- Credit risk
- Liquidity risk
- Market risk- includes currency, interest rate and price risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board has established a Board Risk Committee and a risk department to assist in the discharge of this responsibility. The Board has also established the Board Credit Committee, the Board Audit Committee and the Human Resources & Governance Committee, which are responsible for developing and monitoring risk management in their respective areas. These committees comprise of non-executive members and report regularly to the Board of Directors.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board Risk Committee and the Board Audit Committee are responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. They are assisted in these functions by internal audit and the risk departments. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

The risk department is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit and acceptances.

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of Directors and head of each business unit.

For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

The Board of Directors has delegated responsibility for the management of credit risk to the Executive Credit Committee, which is responsible for oversight of the Group's credit risk, including:

- *Formulating credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers. Larger facilities require approval by the Management Credit Committee or the Board Credit Committee as appropriate.

- *Reviewing and assessing credit risk*. The Credit department assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- *Limiting concentrations of exposure* to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).

- *Developing and maintaining the Group's risk gradings* in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of eight grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by the Board Credit Committee.

- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the credit department on the credit quality of local portfolios and appropriate corrective action is taken.

- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Group in the management of credit risk.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.1 Credit risk grading

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

The Group uses internal credit risk grading that reflect its assessment of the credit worthiness of individual counterparties. The Group use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application is fed into this rating model. In addition, the models enable expert judgement from the Director, Credit to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The following are additional considerations for each type of portfolio held by the Group:

Retail

After the date of initial recognition, for retail business, the borrowers are grouped into a pre-determined cluster with similar loan characteristics. The payment behaviour of the different clusters are monitored on a periodic basis to ascertain the probability of default.

Corporate & Business

For wholesale business, the probability of default is determined at the borrower level. Any new information or credit assessment of the borrower is incorporated into the credit. Where it is difficult to ascertain the PD at a borrower level, the PD is determined at a segment or product level.

Treasury

Banks overnight lending will be ascribed the risk rate attached to counterparties by the Central Bank in the money Market.

4.1.2 Relationship between the bank's internal credit ratings and external ratings

The Group's rating method comprises 2 rating levels for instruments not in default (Stage 1 & 2) and one default class (stage 3). The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of observed default trends. The Group's quantitative credit quality grading as compared to Central Bank of Kenya's prudential guidelines grading is summarised in the table below;

Rating	CBK grading	Days past due	Credit quality
Stage 1	Normal	Up to date within contractual terms or has less than 30 days arrears	Performing
Stage 2	Watch	31 to 90 days	Performing but has experienced SICR
Stage 3	Substandard	91 to 180 days	In Default (Non-performing)
	Doubtful	181 to 360 days	
	Loss	above 360 days	

In addition to the standard credit ratings above, the Group also utilises other qualitative information relating to counterparties to determine their internal credit grading.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.3 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified and has its credit risk continuously monitored by the Group. If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired (POCI) financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Group in computing expected loss in line with IFRS 9 are as follows:

(a) Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

- Significant dip in operating results of the borrowers
- Credit distress necessitated extension to the terms granted
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Significant change in collateral value which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

(b) Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria :The borrower is more than 90 days past due on the contractual payments.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.3 Expected credit loss measurement (continued)

(b) Definition of default and credit-impaired assets (continued)

Qualitative criteria:

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- Increase in probability that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above has been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months is aligned to Central Bank of Kenya's prudential guidelines.

(c) Measuring ECL – Inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation. PD estimates for loans and advances are estimates at a certain date, which has been calculated based on statistical migration matrices that model the chance of an exposure transitioning to default over time
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime (Lifetime EAD). For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur, using a determined credit conversion factor.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.3 Expected credit loss measurement (continued)

(c) Measuring ECL – Inputs, assumptions and estimation techniques (continued)

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment and multiplied together which effectively calculates an ECL.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. Where sufficient data is not available to estimate the 12 month PD transition into lifetime PDs, the Group interpolates its internal 12-month PD to external rating agencies long term proxies to estimate the lifetime PDs.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on expected recovery from collateral force sale values, adjusted for time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically derived from past recoveries from past defaults of unsecured products or the residual unsecured portions of partly secured exposures.

(d) Forward looking information factor

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Bank formulates three economic scenarios: a base case, which is the median scenario, and two less likely scenarios, one upside and one downside. The base case scenario is primarily aligned with the macroeconomic model's information value output which is a measure of the predictive power of the model as well as base macroeconomic projections for identified macroeconomic variables. The upside and downside scenarios are based on a combination of standard deviation analysis as well as simulated additional stress shocks applied to the downside scenario to account for expected economic volatility. The Bank also applies qualitative management adjustments to the scenario weighting based on economic outlook.

NOTES TO THE FINANCIAL STATEMENTS

4.1.3 Expected credit loss measurement (continued)

(d) Forward looking information factor (continued)

In line with the expected, as well as experienced, the Bank has analysed and applied scenario analysis as well as stress tests to the macroeconomic overlay model. This includes application of stress tests on the downside scenario macroeconomic projections. The Bank monitors forward - looking Expected Credit Loss estimates and effects updates to its IFRS 9 forward - looking estimates as and when significant changes in the overall macroeconomic environment are experienced.

External information considered in macroeconomic analysis includes historical NPL data and forecasts published by Oxford Economics , an external and independent macroeconomic data body over a minimum period of 5 years.

The Bank has identified and documented key drivers of credit risk and credit losses using an analysis of historical data and has estimated relationships between macro-economic variables and credit risk as well as credit losses.

The key, identified macroeconomic drivers for credit risk for the Bank are summarized below:

- External debt, total, share of exports
- WDI Population: Females, ages 05-09 (in millions)
- Current account of balance of payments in LCU, share of GDP
- WDI Labor force, total (in millions)
- Consumer spending, real, PPP$ - Health goods and services -Total

The economic scenarios used as at 31 December 2025 included the following key indicators forecasted for the years 2026 to 2031:

Macro-economic Factor	2026	2027	2028	2029	2030	2031
External debt, total, share of exports	243.83	244.27	243.06	242.91	244.08	246.07
WDI Population: Females, ages 05-09 (in millions)	3.41	3.43	3.46	3.49	3.54	3.58
Current account of balance of payments in LCU, share of GDP	(1.81)	(1.86)	(1.98)	(2.04)	(2.12)	(2.21)
WDI Labor force, total (in millions)	25.11	25.74	26.36	26.98	27.59	28.19
Consumer spending, real, PPP$ - Health goods and services -Total	3,899.45	4,083.84	4,277.03	4,479.98	4,693.59	4,918.25

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.3 Expected credit loss measurement (continued)

(d) Forward looking information factor (continued)

The following are probability weightings applied in the forward - looking scenario analysis as at June 2025:

Upside	Median/Central	Downside
20%	50%	30%

Sensitivity analysis

The most significant macroeconomic factors affecting the ECL allowance are Consumer Spending and House Price Index given their impact on borrowers' ability to meet their contractual repayments. This is reviewed and monitored periodically.

Set out below are the changes to the ECL as at 31 December 2025 that would result from reasonably possible changes in this parameter from actual assumptions used in the Group's and Banks's economic variable assumptions;

	Macro-economic adjustment	
	-5%	+5%
	Shs' 000	Shs' 000
Corporate portfolio	(15,653)	15,653
Retail portfolio	(12,698)	12,698

(e) Impaired financial assets

Impaired financial assets are those which the Group determines it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These loans are classified under stage 3 in the Group's internal credit risk grading system and graded as grade 3 to 5 as required by the regulator. According to the Central Bank of Kenya prudential guidelines, loans and advances overdue by over 90 days are considered non performing.

(f) Past due but not impaired financial assets

Financial assets where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group. Loans under this category are no more than 90 days overdue.

(g) Loans and advances that are neither past due nor impaired

The Group classifies loans and advances under this category for those exposures that are up to date and in line with contractual agreements. Such loans would have demonstrated financial conditions, risk factors and capacity to repay that are acceptable. These exposures will normally be maintained largely within approved product programs and with no signs of impairment or distress.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.4 Credit risk exposure

The tables below represent the maximum credit risk exposure to the Group and Bank at 31 December 2025 and 31 December 2024, for financial instruments represented by the carrying value.

		Group		Bank	
		2025	2024	2025	2024
	Notes	Shs'000	Shs'000	Shs'000	Shs'000
On balance sheet					
Financial assets subject to expected credit losses					
Cash and bank balances*	12	6,030,438	4,542,088	6,030,438	4,542,088
Deposits with other banks	13	8,793,362	2,283,049	8,793,362	2,283,049
Investment securities	14	60,037,628	48,742,033	59,926,964	48,637,285
Loans and advances to customers at amortised cost	15	50,706,808	73,120,213	50,706,808	73,120,213
Other assets**	16	2,673,908	3,723,823	2,646,774	3,696,267
Due from related parties	32	178	339,067	22,298	417,922
		128,242,322	132,750,273	128,126,644	132,696,824
Financial assets subject to FV loss					
Loans and advances to customers at FVTPL	15	-	1,748,841	-	1,748,841
		128,242,322	134,499,114	128,126,644	134,445,665
Off balance sheet* **					
Letters of credit		4,429,417	2,732,173	4,429,417	2,732,173
Guarantees		8,454,444	5,314,076	8,454,444	5,314,076
		12,883,861	8,046,249	12,883,861	8,046,249
		141,126,183	142,545,363	141,010,505	142,491,914

*Cash and cash balances exclude cash on hand as this does not pose a credit risk
**Other assets excludes prepayments, asset held for sale and staff loan benefit as they do not pose a credit risk.
***Off balance sheet facilities exposure is included in Note 31 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.4 Credit risk exposure (continued)

Exposure to credit risk – Financial assets subject to ECL provisions

Group	2025			
On balance sheet	**Stage 1 12 - Month ECL Shs'000**	**Stage 2 Lifetime ECL Shs'000**	**Stage 3 Lifetime ECL Shs'000**	**Total Shs'000**
Gross balances				
Cash and bank balances	6,030,438	-	-	6,030,438
Deposits with other banks	8,793,362	-	-	8,793,362
Investment securities	60,037,628	-	-	60,037,628
Loans and advances to customers at amortised cost	40,175,662	3,618,362	19,159,096	62,953,120
Due from related party	178	-	-	178
Other assets	3,136,590	-	-	3,136,590
	118,173,858	**3,618,362**	**19,159,096**	**140,951,316**
Credit loss allowance				
Loans and advances to customers amortised cost	(1,038,002)	(201,999)	(11,006,311)	(12,246,312)
Deposits with other banks	(580)	-	-	(580)
Other assets	(58.901)	-	-	(58,901)
	(1,097,483)	**(201,999)**	**(11,006,311)**	**(12,305,793)**
Carrying amount	**117,076,375**	**3,416,363**	**8,152,785**	**128,645,523**

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.4 Credit risk exposure (continued)

Exposure to credit risk – Financial assets subject to ECL provisions

Group	2024			
	Stage 1 12 - Month ECL Shs' 000	Stage 2 Lifetime ECL Shs' 000	Stage 3 Lifetime ECL Shs' 000	Total Shs' 000
Gross balances				
Cash and bank balances	4,542,088	-	-	4,542,088
Deposits with other banks	831,021	-	1,452,028	2,283,049
Investment securities	48,742,033	-	-	48,742,033
Loans and advances to customers at amortised cost	50,090,481	6,747,442	37,088,781	93,926,704
Due from related party	339,067			339,067
Other assets	3,723,823	-	-	3,723,823
	108,268,513	**6,747,442**	**38,540,809**	**153,556,764**
Credit loss allowance				
Loans and advances to customers at amortised cost	(1,305,884)	(358,490)	(19,142,117)	(20,806,491)
Deposits with other banks	-	-	(100,599)	(100,599)
Other assets	(599,153)	-	-	(599,153)
	(1,905,037)	**(358,490)**	**(19,242,716)**	**(21,506,243)**
Carrying amount	**106,363,476**	**6,388,952**	**19,298,093**	**132,050,521**

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.4 Credit risk exposure (continued)

Exposure to credit risk – Financial assets subject to ECL provisions

Bank	2025			
	Stage 1 12 - Month ECL Shs' 000	Stage 2 Lifetime ECL Shs' 000	Stage 3 Lifetime ECL Shs' 000	Total Shs' 000
Gross balances				
Cash and bank balances	6,030,439	-	-	6,030,439
Deposits with other banks	8,793,362	-	-	8,793,362
Investment securities	59,926,964	-	-	59,926,964
Loans and advances to customers at amortised cost	40,175,662	3,618,362	19,159,096	62,953,120
Due from related party	22,298			22,298
Other assets	2,646,774	-	-	2,646,774
	117,595,499	**3,618,362**	**19,159,096**	**140,372,957**
Credit loss allowance				
Loans and advances to customers at amortised cost	(1,038,002)	(201,999)	(11,006,311)	(12,246,312)
Deposits with other banks	(580)	-	-	(580)
Other assets	(58,901)	-	-	(58,901)
	(1,097,483)	**(201,999)**	**(11,006,311)**	**(12,305,793)**
Carrying amount	**116,498,016**	**3,416,363**	**8,152,785**	**128,067,164**

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.4 Credit risk exposure (continued)

Exposure to credit risk – Financial assets subject to ECL provisions

Bank	2024			
	Stage 1 12 - Month ECL Shs' 000	Stage 2 Lifetime ECL Shs' 000	Stage 3 Lifetime ECL Shs' 000	Total Shs' 000
Gross balances				
Cash and bank balances	4,542,088	-	-	4,542,088
Deposits with other banks	831,021	-	1,452,028	2,283,049
Investment securities	48,637,285	-	-	48,637,285
Loans and advances to customers	50,090,481	6,747,442	37,088,781	93,926,704
Due from related party	417,922			417,922
Other assets	3,696,267	-	-	3,696,267
	108,215,064	**6,747,442**	**38,540,809**	**153,503,315**
Credit loss allowance				
Loans and advances to customers	(1,305,884)	(358,490)	(19,142,117)	(20,806,491)
Deposits with other banks	-	-	(100,599)	(100,599)
Other assets	(599,153)	-	-	(599,153)
	(1,905,037)	**(358,490)**	**(19,242,716)**	**(21,506,243)**
Carrying amount	**106,310,027**	**6,388,952**	**19,298,093**	**131,997,072**

Exposure to credit risk – Financial assets subject to FV loss

Group and Bank	Gross Shs'000	FV loss Shs'000	Net Shs'000
Loan note at FVTPL			
- At 31 December 2025	-	-	-
- At 31 December 2024	3,045,950	(1,297,109)	1,748,841

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.5 Write-off policy

The Group writes off a loan / security balance (and any related allowances for impairment losses) when the Credit department determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

4.1.6 Restructure of financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities include extended repayment period, payment moratorium and writing off part of the debt.

Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original.

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are upgraded from Stage 3 or Stage 2 to Stage 1. This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

4.1.7 Impairment assessment for non-loan financial assets

ECL on non-loan financial assets such as government securities, other investments at amortised cost and at FVOCI and other financial assets is not measured using the general model. Instead, the Group:

- uses external credit ratings as proxies to infer approximate PDs;
- assumes 100% LGDs; and
- EADs are estimated based on the expected maturities of the instruments, most of which are less than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.8 Collateral and other credit enhancements

(a) Collateral

The Group holds collateral against loans and advances to customers in the form of cash, mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2025 or 2024.

The table below shows the collateral coverage on the Bank's maximum exposure to credit risk. The table includes collateral that management takes into consideration in the management of the bank's exposures to credit risk. All on- and off-balance sheet exposures that are exposed to credit risk, including non-performing loans, have been included.

Collateral includes:

- Physical items, such as property, plant and equipment
- Debentures over obligors' assets
- Financial guarantees and intangible assets
- Other

	Group and Bank			
	2025		2024	
	Shs'000	Security coverage	Shs'000	Security coverage
Overdrafts	5,279,473	14%	6,695,609	62%
Mortgages	9,686,816	100%	20,646,762	100%
Secured term loans	8,420,775	100%	20,492,567	100%
Credit cards	14	0%	47	0%
Unsecured loans	39,566,042	0%	49,137,669	0%
Total on-balance sheet items	**62,953,120**	**48%**	**96,972,654**	**65%**
Off- balance sheet items	**12,883,861**	**100%**	**8,046,249**	**100%**

(b) Lending limits

The Bank maintains strict control limits on net open derivative positions (that is, the difference between purchase and sale contracts) by both amount and term. The amount subject to credit risk is limited to expected future net cash inflows of instruments, which in relation to derivatives are only a fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not always obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank's market transactions on any single day.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.8 Collateral and other credit enhancements (continued)

(c) Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities of the statement of financial position, as transactions are either usually settled on a gross basis or under most netting agreements the right of set off is triggered only on default. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short year, as it is affected by each transaction subject to the arrangement.

(d) Financial covenants (for credit related commitments and loan books)

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

4.1.9 Impairment and provisioning policies

The loss allowance recognised in the year is impacted by a variety of factors as follows:

- Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the year, and the consequent "step up" or "step down" between 12-month and lifetime ECL;
- Additional allowance for new financial instruments recognised during the year, as well as releases for financial instruments de-recognised in the year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the year, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the year and write-offs of allowances related to assets that were written off during the year.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.9 Impairment and provisioning policies (continued)

The table below explains the movement in the impairment provisions for loans and advances.

Loans and advances for the year ended 31 December 2025

Group and Bank	Stage 1 12 - Month ECL Shs' 000	Stage 2 Lifetime ECL Shs' 000	Stage 3 Lifetime ECL Shs' 000	Total Shs' 000
At start of year	1,305,884	358,490	19,142,117	20,806,491
Net staging transfers	(867,796)	(121,474)	989,270	-
Changes in PDs/LGDs/EADs	599,914	(35,017)	1,883,692	2,448,589
Net charge to profit or loss in the year	**(267,882)**	**(156,491)**	**2,872,962**	**2,448,589**
Other movements with no profit or loss impact				
Derecognition & write offs	-	-	(10,998,396)	(10,998,396)
Other movements			(10,372)	(10,372)
At end of year	**1,038,002**	**201,999**	**11,006,311**	**12,246,312**

Loans and advances for the year ended 31 December 2024

Group and Bank	Stage 1 12 - Month ECL Shs' 000	Stage 2 Lifetime ECL Shs' 000	Stage 3 Lifetime ECL Shs' 000	Total Shs' 000
At start of year	461,113	25,219	14,529,300	15,015,632
Net staging transfers	(595,150)	17,264	577,886	-
Changes in PDs/LGDs/EADs	1,272,037	202,964	4,002,475	5,477,476
Changes in model assumptions	167,884	113,043	127,068	407,995
Modification of contractual cash flows	-	-	54,549	54,549
Net charge to profit or loss in the year	**844,771**	**333,271**	**4,761,978**	**5,940,020**
Other movements with no profit or loss impact				
Write offs	-	-	(38,728)	(38,728)
Other movements	-	-	(110,433)	(110,433))
At end of year	**1,305,884**	**358,490**	**19,142,117**	**20,806,491**

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.9 Impairment and provisioning policies (continued)

The table below explains the movement in the impairment provisions for other assets.

Group and Bank for the year ended 31 December 2025

Other assets	Stage 1 12 - Month ECL Shs' 000	Stage 2 Lifetime ECL Shs' 000	Stage 3 Lifetime ECL Shs' 000	Total Shs' 000
At start of year	504,119	-	95,034	599,153
Charge due to changes in PDs/LGDs/EADs	24,213	-	-	24,213
Derecognition & Write-offs	(469,431)	-	(95,034)	(564,465)
At end of year	**58,901**	**-**	**-**	**58,901**

Group and Bank for the year ended 31 December 2024

Other assets	Stage 1 12 - Month ECL Shs' 000	Stage 2 Lifetime ECL Shs' 000	Stage 3 Lifetime ECL Shs' 000	Total Shs' 000
At start of year	308,025	-	179,646	487,671
Charge due to changes in PDs/LGDs/EADs	196,094	-	-	196,094
Write-offs	-	-	(84,612)	(84,612)
At end of year	**504,119**	**-**	**95,034**	**599,153**

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.9 Impairment and provisioning policies (continued)

The table below explains the movement in the impairment provisions for balances due from other banks.

Group and Bank for the year ended 31 December 2025

Balances due from other banks	Stage 1 12 - Month ECL Shs' 000	Stage 2 Lifetime ECL Shs' 000	Stage 3 Lifetime ECL Shs' 000	Total Shs' 000
At start of year	580	-	100,019	100,599
Charge due to changes in PDs/LGDs/EADs	-	-	-	-
Derecognition	-	-	100,019	100,019
At year end	580	-	-	580

Group and Bank for the year ended 31 December 2024

Balances due from other banks	Stage 1 12 - Month ECL Shs' 000	Stage 2 Lifetime ECL Shs' 000	Stage 3 Lifetime ECL Shs' 000	Total Shs' 000
At start of year	580	-	100,019	100,599
Charge due to changes in PDs/LGDs/EADs	-	-	-	-
At year end	580	-	100,019	100,599

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.9 Impairment and provisioning policies (continued)

Significant changes in the gross carrying amounts of loans and advances to customers that contributed to movements in loss allowances were new loans advanced in the year, as well as write off of impaired loans. The following tables explains changes in the gross carrying amount loans and advances to help explain the changes in the loss allowance;

Group and Bank 2025	Stage 1 12 - Month ECL Shs' 000	Stage 2 Lifetime ECL Shs' 000	Stage 3 Lifetime ECL Shs' 000	Total Shs' 000
At start of year	50,090,481	9,793,392	37,088,781	96,972,654
Net staging transfers	(3,409,115)	492,763	2,916,352	-
Net new financial assets originated or purchased	19,313,194	-	-	19,313,194
Modification of contractual cash flows of financial assets	20,040	782,152	792,071	1,594,263
Changes in interest accrual	(468,913)	(101,944)	(793,700)	(1,364,557)
Derecognition	-	-	(11,032,981)	(11,032,981)
Currency translation and other movements	(25,392,863)	(7,348,001)	(9,788,589)	(42,529,453)
At end of year	40,152,824	3,618,362	19,181,934	62,953,120
Group and Bank 2024				
At start of year	60,286,335	11,136,526	25,186,337	96,609,198
Net staging transfers	(917,652)	(716,328)	1,633,980	-
Net new financial assets originated or purchased	12,947,281	-	-	12,947,281
Modification of contractual cash flows of financial assets	1,172,381	16,051	68,664	1,257,096
Changes in interest accrual	562,649	(274,217)	660,902	949,334
Write-offs	-	-	(38,728)	(38,728)
Release of provisions (Note 15)	-	-	(110,433)	(110,433)
Currency translation and other movements	(23,960,513)	(368,640)	9,688,059	(14,641,094)
At end of year	50,090,481	9,793,392	37,088,781	96,972,654

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.1 Credit risk (continued)

4.1.10 Concentrations of risk

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

Advances to customers- gross	Group and Bank			
	2025		2024	
	Shs'000	%	Shs'000	%
Agriculture	586,528	1	3,347,319	3
Manufacturing	5,298,425	8	10,861,115	11
Wholesale and retail trade	44,359,311	71	54,285,247	57
Transport and communications	1,498,818	2	7,520,631	8
Building and construction	2,424,215	4	5,328,097	6
Business services	3,296,926	5	2,385,242	2
Real estate	5,488,897	9	13,245,003	13
	62,953,120	100	96,972,654	100

Off balance sheet items	Group and Bank			
	2025		2024	
	Shs'000	%	Shs'000	%
Social community and personal services	9,287	-	5,800	-
Business services	2,703,661	21	1,984,284	25
Wholesale and retail	4,506,101	35	2,505,357	31
Transport and communication	1,029,966	8	746,559	9
Agriculture	1,158,712	9	562,331	7
Building and construction	128,746	1	127,592	2
Real estate	643,729	5	444,537	6
Manufacturing	2,703,659	21	1,669,789	20
	12,883,861	100	8,046,249	100

4.2 Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or Other assets and prepayments as contractually agreed.

For certain types of transactions the Group mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Settlement limits form part of the credit approval / limit monitoring process described earlier. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from the Group's risk function.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.3 Liquidity risk

This represents the risk that the Group, despite being solvent, is unable to maintain or generate sufficient cash resources to meet its payment obligations as they fall due, or can only do so on materially disadvantageous terms. This inability to maintain or generate sufficient cash resources may arise where the Group's funding activities do not provide sufficient liquidity and/or counterparties who provide the Group with short-term funding withdraw or do not rollover that funding, or normally liquid assets become illiquid as a result of a generalised disruption in asset markets.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Treasury department maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

Details of the reported Bank ratio of net liquid assets to deposits and balances due to banking institutions and customer deposits at the reporting date and during the reporting year were as follows:

	Group and Bank	
	2025	2024
At 31 December	65%	34%
Average for the year	56%	34%
Maximum for the year	73%	45%
Minimum for the year	34%	27%
Statutory minimum requirement	20%	20%

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.3 Liquidity risk (continued)

The tables below presents the cash flows payable by the Group under non-derivative financial liabilities by the remaining contractual maturities as at 31 December 2025 and 2024. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted inflows.

Group 31 December 2025	Carrying amount Shs'000	Up to 1 month Shs'000	1-3 months Shs'000	3-12 months Shs'000	1-5 years Shs'000	Over 5 years Shs'000	Total undiscounted cash flows Shs'000
Financial liabilities							
Customer deposits	106,166,887	98,246,276	5,034,522	4,230,944	-	-	107,511,742
Deposits from other banks	6,940,571	6,999,565	-	-	-	-	6,999,565
Lease liabilities	845,298	-	3,844	71,034	716,342	549,689	1,340,909
Borrowings	3,946,481	-	-		5,456,010	-	5,456,010
Other liabilities	6,107,338	6,107,338	-	-	-	-	6,107,338
Total financial liabilities	124,006,575	111,353,179	5,038,366	4,301,978	6,172,352	549,689	127,415,564
Financial assets							
Cash and bank balances	7,268,225	7,268,225	-	-	-	-	7,268,225
Deposits with other banks	8,793,362	8,863,347	-	-	-	-	8,863,347
Investment securities	60,037,628	1,204,120	2,367,902	7,741,154	15,449,239	60,895,318	87,657,733
Loans and advances to customers	50,706,808	13,094,835	8,870,072	2,323,650	4,029,077	23,206,438	51,524,072
Other assets	2,673,908	2,673,908	-	-	-	-	2,673,908
Total financial assets	129,479,931	33,104,435	11,237,974	10,064,804	19,478,316	84,101,756	157,987,285
Net on-balance sheet liquidity gap	5,473,356	(78,248,744)	6,199,608	5,762,826	13,305,964	83,552,067	30,571,721
Unrecognised financial instruments							
Letters of credit and guarantees	12,883,861	60,439	4,708,407	5,229,376	2,302,148	583,491	12,883,861
Unutilised credit facilities	1,402,129	1,402,129	-	-	-	-	1,402,129
Net off-balance sheet liquidity gap	14,285,990	1,462,568	4,708,407	5,229,376	2,302,148	583,491	14,285,990
Net liquidity gap	(8,812,634)	(79,711,312)	1,491,201	533,450	11,003,816	82,968,576	16,285,731

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.3 Liquidity risk (continued)

Group 31 December 2024	Carrying amount Shs'000	Up to 1 month Shs'000	1-3 months Shs'000	3-12 months Shs'000	1-5 years Shs'000	Over 5 years Shs'000	Total undiscounted cash flows Shs'000
Financial liabilities							
Customer deposits	98,512,242	91,299,540	4,358,871	4,020,910	-	-	99,679,321
Deposits from other banks	23,129,671	22,545,651	71,430	713,661	-	-	23,330,742
Lease liabilities	748,394	31,866	95,597	382,389	665,926	34,383	1,210,161
Borrowings	3,942,610	-	-	-	5,223,958	-	5,223,958
Other liabilities	8,417,385	8,417,385	-	-	-	-	8,417,385
Total financial liabilities	134,750,302	122,294,442	4,525,898	5,116,960	5,889,884	34,383	137,861,567
Financial assets							
Cash and bank balances	5,775,478	5,775,478	-	-	-	-	5,775,478
Deposits with other banks	2,283,049	939,034	-	-	1,351,429	-	2,290,463
Investment securities	48,742,033	105,579	2,459,611	2,277,382	16,333,064	52,784,974	73,960,610
Loans and advances to customers	74,869,054	18,365,532	18,591,370	5,075,175	4,950,562	28,578,954	75,561,593
Other assets	3,723,823	3,723,823	-	-	-	-	3,723,823
Total financial assets	135,393,437	28,909,446	21,050,981	7,352,557	22,635,055	81,363,928	161,311,967
Net on-balance sheet liquidity gap	643,135	(93,384,996)	16,525,083	2,235,597	16,745,171	81,329,545	23,450,400
Unrecognised financial instruments							
Letters of credit and guarantees	8,056,249	415,636	2,733,716	3,778,790	543,866	584,241	8,056,249
Unutilised credit facilities	881,221	881,221	-	-	-	-	881,221
Net off-balance sheet liquidity gap	8,937,470	1,296,857	2,733,716	3,778,790	543,866	584,241	8,937,470
Net liquidity gap	(8,294,335)	(94,681,853)	13,791,367	(1,543,193)	16,201,305	80,745,304	14,512,930

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.3 Liquidity risk (continued)

Bank 31 December 2025	Carrying amount Shs'000	Up to 1 month Shs'000	1-3 months Shs'000	3-12 months Shs'000	1-5 years Shs'000	Over 5 years Shs'000	Total undiscounted cash flows Shs'000
Financial liabilities							
Customer deposits	106,642,695	98,726,128	5,034,522	4,230,944	-	-	107,991,594
Deposits from other banks	6,940,570	6,999,565	-	-	-	-	6,999,565
Lease liabilities	845,298	-	3,844	71,034	716,342	549,689	1,340,909
Borrowings	3,946,481	-	-		4,834,439	-	4,834,439
Other liabilities and accrued expenses	6,042,938	6,042,938	-	-	-	-	6,042,938
Total financial liabilities	124,417,982	111,768,631	5,038,366	4,301,978	5,550,781	549,689	127,209,445
Financial assets							
Cash and bank balances	7,268,225	7,268,225	-	-	-	-	7,268,225
Deposits with other banks	8,793,362	8,863,347	-	-	-	-	8,863,347
Investment securities	59,926,964	2,483,000	2,367,902	7,741,154	15,449,239	60,895,318	88,936,613
Loans and advances to customers	50,706,808	13,094,835	8,870,072	2,323,650	4,029,077	23,206,438	51,524,072
Other assets	2,646,774	2,646,774					2,646,774
Total financial assets	129,342,133	34,356,181	11,237,974	10,064,804	19,478,316	84,101,756	159,239,031
Net on-balance sheet liquidity gap	4,924,151	(77,412,450)	6,199,608	5,762,826	13,927,535	83,552,067	32,029,586
Unrecognised financial instruments							
Letters of credit and guarantees	12,883,861	60,439	4,708,407	5,229,376	2,302,148	583,491	12,883,861
Unutilised credit facilities	1,402,129	1,402,129	-	-	-	-	1,402,129
Net off-balance sheet liquidity gap	14,285,990	1,462,568	4,708,407	5,229,376	2,302,148	583,491	14,285,990
Net liquidity gap	(9,361,839)	(78,875,018)	1,491,201	533,450	11,625,387	82,968,576	17,743,596

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.3 Liquidity risk (continued)

Bank **31 December 2024**	**Carrying amount** **Shs'000**	**Up to 1 month** **Shs'000**	**1-3 months** **Shs'000**	**3-12 months** **Shs'000**	**1-5 years** **Shs'000**	**Over 5 years** **Shs'000**	**Total undiscounted cash flows** **Shs'000**
Financial liabilities							
Customer deposits	98,833,762	93,728,073	4,358,871	4,020,910	-	-	102,107,854
Deposits from other banks	23,129,671	22,545,651	71,430	713,661	-	-	23,330,742
Lease liabilities	748,394	31,866	95,597	382,389	665,926	34,383	1,210,161
Borrowings	3,942,610	-	-	-	5,223,958	-	5,223,958
Other liabilities and accrued expenses	8,376,639	8,376,639	-	-	-	-	8,376,639
Total financial liabilities	135,031,076	124,682,229	4,525,898	5,116,960	5,889,884	34,383	140,249,354
Financial assets							
Cash and bank balances	5,775,478	5,775,478					5,775,478
Deposits with other banks	2,283,049	939,034	-	-	1,351,429	-	2,290,463
Investment securities	48,637,285	9,302,487	1,503,163	2,277,382	9,714,944	26,225,165	49,023,141
Loans and advances to customers	74,869,054	18,365,532	18,591,370	5,075,175	4,950,562	28,578,954	75,561,593
Other assets	3,696,267	3,696,267	-	-	-	-	3,696,267
Total financial assets	135,261,133	38,078,798	20,094,533	7,352,557	16,016,935	54,804,119	136,346,942
Net on-balance sheet liquidity gap	230,057	(86,603,431)	15,568,635	2,235,597	10,127,051	54,769,736	(3,902,412)
Unrecognized financial instruments							
Letters of credit and guarantees	8,046,249	405,636	2,733,716	3,778,790	543,866	584,241	8,046,249
Unutilised credit facilities	881,221	881,221	-	-	-	-	881,221
Net off-balance sheet liquidity gap	8,927,470	1,286,857	2,733,716	3,778,790	543,866	584,241	8,927,470
Net liquidity gap	(8,697,413)	(87,890,288)	12,834,919	(1,543,193)	9,583,185	54,185,495	(12,829,882)

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.3 Liquidity risk (continued)

The previous table shows the undiscounted cash flows on the Group's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity.

The Group's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance; and unrecognised loan commitments are not all expected to be drawn down immediately.

The gross nominal inflow/(outflow) disclosed in the previous table is the contractual, undiscounted cash flow on the financial liability or commitment.

4.4 Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall responsibility for management of market risk rests with a management committee of the Group, the Asset and Liability Committee (ALCO). The risk department is responsible for the development of detailed market risk management policies (subject to review and approval by ALCO) and for the day to day implementation of those policies.

a) Interest rate risk

The Group is exposed to the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The maturities of asset and liabilities and the ability to replace at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the Group's exposure to changes in interest rates and liquidity.

Interest rates on advances to customers and other risk assets are either pegged to the Group's base lending rate. The base rate is adjusted from time to time to reflect the cost of funds.

ALCO closely monitors the interest rate trends to minimise the potential adverse impact of interest rate changes.

The following tables summarise the exposure to interest rate risks as at 31 December 2025 and 2024. Included in the tables are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Group does not bear an interest rate risk on off balance sheet items.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.4 Market risk (continued)

a) Interest rate risk (continued)

Group

31 December 2025	Less than 1 month Shs'000	1 month less than 3 months Shs'000	3 months less than 6 months Shs'000	6 months less than 1 year Shs'000	1 year less than 3 years Shs'000	3 years less than 5 years Shs'000	Over 5 years Shs'000	Non-interest bearing Shs'000	Total Shs'000
Financial assets									
Cash and bank balances	-	-	-	-	-	-	-	7,268,225	7,268,225
Deposits with other banks	7,331,340	-	-	-	-	-	-	1,462,022	8,793,362
Investment securities	-	2,402,433	1,619,891	450,080	5,140,093	5,296,369	45,128,762	-	60,037,628
Loans and advances to customers	-	50,706,808	-	-	-	-	-	-	50,706,808
Other investments	-	-	-	-	-	-	-	1,092,601	1,092,601
Other assets	-	-	-	-	-	-	-	2,673,908	2,673,908
Total financial assets	7,331,340	53,109,241	1,619,891	450,080	5,140,093	5,296,369	45,128,762	12,496,756	130,572,532
Financial liabilities									
Customer deposits	14,660,936	14,588,548	-	-	-	-	-	76,917,403	106,166,887
Deposits from other banks	6,940,570	-	-	-	-	-	-	-	6,940,570
Lease liabilities	-	3,748	3,908	60,550	162,711	311,689	302,692	-	845,298
Borrowings	-	-	-	-	-	3,946,481	-	-	3,946,481
Other liabilities and accrued expenses	-	-	-	-	-	-	-	6,107,339	6,107,339
Total financial liabilities	21,601,506	14,592,296	3,908	60,550	162,711	4,258,170	302,692	83,024,742	124,006,575
Interest rate sensitivity gap	(14,270,166)	38,516,945	1,615,983	389,530	4,977,382	1,038,199	44,826,070	(70,527,986)	6,565,957

NOTES TO THE FINANCIAL STATEMENTS

4. **Financial risk management (continued)**

4.4 Market risk (continued)

a) Interest rate risk (continued)

Bank

31 December 2025	Less than 1 month Shs'000	1 month less than 3 months Shs'000	3 months less than 6 months Shs'000	6 months less than 1 year Shs'000	1 year less than 3 years Shs'000	3 years less than 5 years Shs'000	Over 5 years Shs'000	Non-interest bearing Shs'000	Total Shs'000
Financial assets									
Cash and bank balances	-	-	-	-	-	-	-	7,268,225	7,268,225
Deposits with other banks	7,331,340	-	-	-	-	-	-	1,462,022	8,793,362
Investment securities	-	2,402,433	1,619,891	450,080	5,140,093	5,296,369	45,018,098	-	59,926,964
Loans and advances to customers	-	50,706,808	-	-	-	-	-	-	50,706,808
Other investments	-	-	-	-	-	-	-	1,092,601	1,092,601
Other assets	-	-	-	-	-	-	-	2,646,774	2,646,774
Total financial assets	7,331,340	53,109,241	1,619,891	450,080	5,140,093	5,296,369	45,018,098	12,469,622	130,434,734
Financial liabilities									
Customer deposits	14,660,936	14,588,548	-	-	-	-	-	77,393,211	106,642,695
Deposits from other banks	6,940,570	-	-	-	-	-	-	-	6,940,570
Lease liabilities	-	3,748	3,908	60,550	162,711	311,689	302,692	-	845,298
Borrowings	-	-	-	-	-	3,946,481	-	-	3,946,481
Other liabilities accrued expenses	-	-	-	-	-	-	-	6,042,938	6,042,938
Total financial liabilities	21,601,506	14,592,296	3,908	60,550	162,711	4,258,170	302,692	83,436,149	124,417,982
Interest rate sensitivity gap	(14,270,166)	38,516,945	1,615,983	389,530	4,977,382	1,038,199	44,715,406	(70,966,527)	6,016,752

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.4 Market risk (continued)

a) Interest rate risk (continued)

Group

31 December 2024	Less than 1 month Shs'000	1 month less than 3 months Shs'000	3 months less than 6 months Shs'000	6 months less than 1 year Shs'000	1 year less than 3 years Shs'000	3 years less than 5 years Shs'000	Over 5 years Shs'000	Non-interest bearing Shs'000	Total Shs'000
Financial assets									
Cash and bank balances	-	-	-	-	-	-	-	5,775,478	5,775,478
Deposits with other banks	1,352,009	-	-	-	-	-	-	931,040	2,283,049
Investment securities	-	2,402,433	1,619,891	450,080	5,140,093	5,296,369	33,833,167	-	48,742,033
Loans and advances to customers	-	74,869,054	-	-	-	-	-	-	74,869,054
Other investments	-	-	-	-	-	-	-	985,787	985,787
Other assets and prepayments	-	-	-	-	-	-	-	3,723,823	3,723,823
Total financial assets	1,352,009	77,271,487	1,619,891	450,080	5,140,093	5,296,369	33,833,167	11,416,128	136,379,224
Financial liabilities									
Customer deposits	12,467,309	17,082,840	-	-	-	-	-	68,962,093	98,512,242
Deposits from other banks	23,129,671	-	-	-	-	-	-	-	23,129,671
Lease liabilities	6,763	340	1,763	43,557	322,315	186,173	187,483	-	748,394
Borrowings	-	-	-	-	-	3,942,610	-	-	3,942,610
Other liabilities and accrued expenses	-	-	-	-	-	-	-	8,417,387	8,417,387
Total financial liabilities	35,603,743	17,083,180	1,763	43,557	322,315	4,128,783	187,483	77,379,480	134,750,304
Interest rate sensitivity gap	(34,251,734)	60,188,307	1,618,128	406,523	4,817,778	1,167,586	33,645,684	(65,963,352)	1,628,920

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.4 Market risk (continued)

a) Interest rate risk (continued)

Bank

31 December 2024	Less than 1 month Shs'000	1 month less than 3 months Shs'000	3 months less than 6 months Shs'000	6 months less than 1 year Shs'000	1 year less than 3 years Shs'000	3 years less than 5 years Shs'000	Over 5 years Shs'000	Non-interest bearing Shs'000	Total Shs'000
Financial assets									
Cash and bank balances	-	-	-	-	-	-	-	5,775,478	5,775,478
Deposits with other banks	1,352,009	-	-	-	-	-	-	931,040	2,283,049
Investment securities	-	2,402,433	1,619,891	450,080	5,140,093	5,296,369	33,728,419	-	48,637,285
Loans and advances to customers	-	74,869,054	-	-	-	-	-	-	74,869,054
Other investments	-	-	-	-	-	-	-	985,787	985,787
Other assets	-	-	-	-	-	-	-	3,696,267	3,696,267
Total financial assets	1,352,009	77,271,487	1,619,891	450,080	5,140,093	5,296,369	33,728,419	11,388,572	136,246,920
Financial liabilities									
Customer deposits	12,467,309	17,082,840	-	-	-	-	-	69,283,613	98,833,762
Deposits from other banks	23,129,671	-	-	-	-	-	-	-	23,129,671
Lease liabilities	6,763	340	1,763	43,557	322,315	186,173	187,483	-	748,394
Borrowings	-	-	-	-	-	3,942,610	-	-	3,942,610
Other liabilities and accrued expenses	-	-	-	-	-	-	-	8,376,639	8,376,639
Total financial liabilities	35,603,743	17,083,180	1,763	43,557	322,315	4,128,783	187,483	77,660,252	135,031,076
Interest rate sensitivity gap	(34,251,734)	60,188,307	1,618,128	406,523	4,817,778	1,167,586	33,540,936	(66,271,680)	1,215,844

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.4 Market risk (continued)

a) Interest rate risk (continued)

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group.

Interest rate risks – Increase/decrease of 5 % in Net Interest Margin

The interest rate risks sensitivity analysis is based on the following assumptions.

- Changes in the market interest rates affect the interest income or expenses of variable interest financial instruments.
- Changes in market interest rates only affect interest income or expenses in relation to financial instruments with fixed interest rates if these are recognised at their fair value.
- The interest rate changes will have a significant effect on interest sensitive assets and liabilities and hence simulation modelling is applied to net interest margins.
- The interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged.
- The projections make other assumptions including that all positions run to maturity.

The table below sets out the impact on Bank's future net interest income of an incremental 5% parallel fall or rise in all yield curves at the beginning of each quarter during the 12 months from 1 January 2025

	Amount at 31 December Shs'000	Scenario 1 5% increase in net interest margin Shs'000	Scenario 2 5% decrease in net interest margin Shs'000
2025			
Profit before income tax	2,679,375	3,543,627	2,003,275
Adjusted core capital	12,339,662	12,824,015	11,283,663
Adjusted total capital	16,028,145	16,537,202	14,996,851
Risk weighted assets (RWA)	89,861,447	91,837,976	91,837,976
Adjusted core capital to RWA	13.7%	14.0%	12.3%
Adjusted total capital to RWA	17.8%	18.0%	16.3%
2024			
Profit before income tax	921,496	1,544,741	298,251
Adjusted core capital	8,996,312	9,087,929	8,904,695
Adjusted total capital	13,596,880	13,688,497	13,505,263
Risk weighted assets (RWA)	99,947,961	103,691,414	96,204,509
Adjusted core capital to RWA	9.0%	8.8%	9.3%
Adjusted total capital to RWA	13.6%	13.2%	14.0%

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.4 Market risk (continued)

b) Foreign exchange risk

The Group operates wholly within Kenya and its assets and liabilities are carried in local currency.

The Group trades with correspondent banks and takes deposits and lends in foreign currencies. The Group is exposed to the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Group's currency position and exposure are managed within the exposure guideline of 10% (2024: 10%) of the core capital as stipulated by the Central Bank of Kenya. This position is reviewed on a daily basis by management.

The exchange rates used for translating the major foreign currency balances at the year-end were as follows:

	Group and Bank	
	2025 Shs'000	**2024 Shs'000**
US Dollar	129.00	129.25
GB Pound	173.34	162.26
Euro	151.36	134.66

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.4 Market risk (continued)

b) Foreign exchange risk (continued)

The tables below summarise the Group's exposure to foreign currency exchange rate risk as at the end of 31 December 2025.

Group 2025	KES Shs'000	USD Shs'000	GBP Shs'000	EUR Shs'000	Other Shs'000	Total Shs'000
Financial assets						
Cash and bank balances	6,121,160	1,068,069	44,165	33,424	1,407	7,268,225
Deposits with other banks	2,985,970	5,402,728	171,602	175,067	57,995	8,793,362
Investment securities	55,978,354	4,059,274	-	-	-	60,037,628
Loans and advances to customers	44,397,973	6,306,049	102	2,679	5	50,706,808
Other investments	1,092,601	-	-	-	-	1,092,601
Other assets	2,673,908	-	-	-	-	2,673,908
Total financial assets	113,249,966	16,836,120	215,869	211,170	59,407	130,572,532
Financial liabilities						
Customer deposits	98,359,358	7,559,059	85,343	162,756	371	106,166,887
Deposits from other banks	3,050,102	3,717,702	129,964	42,802	-	6,940,570
Other liabilities	5,014,586	1,092,062	54	551	85	6,107,338
Borrowings	-	3,946,481	-	-	-	3,946,481
Lease liabilities	845,298	-	-	-	-	845,298
Total financial liabilities	107,269,344	16,315,304	215,361	206,109	456	124,006,574
Net foreign exchange gap	5,980,622	520,816	508	5,061	58,951	6,565,958

NOTES TO THE FINANCIAL STATEMENTS

Financial risk management (continued)

4.4 Market risk (continued)

b) Foreign exchange risk (continued)

The tables below summarise the Bank's exposure to foreign currency exchange rate risk as at the end of 31 December 2025.

Bank	**KES**	**USD**	**GBP**	**EUR**	**Other**	**Total**
2025	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Financial assets						
Cash and bank balances	6,121,160	1,068,069	44,165	33,424	1,407	7,268,225
Deposits with other banks	2,985,970	5,402,728	171,602	175,067	57,995	8,793,362
Investment securities	55,867,690	4,059,274	-	-	-	59,926,964
Loans and advances to customers	44,397,973	6,306,049	102	2,679	5	50,706,808
Other investments	1,092,601	-	-	-	-	1,092,601
Other assets	2,673,908	-	-	-	-	2,673,908
Total financial assets	113,139,302	16,836,120	215,869	211,170	59,407	130,461,868
Financial liabilities						
Customer deposits	98,835,166	7,559,059	85,343	162,756	371	106,642,695
Deposits from other banks	3,050,102	3,717,702	129,964	42,802	-	6,940,570
Other liabilities	4,950,186	1,092,062	54	551	85	6,042,938
Borrowings	-	3,946,481	-	-	-	3,946,481
Lease liabilities	845,298	-	-	-	-	845,298
Total financial liabilities	107,680,752	16,315,304	215,361	206,109	456	124,417,982
Net foreign exchange gap	5,458,550	4,467,297	508	5,061	58,951	9,709,793

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.4 Market risk (continued)

b) Foreign exchange risk (continued)

The tables below summarise the Group's exposure to foreign currency exchange rate risk as at the end of 31 December 2024

Group 2024	KES Shs'000	USD Shs'000	GBP Shs'000	EUR Shs'000	Other Shs'000	Total Shs'000
Financial assets						
Cash and bank balances	5,046,598	539,700	13,653	172,200	3,327	5,775,478
Deposits with other banks	1,404,979	699,924	70,764	79,974	27,408	2,283,049
Investment securities	47,592,839	1,149,194	-	-	-	48,742,033
Loans and advances to customers	58,583,474	16,284,852	214	509	5	74,869,054
Other investments	985,787	-	-	-	-	985,787
Other assets	3,715,934	-	7,889	-	-	3,723,823
Total financial assets	117,329,611	18,673,670	92,520	252,683	30,740	136,379,224
Financial liabilities						
Customer deposits	89,752,955	8,462,645	76,251	218,780	1,611	98,512,242
Deposits from other banks	13,156,250	9,940,068	14,339	19,014	-	23,129,671
Other liabilities	8,096,449	315,362	1,930	2,114	1,528	8,417,383
Borrowings	-	3,942,610	-	-	-	3,942,610
Lease liabilities	748,394	-	-	-	-	748,394
Total financial liabilities	111,754,048	22,660,685	92,520	239,908	3,139	134,750,300
Net foreign exchange gap	5,575,563	(3,987,015)	-	12,775	27,601	1,628,924

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.4 Market risk (continued)

b) Foreign exchange risk (continued)

The tables below summarise the Bank's exposure to foreign currency exchange rate risk as at the end of 31 December 2024.

Bank 2024	KES Shs'000	USD Shs'000	GBP Shs'000	EUR Shs'000	Other Shs'000	Total Shs'000
Financial assets						
Cash and bank balances	5,046,598	539,700	13,653	172,200	3,327	5,775,478
Deposits with other banks	1,404,979	699,924	70,764	79,974	27,408	2,283,049
Investment securities	47,488,091	1,149,194	-	-	-	48,637,285
Loans and advances to customers	58,583,474	16,284,852	214	509	5	74,869,054
Other investments	985,787	-	-	-	-	985,787
Other assets	3,688,378	-	7,889	-	-	3,696,267
Total financial assets	117,197,307	18,673,670	92,520	252,683	30,740	136,246,920
Financial liabilities						
Customer deposits	90,074,475	8,462,645	76,251	218,780	1,611	98,833,762
Deposits from other banks	13,156,250	9,940,068	14,339	19,014	-	23,129,671
Other liabilities	8,055,704	315,362	1,930	2,114	1,528	8,376,638
Borrowings		3,942,610				3,942,610
Lease liabilities	748,394	-	-	-	-	748,394
Total financial liabilities	112,034,823	22,660,685	92,520	239,908	3,139	135,031,075
Net foreign exchange gap	5,162,484	(3,987,015)	-	12,775	27,601	1,215,845

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.4 Market risk (continued)

b) Foreign exchange risk (continued)

Foreign exchange risk – Appreciation/depreciation of Shs against other currencies by 10%

The Foreign exchange risks sensitivity analysis is based on the following assumptions:

- Foreign exchange exposures represent net currency positions of all currencies other than Kenya Shillings.
- The currency risk sensitivity analysis is based on the assumption that all net currency positions are highly effective.
- The base currency in which the Group's business is transacted is Kenya Shillings.

The table below sets out the impact on Bank's future earnings of an incremental 10% parallel fall or rise in all foreign currencies at the beginning of each quarter during the 12 months from 1 January 2025.

Assuming no management actions, a series of such rise and fall would impact the future earnings and capital as illustrated in the table below;

Bank	Amount at 31 Dec Shs'000	Scenario 1 10% appreciation Shs'000	Scenario 2 10% depreciation Shs'000
2025			
Profit before income tax	2,679,375	2,747,726	2,799,176
Adjusted Core Capital	12,339,662	12,028,114	12,079,564
Adjusted Total Capital	16,028,145	15,741,301	15,792,752
Risk Weighted Assets (RWA)	89,861,447	91,837,976	91,837,976
Adjusted Core Capital to RWA	13.7%	13.1%	13.2%
Adjusted total Capital to RWA	17.8%	17.1%	17.2%
2024			
Profit before income tax	921,496	1,007,523	835,469
Adjusted Core Capital	8,996,312	9,056,531	8,936,093
Adjusted Total Capital	13,596,880	13,657,099	13,536,661
Risk Weighted Assets (RWA)	99,947,961	101,852,923	86,237,150
Adjusted Core Capital to RWA	9.0%	8.9%	10.4%
Adjusted total Capital to RWA	13.6%	13.4%	15.7%

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.5 Fair value of financial assets and liabilities

Determination of fair value and fair values hierarchy

IFRS 7 and IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have been utilised to arrive at the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The carrying amount of all non-financial assets and liabilities have been assessed to be at Level 3 of the fair value hierarchy. The following table shows an analysis of financial assets measured at fair value by level of the fair value hierarchy:

Group	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
At 31 December 2025				
Financial assets				
Equity investments	1,045,262	-	47,339	1,092,601
Securities at fair value through OCI	39,203,210	-	-	39,203,210
	40,248,472	-	47,339	40,295,811
At 31 December 2024				
Financial assets				
Equity investments	943,756	-	42,031	985,787
Loan notes at fair value through profit or loss	-	1,748,841	-	1,748,841
Securities at fair value through OCI	26,607,381	-	-	26,607,381
	27,551,137	1,748,841	42,031	29,342,009

Equity investments – Fair value for Level 1 equity investments are estimated using last quoted closing price on their principal stock exchange. Level 3 equity investments are valued based on discounted cash flows of the entity or stock transfer prices agreed at their respective general meetings.

The fair value for Level 2 financial instruments is determined using valuation techniques which incorporate assumptions that are indirectly supported by prices from observable current market transactions in the same instruments and are based on available market data. Such assumptions include liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of these financial instruments.

	Valuation basis/technique	Main assumptions
Cash and bank balances	Fair value at closing rate	Discount rate, Exchange rate
Deposits with/from other banks	Discounted cash flow model	Discount rate
Investment securities	Fair value at closing rate, Sale price	Quoted yields

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.5 Fair value of financial assets and liabilities (continued)

Loan notes at fair value – Fair value is derived using the re-entry price discounted by an illiquidity discount.

Securities at fair value through other comprehensive income – Fair value is estimated using last quoted closing price on their principal stock exchange.

The following table summarises the carrying amounts and fair value of those assets and liabilities not held at fair value. The carrying amount of assets and liabilities held at amortised costs is considered to approximate the fair value of the assets and liabilities.

Group 2025	Carrying Value Shs'000	Fair Value Shs'000	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000
Assets at amortised cost					
Cash and bank balances	7,268,225	7,268,225	-	7,268,225	-
Deposits with other banks	8,793,362	8,793,362	-	8,793,362	-
Financial assets at amortised cost	60,037,628	57,756,881	57,756,881	-	-
Loans and advances	50,706,808	51,703,526	-	-	51,703,526
Other assets	2,673,908	2,673,908	-	-	2,673,908
Total	129,479,931	128,195,902	57,756,881	16,061,587	54,377,434
Liabilities at amortised cost					
Customer deposits	106,166,887	106,166,887	-	-	106,166,887
Deposits from other banks	6,940,570	6,940,570	-	6,940,570	-
Borrowings	3,946,481	3,946,481	-	3,946,481	-
Other liabilities and accrued expenses	6,107,338	6,107,338	-	-	6,107,338
Lease liabilities	845,298	845,298	-	845,298	-
Total	124,006,574	123,161,276	-	11,732,349	112,274,225

Group 2024	Carrying Value Shs'000	Fair Value Shs'000	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000
Assets at amortised cost					
Cash and bank balances	5,775,478	5,775,478	-	5,775,478	-
Deposits with other banks	2,283,049	2,283,049	-	2,283,049	-
Financial assets at amortised cost	48,742,033	45,212,096	45,212,096	-	
Loans and advances	74,869,054	76,149,700	-	-	76,149,700
Other assets	3,723,823	3,723,823	-	-	3,723,823
Total	135,393,437	133,144,146	45,212,096	8,058,527	79,873,523
Liabilities at amortised cost					
Customer deposits	98,512,242	98,512,242	-	-	98,512,242
Deposits from other banks	23,129,671	23,129,671	-	23,129,671	-
Borrowings	3,942,610	3,942,610	-	3,942,610	-
Other liabilities and accrued expenses	8,417,385	8,417,385	-	-	8,417,385
Lease liabilities	748,394	748,394	-	748,394	-
Total	134,750,302	134,750,302	-	27,820,675	106,929,627

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.5 Fair value of financial assets and liabilities (continued)

Bank 2025	Carrying Value Shs'000	Fair Value Shs'000	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000
Assets at amortised cost					
Cash and bank balances	7,268,225	7,268,225	-	7,268,225	-
Deposits with other banks	8,793,362	8,793,362	-	8,793,362	-
Financial assets at amortised cost	59,926,964	57,644,442	57,644,442	-	-
Loans and advances	50,706,808	51,703,526	-	-	51,703,526
Other assets	2,646,774	2,646,774	-	-	2,646,774
Total	129,342,133	128,056,329	57,644,442	16,061,587	54,350,300
Liabilities at amortised cost					
Customer deposits	106,642,695	106,642,695	-	-	106,642,695
Deposits from other banks	6,940,570	6,940,570	-	6,940,570	-
Borrowings	3,946,481	3,946,481	-	3,946,481	-
Other liabilities and accrued expenses	6,042,938	6,042,938	-	-	6,042,938
Lease liabilities	845,298	845,298	-	845,298	-
Total	124,417,982	124,417,982	-	11,732,349	112,685,633

Bank 2024	Carrying Value Shs'000	Fair Value Shs'000	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000
Assets at amortised cost					
Cash and bank balances	5,775,478	5,775,478	-	5,775,478	-
Deposits with other banks	2,283,049	2,283,049	-	2,283,049	-
Financial assets at amortised cost	48,637,285	45,098,052	45,098,052	-	-
Loans and advances	74,869,054	76,149,700	-	-	76,149,700
Other assets	3,696,267	3,696,267	-	-	3,696,267
Total	135,261,133	133,002,546	45,098,052	8,058,527	79,845,967
Liabilities at amortised cost					
Customer deposits	98,833,762	98,833,762	-	-	98,833,762
Deposits from other banks	23,129,671	23,129,671	-	23,129,671	-
Borrowings	3,942,610	3,942,610	-	3,942,610	-
Other liabilities and accrued expenses	8,376,639	8,376,639	-	-	8,376,639
Lease liabilities	748,394	748,394	-	748,394	-
Total	135,031,076	135,031,076	-	27,820,675	107,210,401

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.6 Capital management

a) Regulatory capital

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank's regulatory capital position was as follows:

	2025 Shs'000	2024 Shs'000	2023 Shs'000
Tier 1 capital			
Ordinary share capital	12,683,038	12,683,038	12,683,038
Share premium	3,141,319	3,141,319	3,141,319
Accumulated losses	(2,931,310)	(6,178,094)	(6,939,155)
Deductions	(553,383)	(649,951)	(702,077)
	12,339,664	8,996,312	8,183,125
Tier 2 capital			
Borrowed funds	2,565,213	3,351,219	4,091,563
Statutory reserve	1,123,268	1,249,350	1,365,532
	3,688,481	4,600,569	5,457,095
Total regulatory capital	16,028,145	13,596,881	13,640,220
Risk weighted assets			
On- balance sheet	82,449,792	95,781,397	99,469,398
Off- balance sheet	7,411,655	4,166,564	9,773,151
Total risk weighted assets	89,861,447	99,947,961	109,242,549

Capital ratios

Total regulatory capital expressed as a percentage of total risk-weighted assets (CBK minimum - 14.5%)	17.84%	13.60%	12.49%
Tier 1 capital expressed as a percentage of total risk-weighted assets (CBK minimum - 10.5%)	13.73%	9.00%	7.49%
Tier 1 capital expressed as a percentage of total deposits (CBK minimum - 8.0%)	11.51%	9.05%	6.71%

For the purpose of calculating tier 2 capital statutory reserve is taken as the lower of 1.25% of total risk weighted assets and the actual statutory reserve value. Tier 2 capital is limited to amount of tier 1 capital.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.6 Capital management (continued)

(a) Regulatory capital (continued)

The Group's objectives when managing capital are:

- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for the other stakeholders.
- To maintain a strong capital base to support the current and future development needs of the business.
- To comply with the capital requirements set by the Central Bank of Kenya (CBK).

Capital adequacy and use of regulatory capital are monitored by management, employing techniques based on the guidelines developed by the Central Bank of Kenya for supervisory purposes. The required information is filed with the Central Bank of Kenya on a monthly basis.

Banking business

The Central Bank of Kenya requires each bank to:

a) Hold the minimum level of regulatory capital of Shs 3 billion;
b) Maintain a ratio of core regulatory capital to risk weighted assets plus risk weighted off balance assets at above the required minimum of 8%;
c) Maintain a core capital of not less than 8% of total deposit liabilities;
d) Maintain total capital of not less than 12% of risk weighted assets plus risk weighted off balance sheet items; and

In addition to the above minimum capital adequacy ratios of 8% and 12%, with effect from January 2015, institutions are required to hold a capital conservation buffer of 2.5% over and above these minimum ratios to enable institutions withstand future periods of stress. This brings the minimum core capital to risk weighted assets and total capital to risk weighted assets requirements to 10.5% and 14.5% respectively. The capital conservation buffer is made up of high quality capital which should comprise mainly of common equity, premium reserves and retained earnings.

The Bank met the minimum capital requirement for all capital ratios for the year ending 31 December 2025. For the year ending 31 December 2024, the Bank did not meet the minimum requirement for the core capital to deposit ratio, core capital to total risk weighted assets and total capital to total risk weighted asset ratios.

The Bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, after deductions for intangible assets (excluding computer software), investments in equity instruments of other institutions and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes 25% revaluation surplus with prior CBK approval, qualifying subordinated liabilities and collective impairment allowances.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (continued)

4.6 Capital management (continued)

(b) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but, in some cases, the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by Bank Risk and Bank Credit Committees, and is subject to review by the Bank Credit, Finance, Information and Technology Committee or the Assets and Liabilities Committee ("ALCO") as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objectives are also taken into account.

The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

5. Interest income and expense

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
(a) Interest income				
Loans and advances to customers	8,794,455	12,861,550	8,794,455	12,861,550
Deposits with other banks	421,229	104,041	389,787	70,777
Investment securities	6,399,272	5,984,245	6,385,346	5,966,501
Total interest income	15,614,956	18,949,836	15,569,588	18,898,828
(b) Interest expense				
Deposits from other banks	(919,672)	(2,258,150)	(919,672)	(2,258,150)
Deposits from customers	(2,918,240)	(3,755,323)	(2,918,240)	(3,755,323)
Interest expense on lease liabilities	(128,010)	(123,701)	(128,010)	(123,701)
Interest expense on subordinated debt	(321,562)	(268,549)	(321,562)	(268,549)
Interest expense on Other Borrowings	-	(28,205)	-	(28,205)
Total interest expense	(4,287,484)	(6,433,928)	(4,287,484)	(6,433,928)
Net interest income	**11,327,472**	**12,515,908**	**11,282,104**	**12,464,900**

6. Fees and commissions

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
(a) Fee and commission income				
Retail banking	1,334,509	1,387,541	1,103,122	1,197,932
Corporate banking	517,780	715,665	517,780	715,665
Total fee and commission income	1,852,289	2,103,206	1,620,902	1,913,597
(b) Fee and commission expense				
Brokerage	(15,966)	(6,491)	(15,110)	(5,383)
Money transfer and collection expenses	(205,393)	(236,533)	(205,393)	(236,533)
Total fee and commission expense	(221,359)	(243,024)	(220,503)	(241,916)
Net fee and commission income	**1,630,930**	**1,860,182**	**1,400,399**	**1,671,681**

Fee and commission income relate to fees earned by the Group on intermediary activities where the Group provides banking and investment services to its customers.

NOTES TO THE FINANCIAL STATEMENTS

7. Trading income

(a) Gains from foreign exchange dealings

Gains on foreign currency dealings arose from dealings in foreign currency transactions and also on the translation of foreign currency assets and liabilities.

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
Foreign currency trading	331,361	895,899	331,361	895,899
Foreign exchange gain	86,890	(35,628)	86,890	(35,628)
	418,251	860,271	418,251	860,271

(b) Other net trading income

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
Fair value gains /(losses) on other investments	106,814	(3,517)	106,814	(3,517)
Gain on disposal of FVOCI assets	233,908	35,964	233,908	35,964
Gain on loan notes at fair value	-	812,980	-	812,980
	340,722	845,427	340,722	845,427
Net trading income	758,973	1,705,698	758,973	1,705,698

8. Other operating income/ (expense)

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
Recoveries of previously written off loans and advances	77,526	103,374	77,526	103,374
Rental income	86,030	81,319	86,030	81,319
Gain on disposal of property and equipment	-	8,933	-	11,540
Dividend income	-	-	-	75,000
Miscellaneous expense	-	(97,277)	-	(99,884)
Total other operating income	163,556	96,349	163,556	171,349

NOTES TO THE FINANCIAL STATEMENTS

9. (a) Operating expenses

Operating expenses include:

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
Staff costs (Note 10)	4,786,422	4,735,810	4,766,241	4,703,585
Directors' emoluments – fees	33,260	26,054	28,436	21,095
Depreciation (Note 21)	318,266	362,333	318,170	362,124
Amortisation - Intangible assets (Note 23)	341,692	270,110	335,912	264,811
Amortisation of right-of-use assets (Note 22)	213,051	207,646	213,051	207,646
Security services	179,252	233,117	179,167	232,858
Deposit protection fund	200,287	232,858	200,287	198,374
Operating lease rentals	48,084	105,938	47,907	105,938
Telephone and postage	14,721	30,047	14,721	30,047
Auditor's remuneration	49,144	21,841	48,448	20,587
*Other operating expenses	2,213,862	2,624,456	2,203,934	2,665,501
	8,398,041	8,850,210	8,356,274	8,812,566

*Other operating expenses include legal fees, professional fees, consultancy, utilities (electricity, fiber data and water), marketing and advertising costs.

9. (b) Allowance for expected credit losses

	Group & Bank	
	2025	2024
	Shs'000	Shs'000
Loans and advances (Note 15(d))	2,448,589	5,940,020
Other assets (Note 16)	24,213	196,094
Off balance sheet items (Note 28)	96,581	143,452
	2,569,383	6,279,566

10. Staff costs

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
Salaries and wages	3,843,401	3,613,448	3,793,687	3,568,700
Pension costs - defined contribution scheme	463,662	437,864	458,456	465,913
National Social Security Fund	65,727	32,863	63,789	32,043
Other staff costs*	413,632	651,635	450,309	668,664
	4,786,422	4,735,810	4,766,241	4,703,585

*Other staff costs includes to training and medical insurance expense.

NOTES TO THE FINANCIAL STATEMENTS

10. Staff costs (continued)

The average number of employees during the year was as follows:

	Group		Bank	
	2025	2024	2025	2024
Management	733	655	720	643
Clerical	264	287	264	287
Contract	338	381	312	355
Totals	1,335	1,323	1,296	1,285

11. Income tax

Income statement

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
Current income tax charge	94,362	79,473	23,111	23,397
Deferred income tax charge/ (credit) (Note 19)	413,157	(76,966)	414,811	(77,411)
Prior year (under)/ over provision of current income tax	(6,502)	1,445	(3,333)	2,130
Prior year over/ (under) provision of deferred income tax	19,169	(19,644)	19,024	(19,644)
Income tax expense / (credit)	520,186	(15,692)	453,613	(71,528)
Reconciliation of effective tax rate				
Profit before income tax	2,913,796	1,048,361	2,679,375	921,496
Income tax using the enacted tax rate 30% (2024:30%)	874,139	314,508	803,813	276,449
Tax effect of:				
Expenses not deductible for tax purposes	263,618	372,896	262,887	346,704
Income not subject to tax	(630,238)	(684,897)	(628,778)	(677,167)
(Under)/overprovisions in prior years:				
- Current income tax	(6,502)	1,445	(3,333)	2,130
- Deferred income tax	19,169	(19,644)	19,024	(19,644)
Income tax expense / (credit)	520,186	(15,692)	453,613	(71,528)
Balance sheet				
At start of year	266,420	252,189	255,299	275,374
Current income tax charge	(94,362)	(79,473)	(23,111)	(23,397)
Prior year over / (under) provision of current income tax	6,502	(1,445)	3,333	(2,130)
Income tax paid	61,823	95,149	8,321	5,452
Income tax credit	240,383	266,420	243,842	255,299

NOTES TO THE FINANCIAL STATEMENTS

12. Cash and bank balances

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
Balances with the Central Bank of Kenya				
Cash reserve ratio balance	3,447,399	4,172,643	3,447,399	4,172,643
Current accounts	2,583,039	369,445	2,583,039	369,445
	6,030,438	4,542,088	6,030,438	4,542,088
Cash in hand	1,237,787	1,233,390	1,237,787	1,233,390
	7,268,225	5,775,478	7,268,225	5,775,478

At 31 December 2025, the cash reserve ratio requirement was 3.25% (2024: 4.25%) of eligible deposits. The cash ratio requirement funds are accessible for clearing and settlement activities and are non-interest bearing.

13. Deposits with other banks

	Group and Bank	
	2025	2024
	Shs'000	Shs'000
Gross balances		
Foreign currency deposits	1,462,943	931,040
Local currency deposits	7,330,999	1,452,608
	8,793,942	2,383,648
Less: Provision for expected credit losses	(580)	(100,599)
	8,793,362	2,283,049
Maturity analysis of deposits due from other banks		
Maturing within 91 days from placement date	1,462,363	930,460
Maturing after 91 days from placement date	7,330,999	1,352,589
	8,793,362	2,283,049

Deposits due from other banks are usually interest bearing. However, during the year, part of the balances were used in settlement and therefore did not bear interest.

	Group and Bank	
	2025	2024
	Shs'000	Shs'000
Interest bearing	7,913,376	452,375
Non-interest bearing	879,986	1,830,674
	8,793,362	2,283,049

The effective interest rate on deposits due from banking institutions at 31 December 2025 was 5.35% (2024: 7.9%). As at 31 December 2025, deposits due from foreign banks amounting to Shs 148,172,782 (2024: Shs 103,798,212) were under lien as collateral for the operation of Visa issued cards.

NOTES TO THE FINANCIAL STATEMENTS

14. (a) Investment securities

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
Financial assets at FVOCI				
Government of Kenya treasury bills and bonds				
Maturing after 90 days from the date of acquisition	36,778,335	25,034,896	36,778,335	25,034,896
Maturity within 91 days from placement date	2,424,875	1,572,485	2,314,211	1,468,220
	39,203,210	26,607,381	39,092,546	26,503,116
Financial assets at amortised cost				
Government of Kenya treasury bills and bonds				
Maturing after 90 days from the date of acquisition	20,834,418	20,904,874	20,834,418	20,904,874
Maturity within 91 days from placement date	-	934,697	-	934,214
	20,834,418	21,839,571	20,834,418	21,839,088
Corporate bond	-	295,081	-	295,081
	20,834,418	22,134,652	20,834,418	22,134,169
	60,037,628	48,742,033	59,926,964	48,637,285

The movement in Investment securities is as follows:

Year ended 31 December 2025	Group	Bank
	Shs'000	Shs'000
At start of year	48,742,033	48,637,285
Purchases	16,378,095	16,376,000
Disposals/maturities	(8,821,302)	(8,814,534)
Fair value gain	1,777,602	1,771,204
Accrued interest	1,961,200	1,957,009
At end of year	60,037,628	59,926,964

Year ended 31 December 2024	Group	Bank
	Shs'000	Shs'000
At start of year	46,483,914	46,306,435
Purchases	11,903,095	11,901,000
Disposals/maturities	(13,443,808)	(13,361,429)
Fair value loss	2,108,542	2,105,176
Accrued interest	1,690,290	1,686,103
At end of year	48,742,033	48,637,285

NOTES TO THE FINANCIAL STATEMENTS

14. (b) Maturity analysis of Investment securities

	Group			Bank		
	Maturing within 12 months Shs'000	Maturing after 12 months Shs'000	Total Shs'000	Maturing within 12 months Shs'000	Maturing after 12 months Shs'000	Total Shs'000
Year ended 31 December 2025						
Financial assets carried at FVOCI	7,540,607	31,662,603	39,203,210	7,540,607	31,551,939	39,092,546
Financial assets carried at amortised cost	1,827,049	19,007,369	20,834,418	1,827,049	19,007,369	20,834,418
	9,367,656	50,669,972	60,037,628	9,367,656	50,559,308	59,926,964
Year ended 31 December 2024						
Financial assets carried at FVOCI	3,538,191	23,069,190	26,607,381	3,538,191	22,964,925	26,503,116
Financial assets carried at amortised cost	934,213	21,200,439	22,134,652	934,214	21,199,955	22,134,169
	4,472,404	44,269,629	48,742,033	4,472,405	44,164,880	48,637,285

14. (c) The weighted average effective interest rate for Investment securities is as summarized below:

	Group		Bank	
	2025	2024	2025	2024
	%	%	%	%
Treasury bills – FVOCI	8%	15%	8%	15%
Treasury bonds - At amortised cost	13%	13%	13%	13%
Treasury bonds – FVOCI	13%	13%	13%	13%

NOTES TO THE FINANCIAL STATEMENTS

15. Loans and advances to customers

a) Summary of loans and advances at carrying values

	Group and Bank		
2025	**Gross**	**Allowance for expected credit loss / fair value loss**	**Net**
	Shs'000	**Shs'000**	**Shs'000**
Loans at amortised cost	62,953,120	(12,246,312)	50,706,808
2024			
Loans at amortised cost	93,926,704	(20,806,491)	73,120,213
Loans at fair value through profit or loss	3,045,950	(1,297,109)	1,748,841
	96,972,654	(22,103,600)	74,869,054

b) Loan notes at fair value through profit or loss

	Group and Bank	
	2025	**2024**
	Shs'000	**Shs'000**
Gross carrying value	-	3,045,950
Fair value loss	-	(1,297,109)
	-	1,748,841
Movement in fair value loss		
At start of year	(1,297,109)	(2,110,090)
Fair value gain in the year	-	812,981
Derecognition during the year	1,297,109	-
At end of year	-	(1,297,109)

Loan notes at fair value through profit or loss relate to amounts due from a Special Purpose Entity (SPE) formed as part of a restructuring arrangement between lender banks and Kenya Airways Plc. The loan was derecognized and transferred to another entity during the year as part of acquisition arrangement by Access Bank PLC.

c) Loans and advances at amortised cost

	Group and Bank	
	2025	**2024**
	Shs'000	**Shs'000**
Gross carrying amount	62,953,120	93,926,704
Credit loss allowance:		
- Stage 1 & 2	(1,240,000)	(1,664,374)
- Stage 3	(11,006,312)	(19,142,117)
	(12,246,312)	(20,806,491)
Net carrying amount	**50,706,808**	**73,120,213**

NOTES TO THE FINANCIAL STATEMENTS

16. Loans and advances to customers (continued)

c) Loans and advances at amortised cost (continued)

Included in net advances are loans and advances amounting to Shs 13,085,126,496 (2024: Shs19,358,351,000), net of specific provisions, which were classified as non-performing (impaired) at the year end.

Included in loans and advances to customers are staff loans amounting to Shs 4,649,278,000 (2024: Shs 4,853,840,000). The effective interest rate on loans and advances to staff was 7.38% (2024: 7.54%).

d) Movement in provision for credit loss allowance

	Group and Bank	
	2025	2024
	Shs'000	Shs'000
At start of year	20,806,491	15,015,632
Charge for the year	2,448,589	5,940,020
Write-offs & derecognition	(10,998,396)	(38,728)
Release of provisions and other movements	(10,372)	(110,433)
At end of year	12,246,312	20,806,491

e) Analysis of gross loans and advances by maturity

	Group and Bank	
	2025	2024
	Shs'000	Shs'000
Maturing:		
Within 1 year	8,345,278	39,230,827
1 - 3 years	2,005,701	9,626,377
3 - 5 years	6,137,488	12,831,070
Over 5 years	46,464,653	35,284,380
Total advances	62,953,120	96,972,654

17. Other assets and prepayments

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
Rent and service charge *	5,718	36,138	5,718	36,138
Other receivables	472,841	2,030,863	445,707	2,003,307
Land for sale**	462,682	485,253	462,682	485,253
Mobile money deposits	1,193,058	785,435	1,193,058	785,435
Items in the course of collection	943,390	464,281	943,390	464,281
Deferred staff loans benefit	999,904	1,280,646	999,904	1,280,646
Prepaid expenses	488,364	491,735	488,364	491,735
	4,565,957	5,574,351	4,538,823	5,546,795

*Rent and service charge and other receivables are recorded net of impairment provision.

**Repossessed properties acquired in exchange for loans as part of an orderly realisation are reported in 'other assets' as inventory as it is held for sale in the ordinary course of business. The repossessed properties are recognised when the risks and rewards of the properties have been transferred to the Bank.

NOTES TO THE FINANCIAL STATEMENTS

16. Other assets and prepayments (continued)

The properties acquired are initially recorded at cost, which is the lower of their fair value less costs to sell and the carrying amount of the loan (net of impairment allowance) at the date of exchange.

	Group and Bank	
Expected credit losses	**2025**	**2024**
	Shs'000	**Shs'000**
At start of year	599,153	487,671
Charge for the year	24,213	196,094
Write-offs	-	(84,612)
De-recognition	(564,465)	-
At end of year	58,901	599,153

During the year, some assets were derecognized and transferred to another entity as part of acquisition arrangement by Access Bank PLC.

17. Other investments

	Group and Bank	
	2025	**2024**
	Shs'000	**Shs'000**
Unquoted equities		
African Export Import Bank	24,660	24,708
SWIFT	22,679	17,323
	47,339	42,031
Quoted equities		
VISA International	1,045,262	943,756
	1,092,601	985,787
Movement in investments:		
At start of year	985,787	989,304
Fair value gain/ (loss)	106,814	(3,517)
At end of year	1,092,601	985,787

Other investments are measured at fair value through profit or loss.

African Export Import Bank shares are unquoted and price is based on net asset value of the entity.

Visa International shares were allotted to the Bank at no cost by virtue of the Bank's membership to the Visa International network of users and are quoted at the New York Stock Exchange.

Society for Worldwide Interbank Financial Telecommunication (SWIFT) shares are allocated to an institution based on the institution's contribution to the SWIFT network. The last allocation was done in early 2015 allocating 16 shares to NBK. The transfer value of one SWIFT share as at 31 December 2025 was fixed at EUR 7,275 with a nominal value of one share at EUR 125 set at the June 2011 General Meeting of shareholders.

The Group does not have either management or voting control over the investee companies and it's percentage shareholding is insignificant.

18. Fiduciary activities

In the normal course of business, the Bank holds asset security documents on behalf of customers as part of its custody services. The asset security documents held comprise deposits with financial institutions, government securities, and quoted and unquoted securities. These assets are not included in the Bank's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

19. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2024: 30%). The movements in the deferred income tax account were as follows:

	Group	
	2025	2024
	Shs'000	Shs'000
At start of year	(6,250,576)	(6,786,529)
Prior year over/ (under) provision of deferred income tax	19,169	(19,644)
Debit/ (credit) to profit or loss (Note 11)	413,157	(76,966)
Charge to income statement	**432,326**	**(96,610)**
Debit to OCI	533,281	632,563
At end of year	**(5,284,969)**	**(6,250,576)**

	Bank	
	2025	2024
	Shs'000	Shs'000
At start of year	(6,252,428)	(6,786,926)
Prior year over/ (under) provision of deferred income tax	19,025	(19,644)
Debit/ (credit) to profit or loss (Note 11)	414,811	(77,411)
Charge to income statement	**433,836**	**(97,055)**
Debit to OCI	531,361	631,553
At end of year	**(5,287,231)**	**(6,252,428)**

Deferred income tax assets and liabilities, deferred income tax credit in profit or loss and deferred income tax charge in shareholders' equity are attributable to the following items:

Group

Year ended 31 December 2025	At start of year	Charged/ (credited) to profit or loss	Charged to OCI	At end of year
	Shs'000	Shs'000	Shs'000	Shs'000
Deferred income tax liabilities				
Property and equipment	(757,437)	87,428	-	(670,009)
Deferred income tax assets				
Other deductible differences	(5,278,877)	344,898	-	(4,933,979)
FVOCI Revaluation	(214,262)	-	533,281	319,019
	(5,493,139)	344,898	533,281	(4,614,960)
Net deferred income tax asset	**(6,250,576)**	**432,326**	**533,281**	**(5,284,969)**

NOTES TO THE FINANCIAL STATEMENTS

19. Deferred income tax (continued)

Year ended 31 December 2024	At start of year Shs'000	Charged/ (credited) to profit or loss Shs'000	Charged to OCI Shs'000	At end of year Shs'000
Deferred income tax liabilities				
Property and equipment	(839,523)	82,086	-	(757,437)
Deferred income tax assets				
Other deductible differences	(5,100,180)	(178,697)	-	(5,278,877)
FVOCI Revaluation	(846,825)	-	632,563	(214,262)
	(5,947,005)	(178,697)	632,563	(5,493,139)
Net deferred income tax asset	**(6,786,528)**	**(96,611)**	**632,563**	**(6,250,576)**

Bank

Year ended 31 December 2025	At start of year Shs'000	Charged/ (credited) to profit or loss Shs'000	Credited to other comprehensive income Shs'000	At end of year Shs'000
Deferred income tax liabilities				
Property and equipment	(757,676)	87,428	-	(670,248)
Deferred income tax asset				
Other deductible differences	(5,282,463)	346,408	-	(4,936,155)
FVOCI valuation	(212,289)	-	531,361	319,072
	(5,494,752)	346,408	531,361	(4,616,983)
Net deferred income tax asset	**(6,252,428)**	**433,836**	**531,361**	**(5,287,231)**
Year ended 31 December 2024				
Deferred income tax liabilities				
Property and equipment:	(839,019)	81,343	-	(757,676)
Deferred income tax assets				
Other deductible differences	(5,104,065)	(178,398)	-	(5,282,463)
FVOCI valuation	(843,842)	-	631,553	(212,289)
	(5,947,907)	(178,398)	631,553	(5,494,752)
Net deferred income tax asset	**(6,786,926)**	**(97,055)**	**631,553**	**(6,252,428)**

The deferred tax asset has been recognised based on the projected future taxable profits that will be available against which the deductible temporary differences and tax losses carried forward can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

20. Investment in subsidiaries

	Percentage Ownership	2025 Shs'000	2024 Shs'000
Investment in subsidiary companies			
At cost:			
NBK Bancassurance Intermediary Limited	100%	5,000	5,000

The subsidiary has its financial year ending 31 December 2025 and is incorporated as limited liability company. It is incorporated in Kenya under the Companies Act and domiciled in Kenya.

The subsidiary is 100% owned and fully controlled by the Bank.

The Group financial statements include the results of NBK Bancassurance Intermediary Limited which is consolidated.

NOTES TO THE FINANCIAL STATEMENTS

21. Property plant and equipment – Group

	Owned buildings Shs'000	Motor vehicles, equipment, furniture and fittings Shs'000	Computers Shs'000	Leasehold improvements Shs'000	Total Shs'000
Year ended 31 December 2024					
Cost					
At start of year	300,168	2,604,339	1,727,146	2,269,711	6,901,364
Additions	-	27,437	7,345	1,285	36,067
Reclassification*	501,369	-	-	-	501,369
Disposals	-	(54,709)	(24,720)	-	(79,429)
At end of year	801,537	2,577,067	1,709,771	2,270,996	7,359,371
Year ended 31 December 2025					
At start of year	801,537	2,577,067	1,709,771	2,270,996	7,359,371
Additions	-	33,906	368,413	11,701	414,020
At end of year	801,537	2,610,973	2,078,184	2,282,697	7,773,391

* The reclassification relates to Right of use assets and Held for sale

NOTES TO THE FINANCIAL STATEMENTS

21. Property plant and equipment – Group (continued)

	Owned buildings Shs'000	Motor vehicles, equipment, furniture and fittings Shs'000	Computers Shs'000	Leasehold improvements Shs'000	Total Shs'000
Year ended 31 December 2024					
Depreciation					
At start of year	41,543	1,965,979	1,355,743	2,237,692	5,600,957
Charge for the year	77,682	148,308	123,844	12,499	362,333
Disposal	-	(50,176)	(24,238)	-	(74,414)
At end of year	119,225	2,064,111	1,455,349	2,250,191	5,888,876
Year ended 31 December 2025					
At start of year	119,225	2,064,111	1,455,349	2,250,191	5,888,876
Charge for the year	14,395	131,417	163,739	8,715	318,266
At end of year	133,620	2,195,528	1,619,088	2,258,906	6,207,142
Netbook value					
At 31 December 2025	**667,917**	**415,445**	**459,097**	**23,791**	**1,566,251**
At 31 December 2024	**682,312**	**512,956**	**254,422**	**20,805**	**1,470,495**

NOTES TO THE FINANCIAL STATEMENTS

21. Property plant and equipment - Bank

	Owned buildings Shs'000	Motor vehicles, equipment, furniture and fittings Shs'000	Computers Shs'000	Leasehold improvements Shs'000	Total Shs'000
Year ended 31 December 2024					
Cost					
At start of year	300,168	2,605,015	1,725,383	2,269,711	6,900,277
Additions	-	25,311	5,424	1,285	32,020
Reclassification	501,369	-	-	-	501,369
Disposals	-	(54,709)	(24,416)	-	(79,125)
At end of year	801,537	2,575,617	1,706,391	2,270,996	7,354,541
Year ended 31 December 2025					
At start of year	801,537	2,575,617	1,706,391	2,270,996	7,354,541
Additions	-	33,865	368,414	11,701	413,980
At end of year	801,537	2,609,482	2,074,805	2,282,697	7,768,521

NOTES TO THE FINANCIAL STATEMENTS

21. Property plant and equipment – Bank (continued)

	Owned buildings Shs'000	Motor vehicles, equipment, furniture and fittings Shs'000	Computers Shs'000	Leasehold improvements Shs'000	Total Shs'000
Year ended 31 December 2024					
Depreciation					
At start of year	41,542	1,966,667	1,354,434	2,237,692	5,600,335
Charge for the year	77,682	148,297	123,643	12,499	362,121
Disposal	-	(52,301)	(24,416)	-	(76,717)
At end of year	119,224	2,062,663	1,453,661	2,250,191	5,885,739
Year ended 31 December 2025					
At start of year	119,224	2,062,663	1,453,661	2,250,191	5,885,739
Charge for the year	14,395	131,417	163,643	8,715	318,170
At end of year	133,619	2,194,080	1,617,304	2,258,906	6,203,909
Net book value					
At 31 December 2025	**667,918**	**415,402**	**457,501**	**23,792**	**1,564,613**
At 31 December 2024	**682,313**	**512,954**	**252,730**	**20,805**	**1,468,802**

NOTES TO THE FINANCIAL STATEMENTS

21. Property and equipment (continued)

Included in computers, motor vehicles, equipment and furniture & fittings are assets with a cost of Shs 2,839,833,301 (2024: Shs2,309,401,341) which were fully depreciated. The normal annual depreciation charge on these assets would have been Shs 422,107,163 (2024: Shs 343,097,162).

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset whereas purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Property and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses arising on disposal of an item of property and equipment is determined by comparing the net proceeds from disposal with the carrying amount of the item and are recognized net within 'other operating income' in profit or loss.

22. Right-of-use assets

Group and Bank as at 31 December 2025

	Buildings Shs'000	Total Shs'000
At start of year	533,223	533,223
Additions	366,843	366,843
Depreciation charge	(213,051)	(213,051)
At end of year	687,015	687,015

Group and Bank as at 31 December 2024

	Land Shs'000	Buildings Shs'000	Total Shs'000
At start of year	62,500	527,738	590,238
Additions	-	226,321	226,321
Depreciation charge	-	(220,836)	(220,836)
Reclassification to PPE	(62,500)	-	(62,500)
At end of year	-	533,223	533,223

The group leases various office buildings in the normal course of business. The leases for buildings are typically for a period of between 2 and 10 years, with option to renewal at the end of the term. These leases do not contain any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

Land held under a long-term leasehold was reclassified to Property, Plant and Equipment in the previous financial year

NOTES TO THE FINANCIAL STATEMENTS

23. Intangible assets

	Group			Bank		
	Computer software Shs'000	Capital work in progress Shs'000	Total Shs'000	Computer software Shs'000	Capital work in progress Shs'000	Total Shs'000
Cost						
At 1 January 2024	4,784,481	709,184	5,493,665	4,754,063	709,195	5,463,258
Additions	492,053	1,519	493,572	492,053	1,519	493,572
At 31 December 2024	**5,276,534**	**710,703**	**5,987,237**	**5,246,116**	**710,714**	**5,956,830**
At 1 January 2025	5,276,534	710,703	5,987,237	5,246,116	710,714	5,956,830
Additions	178,342	-	178,342	178,342	-	178,342
Transfer	710,703	(710,703)	-	710,714	(710,714)	-
At 31 December 2025	6,165,579	-	6,165,579	6,135,172	-	6,135,172
Amortisation						
At 1 January 2024	4,485,722	-	4,485,722	4,467,356	-	4,467,356
Charge for the year	270,109	-	270,109	264,811	-	264,811
At 31 December 2024	**4,755,831**	**-**	**4,755,831**	**4,732,167**	**-**	**4,732,167**
At 1 January 2025	4,755,831	-	4,755,831	4,732,167	-	4,732,167
Charge for the year	341,692	-	341,692	335,912	-	335,912
At 31 December 2025	5,097,523	**-**	5,097,523	5,068,079	**-**	5,068,079
Netbook value						
At 31 December 2025	**1,068,056**	**-**	**1,068,056**	**1,067,093**	**-**	**1,067,093**
At 31 December 2024	**520,702**	**710,703**	**1,231,406**	**513,949**	**710,714**	**1,224,663**

Included in intangible assets are assets with a cost of Shs 4,405,061,557 (2024: Shs 4,303,917,848) which were fully amortised. The normal annual amortisation charge on these assets would have been Shs 881,012,311 (2024: Shs 860,783,569). None of the assets are pledged or used as collateral.

NOTES TO THE FINANCIAL STATEMENTS

24. Customer deposits

	Group		Bank	
	2025	2024	2025	2024
Customer deposits	Shs'000	Shs'000	Shs'000	Shs'000
Fixed deposit accounts	15,205,971	13,165,321	15,227,799	13,179,227
Savings accounts	7,302,187	6,812,639	7,302,187	6,812,639
Non-interest bearing current accounts	76,366,857	68,258,087	76,820,837	68,565,700
Interest bearing current and demand accounts	7,291,872	10,276,195	7,291,872	10,276,196
	106,166,887	98,512,242	106,642,695	98,833,762
Maturity analysis of customer deposits				
From Government and parastatals:				
Payable within 90 days	580,706	531,566	580,706	531,566
Payable after 90 days and within one year	33,033,381	28,155,133	33,033,381	28,155,133
	33,614,087	28,686,699	33,614,087	28,686,699
From Private Sector and individuals:				
Payable within 90 days	10,240,898	5,989,807	10,240,898	6,003,713
Payable after 90 days and within one year	62,311,902	63,835,736	62,787,710	64,143,350
	72,552,800	69,825,543	73,028,608	70,147,063
	106,166,887	98,512,242	106,642,695	98,833,762

25. Deposits from other banks

	Group and Bank	
	2025	2024
	Shs'000	Shs'000
	6,940,570	23,129,672

The effective interest rate on deposits due to banking institutions was 9.53% (2024: 9.7%). The deposits are payable within 90 days after the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

26. Other liabilities and accrued expenses

	Group		Bank	
	2025 Shs'000	2024 Shs'000	2025 Shs'000	2024 Shs'000
Margins held on guarantees	1,314,292	698,792	1,314,292	698,792
Bills payable	140,590	158,073	140,590	154,133
Due to related parties (Note 32)	-	445,323	-	446,351
Sundry creditors	150,853	251,434	150,853	218,873
General expenses payable	80,418	11,284	80,418	11,284
Externalised funds	-	3,147,576	-	3,147,576
Legal provisions	1,972,316	1,756,741	1,972,316	1,756,741
Other payables and accrued expenses	2,448,869	1,948,162	2,384,469	1,942,889
	6,107,338	8,417,385	6,042,938	8,376,639

27. Lease liabilities

Group and Bank	2025 Shs'000	2024 Shs'000
At start of year	748,394	772,674
Additions	366,843	226,321
Interest expense	128,010	123,701
Repayments	(397,949)	(374,302)
At end of year	845,298	748,394
Expected to be settled within 12 months after the year end	339,569	279,885
Expected to be settled more than 12 months after the year end	505,729	468,509
	845,298	748,394

The total cash outflow for leases in the year was :

Payments of principal portion of the lease liabilities	269,939	250,601
Interest paid on lease liabilities	128,010	123,701
	397,949	374,302

28. Provisions for liabilities

Group and Bank	Expected credit loss on off-balance sheet commitments and guarantees	
	2025 Shs'000	2024 Shs'000
At start of year	183,993	40,541
Charge to profit or loss	96,581	143,452
At end of year	280,574	183,993

Expected credit loss on off balance sheet commitments relate to estimated losses that could arise from off-balance sheet commitments and guarantees to third parties.

NOTES TO THE FINANCIAL STATEMENTS

29. Share capital

	Group and Bank	
	2025	2024
	Shs'000	Shs'000
a) Share capital		
Authorised:		
2,600,000,000 Ordinary shares of Shs 5 each	13,000,000	13,000,000
Issued and fully paid:		
2,536,607,575 Ordinary shares of Shs 5 each	12,683,038	12,683,038

At 31 December 2025, the issued and fully paid share capital comprised of 2,536,607,575 (2024: 2,536,607,575) ordinary shares with a par value of Shs 5. There were no shares issued during the year.

b) Reserves

Nature and purpose of reserves

a) Statutory credit risk reserve represents the excess of loan loss provisions computed in accordance with Central Bank of Kenya prudential guidelines over the impairment of loans and advances arrived at in accordance with International Financial Reporting Standard 9. The statutory reserve is not distributable.

b) Other reserves represents the unrealised increase or decrease in the value of financial assets at fair value through other comprehensive income, excluding impairment losses. The reserve is not distributable to the shareholders.

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
Statutory credit risk reserve	2,858,245	3,879,265	2,858,245	3,879,265
Other reserves	760,405	(483,917)	754,030	(485,813)

NOTES TO THE FINANCIAL STATEMENTS

30. Notes to the statement of cash flows

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
		Restated*		Restated*
Reconciliation of profit before taxation to cash generated from operations				
Profit before income tax	2,913,507	1,048,361	2,679,375	921,496
Adjustments for:				
Depreciation of property and equipment (Note 21)	318,266	362,813	318,170	362,121
Amortisation of intangible assets (Note 23)	341,692	270,109	335,912	264,811
Depreciation of right of use asset (Note 22)	213,051	220,836	213,051	220,836
Interest expense on lease liabilities	128,010	123,701	128,010	123,701
Gain on disposal of equipment	-	8,933	-	11,540
Fair value (gain)/loss on quoted investments (Note 17)	(106,814)	3,517	(106,814)	(3,517)
Interest accrued on government securities	(1,961,200)	(1,690,290)	(1,957,009)	(1,686,103)
Interest expense on borrowings	321,562	295,425	321,562	295,425
Currency translation on borrowings (Note 33)	(7,626)	(846,037)	(7,626)	(846,037)
Profit before working capital changes	**2,160,448**	**(202,632)**	**1,924,631**	**(335,727)**
Changes in operating assets and liabilities				
Deposits with other banks	(5,978,410)	4,735,000	(5,978,410)	4,735,000
Loans and advances to customers	24,162,246	4,614,422	24,162,246	4,614,422
Other assets and prepayments	1,008,394	1,286,263	1,007,972	1,295,760
Due to/ (from) related parties	338,889	(118,298)	395,624	(88,091)
Customer deposits	7,654,645	(19,556,534)	7,808,933	(19,473,868)
Provisions for liabilities	96,581	143,452	96,581	143,452
Other liabilities and accrued expenses	(2,310,050)	(2,497,100)	(2,333,703)	(2,574,835)
Cash generated in operating activities	**27,132,743**	**(11,595,427)**	**27,083,874**	**(11,683,887)**
Analysis of the balances of cash and cash equivalents				
Cash in hand (Note 12)	1,237,787	1,233,390	1,237,787	1,233,390
Balances with Central Bank of Kenya	6,030,438	4,542,088	6,030,438	4,542,088
Deposits with other banks (Note 13)	1,462,363	930,460	1,462,363	930,460
Deposits and balances due to banking institutions (Note 25)	(6,940,571)	(23,129,672)	(6,940,571)	(23,129,672)
	1,790,017	**(16,423,734)**	**1,790,017**	**(16,423,734)**

For the purposes of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the dates of the advance.

*Refer to note 34 on restatement of prior year cash and cash equivalents balance.

NOTES TO THE FINANCIAL STATEMENTS

31. Contingencies and commitments including off balance sheet items

a) Off-balance sheet items

In common with other banks, the Group conducts business involving acceptances, guarantees, performances and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

	Group and Bank	
	2025	2024
	Shs'000	Shs'000
Letters of credit	4,429,417	2,732,173
Letters of guarantee	8,454,444	5,314,076
Swaps, spots and forwards	167,700	38,768
Total	**13,051,561**	**8,085,017**

	Group and Bank	
Expected credit losses	2025	2024
	Shs'000	Shs'000
Letters of credit	37,569	81,663
Letters of guarantee	243,005	102,330
Swaps, spots and forwards	-	-
Total	**280,574**	**183,993**

Swaps, spots and forward contracts disclosed above represent notional values of shortdated contracts outstanding at year end. There were no resultant derivative contract balances as at the balance sheet date.

Letters of credit commit the Group and Bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

Letters of guarantee are issued by the Group to guarantee performance by the customers to third parties. The Group will only be required to meet these obligations in the event of customer default.

b) Contingent liabilities

The Bank has a number of pending court cases but directors, having undertaken legal consultation, believe no material financial liabilities will arise from these cases. Provisions have been made where the Bank considers that it is probable a liability may crystallise.

c) Unutilised credit facilities

Unutilised credit facilities refers to undrawn credit card balances and overdrafts. In 2025, this amounted to Shs 1,402,129,000 (2024: Shs 881,221,352).

NOTES TO THE FINANCIAL STATEMENTS

32. Related party transactions and balances

Related parties are defined as those parties that have the ability to control the Bank or exercise significant influence over the Bank in making financial or operational decisions, or parties that are subject to common control with the Bank.

During the year, Access Bank PLC acquired 100% of the shareholding of the Bank from KCB Group PLC, thereby becoming the immediate and ultimate parent company. Consequently, the former parent ceased to be a related party from the date of acquisition.

Placings are made in the Bank by directors and companies associated to directors. Advances to customers at 31 December 2025 include advances and loans to companies associated to directors.

All transactions with related parties are at arm's length in the normal course of business, and on terms and conditions similar to those applicable to other customers.

Details of intercompany balances are as follows:

	Group		Bank	
	2025	2024	2025	2024
	Shs'000	Shs'000	Shs'000	Shs'000
Due from related parties				
Access Bank Kenya	178	-	178	-
NBK Bancassurance Intermediary Limited	-	-	22,120	78,855
KCB Group Plc	-	30,514	-	30,514
KCB Kenya Limited	-	104,496	-	104,496
KCB Bancassurance Intermediary Limited	-	815	-	815
KCB Asset Management Limited	-	203,242	-	203,242
	178	**339,067**	**22,298**	**417,922**
Due to related parties				
KCB Group Plc	-	94,201	-	94,201
KCB Kenya Limited	-	330,774	-	330,774
NBK Bancassurance Intermediary Limited	-	-	-	1,028
KCB Asset Management Limited	-	20,348	-	20,348
	-	**445,323**	**-**	**446,351**

Details of balances and transactions with related parties are as follows:

		Group and Bank	
		2025	2024
		Shs'000	Shs'000
(a)	*Advances to related parties*		
	Employees	4,649,278	4,853,840

NOTES TO THE FINANCIAL STATEMENTS

32. Related party transactions and balances (continued)

		Group and Bank	
		2025	**2024**
		Shs'000	**Shs'000**
(b)	*Related party deposits*		
	NBK Bancassurance Intermediary Limited	475,808	321,520
	Access Bank PLC	3,212,467	-
	KCB Asset Management Limited	-	929,864
	Total	3,688,275	1,251,384
(c)	*Related party lending*		
	Access Bank Kenya	258,000	-

The remuneration of directors and other members of key management during the year was as follows:

		Group and Bank	
		2025	**2024**
		Shs'000	**Shs'000**
(d)	*Directors emoluments and key management remuneration*		
	Salaries and other short-term employment benefits	174,325	193,361
	Pension and gratuity	22,140	28,835
	Total	196,465	222,196
(e)	*Directors' remuneration*		
	Fees for services as a director	28,436	26,054
	Other emoluments (included in key management compensation above)	22,872	32,404
	Total	51,308	58,458

33. Borrowings

In March 2024, the Bank received Tier II capital amounting to USD 30 million from KCB Group PLC in accordance with the requirements of the Banking Act, the Banking Regulations, and the Central Bank of Kenya Prudential Guidelines. The capital was issued as an unsecured subordinated debt facility with a tenure of six years, including a five-year moratorium on principal repayment. The facility bears interest at 6.5% per annum, net of applicable taxes.

		Group and Bank	
(a)	*Shareholder Subordinated debt*	**2025**	**2024**
		Shs'000	**Shs'000**
	At start of the year	3,942,610	4,724,457
	Interest paid	(310,065)	(203,030)
	Accrued interest	321,562	267,220
	Currency translation	(7,626)	(846,037)
	Total	3,946,481	3,942,610

NOTES TO THE FINANCIAL STATEMENTS

33. Borrowings (continued)

		Group and Bank	
		2025	**2024**
(a)	*Global Access Fund*	**Shs'000**	**Shs'000**
	At start of the year	-	785,290
	Interest paid	-	(14,501)
	Accrued interest	-	28,205
	Currency translation	-	(138,801)
	Repayment of principal	-	(660,193)
	Total	-	-

34. Prior year restatement

In prior periods, Cash reserve ratio (CRR) balances held with Central Bank of Kenya (CBK) were excluded from cash and cash equivalents in the statement of cash flows. IAS 7 Statement of Cash Flows defines cash to include cash on hand and demand deposits. CRR balances are freely accessible for clearing and settlement activities and are not subject to restrictions that would preclude their use.

Accordingly, these balances meet the definition of cash under IAS 7.

The previous classification has therefore been considered a classification error under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. To correct this error and ensure compliance with IFRS, the Group has restated the comparative information to include the entire CBK balance within cash and cash equivalents.

Analysis of the balances of cash and cash equivalents

		Bank	
	Previous	**Adjustment**	**Restated**
	Shs'000	**Shs'000**	**Shs'000**
Movement in restricted cash balances	824,437	(824,437)	-
Net cash from operating activities	(9,404,473)	(824,437)	(10,228,910)
Net cash from investing activities	(436,644)	-	(436,644)
Net cash from financing activities	(1,252,026)	-	(1,252,026)
Net increase in cash and cash equivalents	(11,093,143)	(824,437)	(11,917,580)
Cash and cash equivalents at the end of the year	**(20,596,377)**	**4,172,643**	**(16,423,734)**
		Group	
Movement in restricted cash balances	824,437	(824,437)	-
Net cash from operating activities	(9,325,427)	(824,437)	(10,149,864)
Net cash from investing activities	(515,690)	-	(515,690)
Net cash from financing activities	(1,252,026)	-	(1,252,026)
Net increase in cash and cash equivalents	(11,093,143)	(824,437)	(11,917,580)
Cash and cash equivalents at the end of the year	**(20,596,377)**	**4,172,643**	**(16,423,734)**

The restatement has no impact on total assets, total equity, or profit for the year. The adjustment results solely in a reclassification within the comparative statement of cash flows and a revision to the opening and closing cash and cash equivalents previously presented for the prior period.

NOTES TO THE FINANCIAL STATEMENTS

35. Events after the balance sheet Date

There are no events after the reporting period that require an adjustment or disclosure in the financial statements.

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National Bank
A Subsidiary of Access Bank PLC

GEOGRAPHICAL DISTRIBUTION OF BANK BRANCHES AND AGENCIES

	NAME OF THE BRANCH	BUILDING	STREET	TOWN
1	AWENDO	MIDIMO BUILDING	MIGORI ROAD	AWENDO TOWNSHIP
2	BOMET	TILIL PLAZA		BOMET TOWNSHIP
3	BUNGOMA	NBK BUILDING	KENYATTA AVENUE	BUNGOMA
4	BUSIA	NBK BUILDING	UGANDA ROAD	BUSIA
5	CHANGAMWE	AIRPORT CENTRE MALL	MAGONGO ROAD	CHANGAMWE MOMBASA
6	EASTLEIGH	EMIRATES SHOPPING MALL	EASTLEIGH	NAIROBI
7	ELDORET	NEXT TO KDV HOUSE	UGANDA ROAD / OLOO STREET	ELDORET- CBD
8	ELDORET AIRPORT - AGENCY	TERMINAL BUILDING -MOI INT'L AIRPORT	ELDORET - KAPSABET ROAD	ELDORET
9	EMBU	EASTERN EMPORIUM BUILDING	KENYATTA HIGHWAY	EMBU TOWN
10	GARISSA	IBNU ABASS PLAZA	MIRAA ROAD	GARISSA TOWN
11	HARAMBEE	NATIONAL BANK BUILDING	HARAMBEE AVENUE	NAIROBI- CBD
12	HILL BRANCH	NHIF BUILDING	NGONG ROAD	NAIROBI
13	HOSPITAL	KENYATTA NATIONAL HOSPITAL	HOSPITAL ROAD	NAIROBI
14	ICD - AGENCY	KENYA PORTS AUTHORITY- CONTAINER DEPOT	CONTAINER ROAD	NRB.- INDUSTRIAL AREA
15	J.K.I.A	FOURTH SEASONS CENTRE	J.K.I.A.	NAIROBI
16	KAKAMEGA	WALIA'S SHOPPING CENTRE	KAKAMEGA -KISUMU ROAD	KAKAMEGA
17	KAPSABET	NBK BUILDING	KAPSABET - ELDORET ROAD	KAPSABET
18	KARATINA		COMMERCIAL -OPP. OPEN AIR MARKET	KARATINA TOWNSHIP
19	KENYATTA AVENUE	ICEA BUILDING	KENYATTA AVENUE	NAIROBI
20	KENYATTA AMANAH	ICEA BUILDING	KENYATTA AVENUE	NAIROBI
21	KENYATTA UNIVERSITY	STUDENTS BUSINESS CENTRE	THIKA SUPER HIGH WAY	KENYATTA UNIVERSITY
22	KIAMBU	KAHAWA COOPERATIVE HOUSE	KIAMBU ROAD	KIAMBU TOWN
23	KIANJAI	HELENA PLAZA	OFF MAUA ROAD	KIANJAI TOWNSHIP
24	KILINDINI PORT - AGENCY	MSA BL.111 KIPEVU	KILINDINI ROAD	MOMBASA
25	KISII	DALLAS BUILDING	HOSPITAL ROAD	KISII TOWNSHIP
26	KISUMU	NBK BUILDING	OGINGA ODINGA ROAD	KISUMU CBD
27	KITALE		SUNGURA STREET	KITALE TOWN
28	KITENGELA	KITENGELA CAPITAL CENTER	NAIROBI - NAMANGA ROAD	KITENGELA TOWNSHIP
29	KITUI	NBK BUILDING	BIASHARA / KILUGYA STREET	KITUI TOWN
30	LIMURU	NBK BUILDING	KIMUCHU STREET	LIMURU TOWN
31	MACHAKOS	KIAMBA MALL	NGEI ROAD - NAIVAS SUPERMARKET	MACHAKOS TOWN
32	MALINDI	ELITE PLAZA	LAMU ROAD	MALINDI TOWN
33	MAUA	NONE	MAUA - KANUNI ROAD	MAUA TOWNSHIP
34	MERU	KINGORI BUILDING	NJURI NJEKE STREET	MERU TOWN
35	MIGORI	AMICUS PLAZA	SIRARE HIGHWAY	MIGORI TOWN
36	MOI UNIVERSITY	MOI UNIVERSITY	MAIN CAMPUS	ELDORET
37	MOI INTER. AIRPORT - AGENCY	MOI INTN'L AIRPORT MOMBASA	PORT REITZ ROAD	MOMBASA
38	MOI'S BRIDGE	NATIONAL BANK BUILDING	ELDORET -KITALE ROAD	MOI'S BRIDGE TOWN
39	MOLO	NBK BUILDING	MOI SUMMIT ROAD	MOLO TOWN
40	TECHNICAL UNIVERSITY OF MOMBASA	MOMBASA POLY UNIVERSITY COL.	TOM MBOYA RD.TUDOR MSA.	MOMBASA
41	MTWAPA	RINA PLAZA	MTWAPA - KILIFI ROAD	MTWAPA TOWNSHIP
42	MUTOMO		OFF KITUI ROAD	MUTOMO MARKET
43	NAKURU	OPPOSITE MERICA HOTEL	KENYATTA AVENUE	NAKURU TOWN
44	NANDI HILLS	NANDI TOWERS		NANDI HILLS TOWN
45	NAROK	NBK BUILDING	NAROK - MAI MAHIU ROAD	NAROK TOWN
46	NKRUMAH	NBK BUILDING	NKRUMAH ROAD	MOMBASA CBD
47	NYERI	SOHAN PLAZA	KIMATHI WAY	NYERI TOWN
48	ONGATA RONGAI	RESCOM HOUSE	MAGADI ROAD	ONGATA RONGAI TOWNSHIP
49	RUIRU	KIRATHIMO HOUSE	KENYATTA HIGHWAY	RUIRU TOWN
50	ST PAULS UNIVERSITY	ST.PAUL'S UNIVERSITY	LIMURU ROAD	LIMURU
51	THIKA	ZUHURA PLACE	KENYATTA ROAD	THIKA TOWNSHIP
52	TIMES TOWER	TIMES TOWER - GROUND FLOOR	HAILE SELASSIE AVENUE	NAIROBI
53	UKUNDA	TIOSGIMA COMPLEX	DIANI ROAD	UKUNDA
54	TSC UPPERHILL	TSC BUILDING	UPPER HILL	NAIROBI
55	WESTLANDS	VICTORIA PLAZA	PARKLANDS ROAD	WESTLANDS - NAIROBI
56	WILSON AIRPORT	WILSON AIRPORT ENTRANCE	LANGATA ROAD	NAIROBI
57	NSSF - AGENCY	NSSF BUILDING	BISHOPS ROAD	NAIROBI
58	GREEN SPAN	GREEN SPAN MALL	DONHOLM ROAD ,DONHOLM	NAIROBI EAST
59	SAMEER BUSINESS CENTRE	SAMEER BUSINESS CENTRE	MOMBASA ROAD	NAIROBI
60	SEKU	SEKU UNIVERSITY CAMPUS		KITUI
61	WAJIR BRANCH	ADJACENT TO THE OLD MOSQUE	ALONG MASJID UN NUR STREET	WAJIR TOWN
62	NGONG RD	SILK WOOD BUILDING	NGONG ROAD	NAIROBI
63	NYALI	NYALI CENTRE	ALONG MALINDI-MOMBASA ROAD	MOMBASA
64	BONDENI		ABDELNASIR ROAD	MOMBASA
65	MOUNTAIN MALL	MOUNTAIN MALL	THIKA SUPER HIGH WAY	NAIROBI
66	MOI AVENUE	CLARION HOTEL BUILDING	MOI AVENUE	NAIROBI
67	KERICHO	ADJACENT TO KIPSIGIS TEACHERS COOPERATIVE HOUSE	NAKURU-KISUMU HIGHWAY	KERICHO
68	KILIFI	JIWA BUILDING	BIASHARA STREET	KILIFI TOWN
69	SOUTH C KEBS	KENYA BUREAU OF STANDARDS PREMISES	POPO ROAD	NAIROBI
70	MANDERA		ALONG MAIN MANDERA-RHAMU ROAD	MANDERA
71	ISIOLO	MEGA FOUNTAIN BUILDING	MARSABIT ROAD	ISIOLO
72	SOUTH C - RED CROSS	RED CROSS HEADQUARTERS	RED CROSS RD	NAIROBI
73	PREMIUM BANKING KISUMU	TUFFOAM PLAZA	KISUMU STREET	KISUMU
74	YAYA CENTRE	YAYA CENTRE	ARGWINGS KODHEK RD	NAIROBI
75	GIGIRI	CHINA GARDENS	UNITED NATIONS AVENUE	NAIROBI
76	NANYUKI	HAKMA BUILDING	KENYATTA STREET	NANYUKI
77	WOTE	MBAU JUNCTION MALL	WOTE - MAKINDU ROAD	WOTE
78	LODWAR	PLOT NO. 549	LOKICHOGIO ROAD	LODWAR
79	GIKOMBA	LANDMARK BUSINESS CENTRE	MERU ROAD	NAIROBI
80	MWEA	PLOT NO. 49	MWEA - EMBU ROAD	MWEA
81	ISEBANIA	KRA ISEBANIA BUILDING	ISEBANIA - SIRARE BORDER POINT	ISEBANIA

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