

ANNUAL REPORT
& FINANCIAL STATEMENTS

2025



2025
LEADING
THE FUTURE



2012
IMPACT



1992
FOUNDATION

MOMENTUM MADE REAL

MOMENTUM MADE REAL



Momentum Made Real reflects a year in which ambition became action and progress could be seen, felt and shared. Through resilience, innovation and a deep commitment to our customers and communities, Prime Bank delivered meaningful growth and built stronger foundations for the future. This report brings that progress to life through the milestones, performance and impact that defined the year.



Your Dream Home Our Priority

Make home ownership possible with **Prime Bank's
Mali Mortgage Financing.**

Visit Your Nearest Branch Today.



Terms & Conditions Apply.



CONTENTS

ABOUT PRIME BANK

Who We Are	03
Our Value System	04
Our Product Portfolio	04
Local Network & Regional Presence	06
Our Partners	08

CORPORATE INFORMATION

Board of Directors	11
Bank Information	18
Chairman's Statement	19
Managing Director's Statement	22
Report of Directors	25
Statement of Directors' Responsibilities	26
Statement of Corporate Governance on the Financial Statements	27
Report of the Independent Auditors	29

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	33
Bank Statement of Financial Position	34
Consolidated Statement of Profit or Loss	35
Consolidated Statement of Comprehensive Income	36
Bank Statement of Profit or Loss	37
Bank Statement of Comprehensive Income	38
Consolidated Statement of Changes in Equity	39
Bank Statement of Changes in Equity	41
Consolidated Statement of Cashflows	42
Bank Statement of Cashflows	43
Notes to the Consolidated Financial Statements	44

MILESTONES	145
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SUSTAINABILITY REPORT	151
------------------------------	-----

CSR	163
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NOTES	169
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ABOUT PRIME BANK

Established in 1992, Prime Bank has grown into a trusted financial partner, delivering personalised banking solutions through a strong local network, regional partnerships and an expanding portfolio of customer-focused products and digital services.





 Prime Bank

MORE
THAN
BANKING

PARTNERING
FOR GROWTH
BUILDING
TOMORROW

ABOUT PRIME BANK

WHO WE ARE

Established in 1992, Prime Bank has been a cornerstone of Kenya's financial landscape for over three decades. With a steadfast commitment to excellence, innovation, and customer-centric solutions, we have emerged as a trusted partner for individuals, businesses, and communities across the nation and region.

Over the years, the Bank has established presence in other African countries such as Malawi, Botswana, Mozambique, Zambia, and in Zimbabwe through its correspondent partners and banks.

The group has also acquired 81.14% shareholding of Tausi Assurance Limited. Since the acquisition, Tausi Assurance Ltd has seen a steady growth by 25%.

We pride ourselves in providing:

Comprehensive Product Portfolio:

Prime Bank offers a wide range of banking products and services tailored to meet the needs of individuals, businesses, and institutions. From personal banking to corporate finance, we provide holistic solutions to our clients.

Digital Transformation:

Embracing the digital revolution, we are committed to leveraging technology to enhance the banking experience for our customers. Our innovative digital platforms; PrimeNet and PrimeMobi enable seamless transactions, secure access to banking services, and personalized financial management tools.

Corporate Social Responsibility:

We believe in giving back to society and are dedicated to making a positive impact on the communities we serve. Through our corporate social responsibility initiatives, we support education, healthcare, environmental sustainability, and community development projects, striving to create a more inclusive and equitable society.

Our Commitment:

At Prime Bank, we are committed to upholding the highest standards of corporate governance, transparency, and ethical conduct. Our team of seasoned professionals is dedicated to delivering superior service, building lasting relationships, and earning the trust and confidence of our customers and stakeholders.



OUR VISION

To be the financial service provider of first choice



OUR MISSION

To provide quality and acceptable personalized financial services to our customers while observing compliance, growth and shareholder value.

OUR 5 CORE VALUES



INTEGRITY

We practice the highest standard of personal and corporate ethics in all our dealings.



RESPECT

We respect the unique contributions of every employee, valuing the diversity of their experiences, ideas and initiatives.



TEAMWORK

We become stronger as an organization through teamwork with our associates from all of our business areas.



QUALITY

We are committed to upholding the highest standards of professionalism, service and performance.



SOCIAL RESPONSIBILITY

We care for and contribute to our communities.

PRODUCT PORTFOLIO



CORPORATE BUSINESS & PERSONAL LOANS

- **Business Loans:** Asset finance for machinery, equipment, or vehicles via hire purchase & import finance.
- **Personal Loans:** Including mortgages and overdrafts.



TRANSACTIONAL BANKING

- **Business banking solution:** A low-entry option for businesses with irregular transactions, featuring a low minimum opening balance, no minimum operating balance, no ledger fees, and a modest monthly fee.
- **Premium banking solution:** A personalized offering for high-net-worth individuals, with no ledger or transaction fees, free electronic funds transfers, free cheque books, and a dedicated relationship manager.
- **Cards:** Visa-branded debit cards for everyday purchases and ATM withdrawals. A range of Visa credit card options from standard to premium tiers, with the highest tier offering additional benefits such as international airport lounge access, and a Multicurrency card in Kenya Shillings, US Dollar, GB Pounds, Euros and Indian Rupee.



CASH MANAGEMENT SOLUTIONS

- **Bulk Payments:** Salary processing & supplier payments via PrimeNet.
- **Real-time Monitoring:** Online balance viewing & transaction tracking for businesses.



TRADE FINANCE

- **Letters of Credit (LC):** Confirmed, unconfirmed, standby, back-to-back.
- **Financing:** Pre-shipment, import financing, bill discounting.
- **Network:** Correspondent banks (e.g., Citi Bank) for multi-currency trade.



DIGITAL SOLUTIONS

- **PrimeNet (Internet Banking):** Transfers, KRA payments, bulk uploads, service requests.
- **PrimeMobile:** Corporate mobile banking app designed to give you speed, control and mobility.
- **PrimeMobi (Mobile Banking):** On-the-go banking & Prime Remit (international transfers with TerraPay).
- **Prime Express Centers:** Digital self-service centers.



INVESTMENTS

- Financial advisory, and wealth management
- Custody services and investment solutions

CORE STRENGTHS



Ranked 10th largest bank in Kenya and 2nd largest Tier II Bank



High Liquidity for Future Growth



Market share of 3.6% in the banking industry



Quality Loan Book



4th most profitable unlisted bank in Kenya



Strong Capital Base



LOCAL NETWORK

BRANCHES

NAIROBI

1. Baba Dogo, Kenafric Business Park
2. CBD, Biashara Street
3. CBD, Kenindia House, Loita Street
4. Head Office, Riverside Drive
5. Hurlingham, Adlife Plaza
6. Industrial Area, Enterprise Road
7. Kamukunji, Ukwala Road
8. Karen, Karen Office Park
9. Karen, Our Mall, Magadi Road
10. Langata, Shree Kutch Satsang Swaminarayan Mandir, Langata
11. Lavington, Lavington Mall
12. Limuru Road, Village Market, Old Wing
13. Mombasa Road, Capital Centre
14. Mombasa Road, Signature Mall
15. Ojjo Road, Broadwalk Mall
16. Parklands, Doctors Park
17. Westlands, Sarit Centre, New Wing.

UPCOUNTRY

18. Eldoret, Makasembo Road
19. Kisumu, Oginga Odinga Street
20. Kitale, Northern Business Park
21. Mombasa, Dedan Kimathi Avenue
22. Mombasa, Nyali, Palm Breeze, Links Road
23. Meru, Njuri Njeke Street
24. Nakuru, Westside Mall
25. Thika, 80 - West Place, Kenyatta Road
26. Diani, Pioneer Mall

PRIME EXPRESS CENTERS

1. Azalea Square, General Mathenge Drive
2. New Muthaiga Mall, Thigiri

ATM NETWORK

1. Arboretum Road, Radisson Blu Hotel & Residence, Nairobi Arboretum
2. Eldoret, Rupa Mall Eldoret
3. Hurlingham, Adlife Plaza
4. Jalaram Rd, Nairobi, Dr. Rasik Kantaria Jalaram Medical Services
5. Kisumu, Oginga Odinga Street
6. Langata, Swaminarayan Temple
7. Lavington, Lavington Mall
8. Limuru Road, Village Market
9. Loita Street, Kenindia House
10. Mombasa Road, Capital centre
11. Nakuru, Nakuru Branch
12. Kitale, Northern Business Park
13. Riverside, Riverside Branch
14. Thika, Thika Branch

INTELLIGENT ATMS

1. Parklands, Diamond Plaza
2. Westlands, Sarit Centre, New Wing
3. Mombasa Road, Signature Mall
4. General Mathenge Road, Azalea Square
5. Kiambu County, Tatu City
6. Thigiri, New Muthaiga Mall
7. Ojjo Road, Broadwalk Mall
8. Karen, Saiffee Park, Aljamea University



Putting You First Across Africa

6 Countries
One Commitment.

- | | | |
|-----------|---------------|-------------|
| 1. Kenya | 3. Malawi | 5. Zimbabwe |
| 2. Zambia | 4. Mozambique | 6. Botswana |

Your trusted partner delivering excellence, innovation and personalised banking locally and across the region through our associate bank, First Capital Bank.

OUR PARTNERS



FIRST CAPITAL BANK

FMBcapital Holdings plc is the Mauritius-based holding company of the FMBcapital Group. It is listed on the Malawi Stock Exchange and has banking and finance operations in five SADC countries, namely Botswana, Malawi, Mozambique, Zambia and Zimbabwe. The FMBcapital Group has consolidated its position as a leading regional commercial bank and its growing SADC footprint serves the cross-border banking needs of businesses operating in the Sub-Sahara region.



AFRICINVEST

AfricInvest is an investment and financial services company based in Tunisia. Uniquely positioned as one of the most experienced private equity investors on the continent, AfricInvest has dedicated investment teams focused on Africa, and employs 70 professionals based in ten offices.



TAUSI ASSURANCE

Tausi Assurance Company limited is committed to providing individuals and businesses with a wide range of general Insurance products to protect the things they value most.

We offer, Industrial all risks, Fire and Allied perils, Consequential Loss and Business Interruption, Engineering, Burglary, Marine, Contractors All Risks, Workmen's Compensation, Public Liability, Group Personal Accident, Political Violence and Terrorism, Money, Fidelity Guarantee, Domestic Package, Motor, Personal Accident and many more.



METIER

Metier is a South Africa based independent owner-managed private equity firm founded in 2003. Metier operates two parallel investment practices, the Capital Growth practice that concentrates on mid-cap entrepreneurial businesses requiring growth capital in sectors which demonstrate emerging market growth, and the Sustainable Capital practice that targets investments in energy efficiency, renewables, water and waste management businesses and projects supporting Africa's development. Since its formation, Metier has grown to comprise a team of over 40 professionals with offices in Johannesburg, Mauritius and Nairobi, with representation in London.

CORRESPONDENT BANKS:

The bank has correspondent relationships with the following banks:

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Alinma Bank • Arab Turkish Bank • Axis Bank Limited • Bank Al Bilad • Bank J Safra Sarasin AG • Bank of Africa Europe • Bank of Baroda • Bank of Beirut • Bank of China • Bank One • Bank Muscat • Banque De Commerce Et De • Placements (BCP) SA • BMCE Bank International • Canara Bank • China Construction Bank | <ul style="list-style-type: none"> • Citibank N.A. • Commercial International Bank • Danske Bank • DCB Bank • Federal Bank • First Capital Bank • First National Bank (FNB) • Habib Bank AG Zurich • HDFC Bank Limited • ICICI Bank Limited • IDFC Bank • International Finance Corporation (IFC) • J P Morgan Bank • KBC Bank • KEB Hana Bank • Kotak Mahindra Bank, the Group | <ul style="list-style-type: none"> • Mashreqbank PJSC • Punjab National Bank • Qatar National Bank (QNB) • RAK Bank • SBM Bank • Standard Bank of South Africa (SBSA) • Standard Chartered Bank (SCB) • State Bank of India (SBI) • Stone X Financial Services Ltd • UniCredit Bank • Union Bank of India • United Bank Limited • Woori Bank • Yes Bank Limited |
|--|---|---|

CORPORATE INFORMATION



Prime Bank's leadership, governance structure and statutory information reflect the strong oversight, accountability and strategic direction that support the Bank's performance and long-term growth.





BOARD OF DIRECTORS

Back row (L-R):
Farid Mohamed, David G.M. Hutchison,
Skander Khalil Oueslati

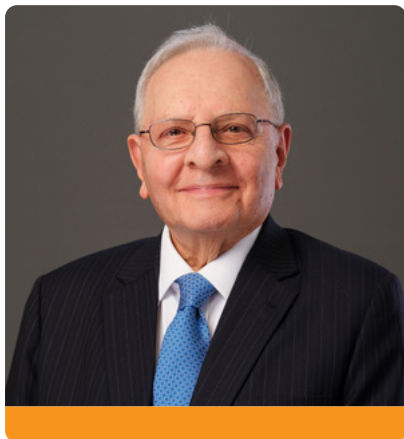
Front row (L-R):
Terry Davidson, Ruth Kinyanjui



Back row (L-R): Amar Kantaria, Arun Shah, Rajeev Pant, Jinaro K. Kibet

Front row (L-R): Dr. Rasik C. Kantaria, Shantilal K. Shah

BOARD OF DIRECTORS



DR. RASIK C. KANTARIA, HSC
CHAIRMAN

Dr. Rasik Kantaria is the founder and Chairman of Prime Bank Limited. He holds a B.Sc. (Economics) degree from London.

Dr. Kantaria is also the founder and Chairman of Prime Capital Holdings Limited. He is a co-founder and former Chairman of First Capital Bank (previously known as First Merchant Bank Limited Malawi). He is the Chairman of Tausi Assurance Company Limited.

Dr. Kantaria served as a director at the Deposit Protection Fund Board appointed by the Central Bank of Kenya. He is Chairman and Director of a number of companies in the tourism, real estate, and manufacturing industries.

He is a long standing Rotarian and for his outstanding contribution towards humanity, he has been conferred with an Honorary Doctor of Humanities Degree by The United Graduate College and Seminary, USA.

President of the Republic of Kenya H.E. Dr. William Ruto has also awarded Dr. Kantaria with the Head of State Commendation (HSC) civilian award for his exemplary service to the nation.



MR. SHANTILAL K. SHAH
VICE-CHAIRMAN

A Bachelor of Commerce (Honours) graduate and a practicing Accountant, Mr. Shantilal Shah is a FCA (Chartered Accountant, UK), a FCPA (Certified Public Accountant, Kenya) and a CPS (Certified Public Secretary, Kenya).

Mr. Shah is also a director at Tausi Assurance Company Limited.



MR. AMAR KANTARIA, MBS
EXECUTIVE DIRECTOR

Mr. Amar Kantaria is a Bachelor of Arts (Honours) graduate and holds an MBA in International Management.

Mr. Amar Kantaria was appointed as the Executive Director of Prime Bank Limited in 2008 after serving as Deputy Chief Executive for over five years.

Mr. Amar Kantaria is also a Director at Tausi Assurance Company Limited since July 2010. President of the Republic of Kenya H.E. Dr. William Samoei Ruto awarded Mr. Kantaria with the Head of State Commendation of Moran of the Order of the Burning Spear (M.B.S) for his selfless service to humanity and serving the nation.

BOARD OF DIRECTORS (CONTINUED)



MR. RAJEEV PANT
MANAGING DIRECTOR

Mr. Rajeev Pant joined Prime Bank in 2023 as Chief Executive Officer and was appointed Managing Director in 2025.

With over 33 years of work experience, Mr. Pant has a wealth of expertise in Corporate Finance, International Banking, Financial Advisory Services, Business Development and Management, cutting across the international banking arena. He has previously worked for Mashreq Bank, First Abu Dhabi Bank, Credit Agricole, National Australia Bank, and Development Bank of Singapore, among others.

Mr. Pant is an Associate Member of the Institute of Chartered Accountants of India and holds a Bachelor's Degree in Commerce.



MR. TERRY DAVIDSON
DIRECTOR

Mr. Terry Davidson is a veteran banker having spent 3 decades with Citibank in various geographies and capacities including Region Head for East and Southern Africa.

He was also Chief Executive Officer of Kenya Commercial Bank (KCB) for 5 years.

For the past few years, Mr. Davidson has worked as an independent consultant and currently serves as Chairman of FMBcapital Holdings with FMBcapital Holdings (FMBCH) plc, the Mauritius-based holding company of the FMBcapital Group and Chairman of First Capital Bank Ltd, Malawi, the Malawian subsidiary of the group.

In addition, he is also Chairman of the Maa Trust, a Trustee of Gertrude's Children's Hospital and an independent director of tourism company Nawiri Ltd.

He was previously a founder member of the Kenya Capital Markets Authority, a member of the Capital Markets Tribunal, the Kenya Deposit Protection Fund, Chairman of the Kenya Bankers Association and past council member of the University of Nairobi.



MR. DAVID G.M. HUTCHISON
DIRECTOR

Mr. David Hutchison joined the Prime Bank Board as a Director in 2006. He is a Certified Public Accountant and a former Senior Partner of Ernst & Young Eastern Africa.

He has many years of experience in audit, tax advice and financial management, reconstruction and consulting covering various industry sectors, in a number of African countries.

He is the current Chairman of Banda Group Educational and Property Groups.

He is a Non-Executive Director of ICEA Lion General Insurance Company Limited, ICEA Lion Life Assurance Company Limited, East Africa Reinsurance Company Limited, among others.

BOARD OF DIRECTORS (CONTINUED)



MR. JINARO K. KIBET

DIRECTOR

Mr. Jinaro Kipkemoi Kibet SC, was appointed to the board in 2014. An Advocate of the High Court of Kenya of 34 years standing.

He is one of the four founding Partners of TripleOKLaw LLP Advocates, a top-tier city law firm where he is also the Senior Partner in the corporate and commercial department.

Prior to turning his attention to corporate commercial work, he had a very successful career in litigation at which time he handled several landmark and high-profile cases.

Mr. Kibet currently serves on several other boards including Unga Group PLC, Telkom Kenya, and Automobile Association of Kenya among others.



MR. PAUL BOTHA

DIRECTOR

Mr. Paul Botha is a founder and the Chief Executive Officer of Metier, a Pan African private equity fund manager specializing in Growth Capital and Sustainable Capital Investing. He is an Attorney and Notary Public by profession.

He specializes in mergers, acquisitions, and cross-border work across several industries.

He has an outstanding record in executing more than 250 corporate transactions, of which the majority have involved private equity transactions and the entrepreneurial multi-disciplinary assignments which Metier targets.

Mr. Botha is a committed and effective dealmaker and board member with a reputation for getting things done to the highest standards of professionalism. He represents Metier as a board member in several portfolio companies.

He currently serves as the Chairman of the Africa Venture Capital Association.



MR. FARID MOHAMED

DIRECTOR

Mr. Mohamed was appointed to the Board in 2016.

A financial advisor to the private sector, Mr. Mohamed has over 25 years experience in structuring and arranging finance for projects ranging from large infrastructure in Europe, South East Asia, and Latin America, to projects in East and Southern Africa, covering finance, industrial, energy (generation and transmission), and transportation (ports and roads) sectors.

He has regularly acted as an advisor to development finance institutions including the World Bank, IFC, DEG and KfW and currently advises public and private companies in Eastern Africa on the development of corporate strategy and arrangement of project and structured financing for new projects and for privatization of infrastructure.

Mr. Mohamed holds a Master of Science (MSc.) and Masters of Business Administration (MBA).

BOARD OF DIRECTORS (CONTINUED)



MR. SKANDER KHALIL OUESLATI
DIRECTOR

Mr. Skander K. Oueslati joined the Prime Bank Board on 8th February 2020. He holds a Master's degree from Massachusetts Institute of Technology, USA, and Engineering degrees from France's Ecole Polytechnique and Ecole Nationale des Ponts et Chaussées.

Mr. Oueslati is currently the CIO and Deputy MD of AfricInvest Group. Prior to joining AfricInvest in 2008, Mr. Oueslati worked for BMCE Bank International in London and the International Finance Corporation in Washington DC, USA.

Mr. Oueslati has extensive investment management experience as well as board experience.



MRS. RUTH KINYANJUI
DIRECTOR

Mrs. Ruth Kinyanjui is a Strategy, Tech, and Financial Advisor. She holds nearly two decades in Executive advisory services.

She has previously worked for PricewaterhouseCoopers (PWC), KPMG East Africa and PKF East Africa among others. She enjoys working with organizational functions to meet world-class criteria in leadership through strategy, risk, fund and wealth management, people, processes, technology, market intelligence, Project management and achieve next-level organizational success. Her advisory spans different sectors in Eastern Africa, Sub-Saharan Africa, Europe, United States of America and Middle East.

Mrs. Kinyanjui sits in several boards among them Prime Bank, Mhasibu Sacco, Oasis of Endless Hope Centre, and previously Rafiki Microfinance Bank.



MR. ARUN SHAH
COMPANY SECRETARY

Mr. Arun Shah has vast experience in accounting and secretarial practice spanning over 40 years. He was appointed Company Secretary of Prime Bank in 1992, having been involved in the formation of the Bank the same year. He is a fellow of the Institute of Chartered Accountants in England & Wales. He is also an Associate Member of Institute of Certified Public Accountants of Kenya and Institute of Certified Secretaries of Kenya.

Assets That Move Your Business

Put your business in motion with **Prime Bank's
Asset Finance.**

Visit Your Nearest Branch Today.



Terms & Conditions Apply.



BANK INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2025

PRINCIPAL PLACE OF BUSINESS: L.R. 209/8571
Prime Bank Building
Riverside Drive
P.O. Box 43825 - 00100
Nairobi

REGISTERED OFFICE: L.R. 209/8890
Kenindia House
Loita Street
P.O. Box 43825 - 00100
Nairobi

LAWYERS:

Kiruti & Company Advocates
P. O. Box 13160 - 00100
Nairobi

Macharia Mwangi & Njeru Advocates
P.O. Box 10627 - 00100
Nairobi

A B Patel & Patel Advocates
P. O. Box 80274 - 80100
Mombasa

Mandla & Sehmi Advocates
P. O. Box 48642 - 00100
Nairobi

Mahinda & Maina Company Advocates
P. O. Box 42508 - 00100
Nairobi

SECRETARY: A.H. Shah
Company Secretary
P.O. Box 46559 - 00100
Nairobi

AUDITOR: Ernst & Young LLP
Certified Public Accountants
Kenya-Re Towers
Upper Hill, Off Ragati Road
P. O. Box 44286 - 00100
Nairobi

CHAIRMAN'S STATEMENT



The Board of Directors is pleased to present Prime Bank Group's Annual Report and Financial Statements for the year ended 31 December 2025.

Despite a challenging start to the year, shaped by elevated interest rates and currency volatility carried over from 2024, the Group delivered a strong and steady performance. This growth reflects the successful execution of our strategic priorities, including local market expansion, disciplined credit and liquidity management, robust risk frameworks, and continued diversification of revenue streams.

We also made meaningful progress in advancing our long-term digital transformation agenda, positioning the Bank to operate with greater agility and deliver enhanced customer-centric solutions in an increasingly competitive landscape.

Operating Environment.

The global economy in 2025 demonstrated notable resilience despite persistent structural challenges. Growth remained modest, with the International Monetary Fund revising its global growth estimate to 3.2%, slightly below the 3.3% recorded in 2024.

In Kenya, several external and domestic factors shaped the economic landscape. Diaspora remittances reached a record KShs. 1 trillion, reinforcing their role as the country's largest source of foreign exchange. At the same time, declining global commodity prices reduced the cost of fuel and food imports, contributing to the stabilization of the Kenyan Shilling and easing inflationary pressures.

However, subdued global trade and demand continued to weigh on key exports such as tea, presenting a downside risk heading into 2026.

CHAIRMAN'S STATEMENT (CONTINUED)

Domestically, economic activity strengthened, supported by a recovery in construction, services, and agriculture. The Central Bank of Kenya's monetary easing—reducing the Central Bank Rate from 13% in August 2024 to 9% by December 2025—provided critical support to private sector credit growth and overall economic momentum.

Financial Performance

The Group delivered strong financial results for the year under review:

- Profit After Tax increased by 27.3% to KShs. 5.6 billion, up from KShs. 4.4 billion in 2024.
- Total Assets grew by 18.5% to KShs. 277.3 billion from KShs. 191.8 billion. Shareholders' Funds rose significantly by 126.2% to KShs. 101.9 billion, largely driven by the enhanced valuation of our investment in First Merchant Bank Capital Holdings Ltd in Malawi.
- Total Interest Income increased by 10.1% to KShs. 20.8 billion from KShs. 18.9 billion.

Dividends

An interim dividend of KShs. 157 per share, totaling KShs. 1.044 billion, was paid during the year.

The Board has proposed a final dividend of KShs. 238 per share for the 2025 financial year, amounting to KShs. 1.583 billion, reflecting our continued commitment to delivering value to shareholders.

Corporate Governance

Prime Bank remains firmly committed to the highest standards of corporate governance. The Board continually reviews and strengthens governance frameworks to ensure compliance with regulatory requirements and alignment with evolving best practices.

We remain focused on building a diversified and resilient institution, supported by a broad base of skills and expertise. Strong governance underpins our long-term sustainability, reinforcing our commitment to transparency, accountability, and ethical conduct across all operations.

Corporate Social Responsibility

We continue to integrate social impact into our core operations, with a focus on education, health, and community development.

Education

Our long-standing partnership with Gulab Lochab Academy continues to support academically gifted students from disadvantaged backgrounds. Through an annual contribution of KShs. 300,000, five students will benefit in the 2025–2026 academic year, ensuring uninterrupted access to education.

Additionally, the Bank donated 35 computers to the Rotary Club of Nairobi to support the digitization of Bondeni Primary School in Kayole, enhancing access to digital learning tools.

Health and Dignity

Through the "Freedom for Girls" initiative, now in its 12th year, Prime Bank supported over 2,800 underprivileged girls by providing sanitary towels, undergarments, and health education

materials. The program, led by Chairman Dr. Rasik Kantaria, contributed KShs 1.5 million toward improving school attendance and promoting dignity.

We also donated KShs. 5.1 million to the Talek Maternal, Newborn, and Child Health facility in the Maasai Mara through the Maa Trust Foundation. The facility has already delivered significant impact, including 425 safe births and over 2,000 telemedicine consultations in partnership with Gertrude's Children's Hospital.

Staff-Led Initiatives

Our employees continue to play an active role in community engagement. A team successfully summited Point Lenana during a "Climb for Compassion" initiative, raising KShs. 1.5 million for Nyumbani Children's Home.

Staff also continued their annual tradition of spending time with children at the home, sharing in activities and celebrations that strengthen community bonds.

Outlook for 2026

Global growth is expected to remain moderate, with projections of 2.7% in 2026 supported by easing inflation, continued monetary policy adjustments, and improving supply chain conditions. Climate-related risks remain a key long-term consideration.

In Kenya, economic growth is projected to recover to between 5.0% and 5.2% in 2026, supported by lower interest rates, improved private sector credit uptake, and resilience in key sectors such as services, construction, and agriculture. With inflation stabilizing and the Central Bank Rate at 8.75% in early 2026, the outlook is cautiously optimistic.

Appreciation

The Group's performance reflects the dedication and professionalism of our employees, whose commitment continues to drive our success.

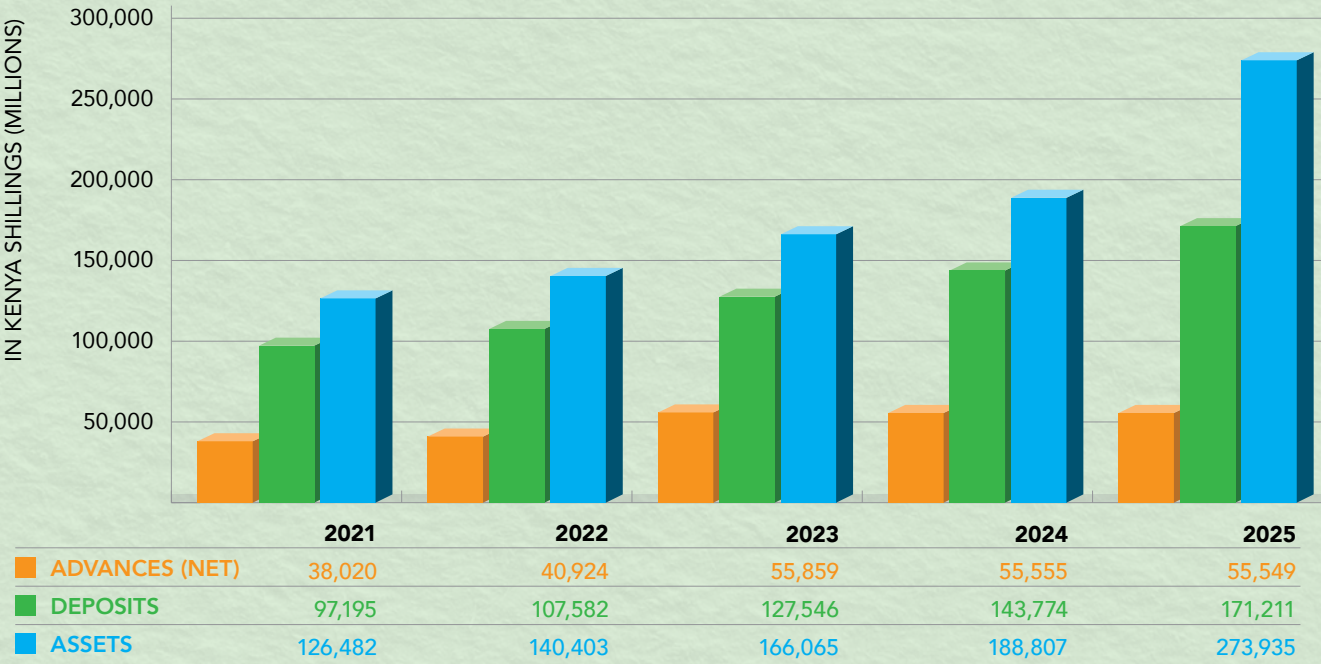
I extend my sincere appreciation to my fellow Directors for their guidance and stewardship, and to our regulators, including the Central Bank of Kenya, the Capital Markets Authority, the National Treasury, and the Insurance Regulatory Authority, for their continued support.

Finally, I thank our shareholders, customers, partners, and all stakeholders for their trust and confidence. Their support remains central to our continued growth and success.

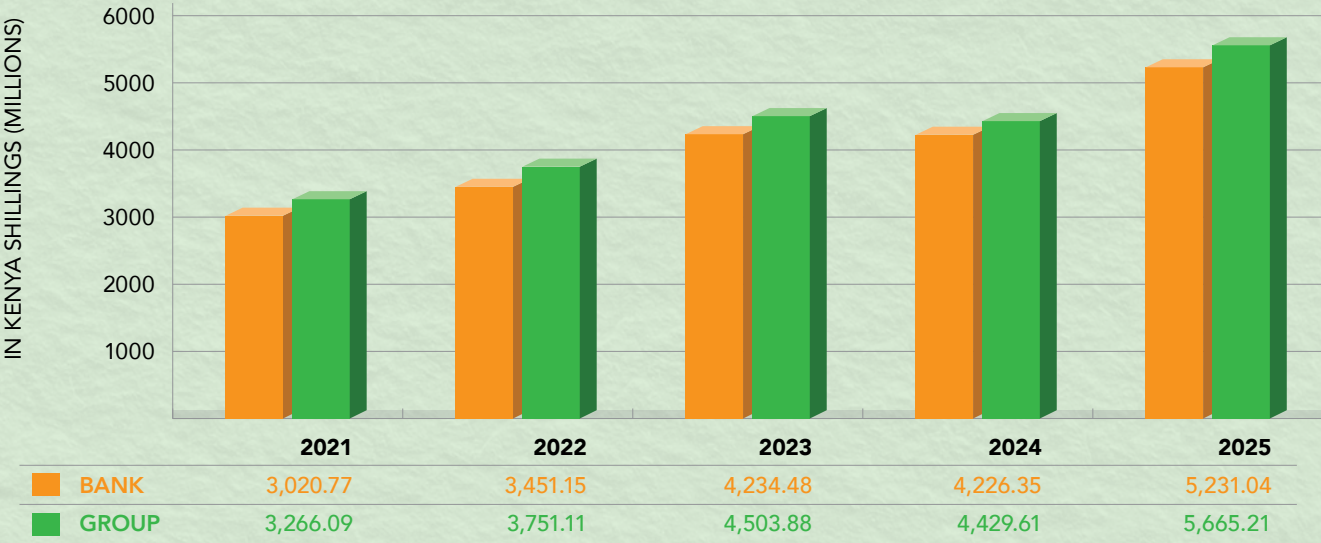


Dr. Rasik Kantaria
Chairman
Prime Bank Limited

PERFORMANCE HIGHLIGHTS 2021 - 2025



PROFIT AFTER TAX 2021 - 2025



MANAGING DIRECTOR'S STATEMENT



On behalf of the Management and Staff of Prime Bank, I am pleased to present the Bank's Annual Report for the financial year ended 31 December 2025.

We delivered record profitability in 2025, strengthened our capital base, and made significant strides in our digital transformation journey, all while staying true to our mantra of Putting our Customers First.

Operating Environment

Kenya's macroeconomic environment improved notably in 2025, following a difficult 2024. The economy expanded by an estimated 5.2% for the full year, driven by a rebound in construction (up 5.7% after a contraction in 2024) and resilient services sector growth of 6.6%. Inflation remained well within the CBK target closing the year at 4.5%.

The Central Bank of Kenya (CBK) implemented a prolonged monetary easing cycle, cutting the Central Bank Rate (CBR) from 13% in August 2024 to 9% by December 2025, a cumulative 400 basis points over nine consecutive cuts. This stimulated private sector credit growth, putting pressure on banks' net interest margins.

A landmark shift took effect when the regulator transformed the industry's risk pricing mechanism. The new risk pricing mechanisms were centered on banks having a common reference rate which

essentially replaced Base rates. Banks could either opt for the Kenya Shilling Overnight Interbank Average (KESONIA) or the Central Bank Rate (CBR) or load their respective risk premiums above KESONIA or CBR. Having the reference rate, as KESONIA or CBR, brought additional transparency to the fold as these rates are regularly published by the regulator and are readily accessible. Prime Bank opted for CBR as its reference rate and successfully transitioned.

Other key regulatory developments under the period under review was the higher minimum capital requirements, progressing to KShs. 10 billion by 2029 and KShs. 3 billion by end of 2025. Prime Bank's capital adequacy is already well in excess of the level.

Despite these shifts, Prime Bank remained agile, compliant, and strategically focused.

MANAGING DIRECTOR'S STATEMENT (CONTINUED)

Financial Performance

Prime Bank delivered exceptional results in 2025, demonstrating resilience, prudent risk management, and disciplined execution.

Balance Sheet Growth: Total assets grew by 45% to KShs. 273.9 billion. This expansion was supported by a 129% increase in shareholders' funds to KShs. 100 billion.

Liquidity and Capital: Our liquidity ratio stood at 78.7%, nearly four times the CBK statutory requirement of 20%. Core capital reached KShs. 32.6 billion, far above the current requirement of KShs. 1 billion and the 2029 target of KShs. 10 billion. This gives us immense firepower for future growth.

Deposits: Customer deposits rose by 19.1% to KShs. 171.2 billion, reflecting continuing confidence in Prime Bank's stability and service delivery.

Loan Book: While loans and advances held steady at KShs. 55.6 billion, this was by design. In a high-interest-rate environment lending rates averaged over 15% for most of 2025, we prioritised supporting existing customers and selectively onboarding quality borrowers. We also intensified our focus on de-risking the portfolio, closely monitoring non-performing loans, a pitfall that afflicted parts of the industry. As a result, our asset quality remained robust.

Profitability: Our profit after tax grew by 23.8% to KShs. 5.2 billion, driven by a combination of higher non-funded income, efficient cost management, and a reduced charge for credit losses as we de-risked the loan portfolio.

Operational Highlights

2025 was a year of strategic execution and customer-centric innovation. Key achievements included the successful Prime Remit Campaign, which enhanced remittances by leveraging competitive rates and faster settlement.

On the branch expansion front, we opened new outlets at Broadwalk Mall (Westlands) and Our Mall (Karen). We elevated our Prime Express Centers into full-fledged branches at Signature Mall (Mombasa Road) and the branch at the Swaminarayan Complex in Lang'ata, significantly extending our footprint across Nairobi's high-growth corridors.

In the digital space, we signed a strategic partnership with Airtel Money to integrate mobile money services, with full rollout taking place in April 2026. We also developed a next generation corporate mobile banking app featuring enhanced user experience, biometric security, and Customer Experience (UX) that improved our mobile banking platform further. Customer feedback has been very engaging.

Complementing these front-end innovations, we made significant process improvements across operations including automating reconciliations, and technology-driven customer support, making Prime Bank more agile, efficient, and customer-friendly with every step.

Looking Ahead: 2026 and Beyond

The operating environment in 2026 will present both opportunities and challenges. The CBK has already cut the CBR further to 8.75% in early 2026, signaling continued monetary easing.

Moody's projects that sector profitability may soften from its 2025 peak but remain solid, supported by strong capital buffers. The banks that will thrive are those that can grow their loan books

responsibly and diversify revenue streams beyond interest income. Prime Bank is well positioned and our priorities for 2026 remain:

Loan Book Growth: With lower interest rates, we expect increased demand for credit from SMEs, trade finance, and corporate clients. We will grow the loan book prudently, leveraging our strong liquidity.

Digital Expansion: The launch of our new corporate mobile app and other initiatives will drive customer acquisition and non-funded income from transaction fees.

Regional Reach: We are exploring strategic partnerships in East Africa to support cross border trade and diaspora banking.

Sustainability: We will integrate more firmly Environmental, Social, and Governance (ESG) principles into our lending, focusing on green energy and sustainable agriculture and water conservation initiatives.

We remain optimistic about Kenya's economic outlook, driven by infrastructure spending, a stable shilling, and a resilient service industry. With a robust balance sheet, strong capital reserves, and a motivated team, we are confident in delivering sustained growth and value to all stakeholders.

Appreciation

To our colleagues: Your dedication, commitment, and teamwork have been the driving force behind Prime Bank's impressive performance. Thank you for keeping true to our motto of always Putting Our Customers First. You have embraced change, worked tirelessly, and delivered excellence under challenging conditions. To our customers, partners, and shareholders: Thank you for your loyalty, trust, and cooperation throughout 2025. Your support has been instrumental in our steady performance and will remain the bedrock of our future success.

To the Board of Directors under the able leadership of our Chairman Dr. Rasik Kantaria: I extend my deepest appreciation for your continuous support, wise counsel, and strategic guidance during the year. Your stewardship has enabled us to navigate complexity and seize opportunity.

To our shareholders: I assure you that the Management Team remains fully committed to sustaining our trajectory of growth and profitability. We will work tirelessly to maximize returns on your investment while upholding the highest standards of governance and risk management.

"Together, we are building a future ready Prime Bank which is agile, digital, and deeply rooted in Kenyan enterprise".



Rajeev Pant
Managing Director
Prime Bank Limited

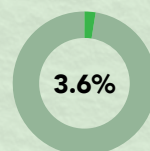
2025 FINANCIAL RESULTS

Key Indicators	2025	2024	Change
Profit After Tax	KShs. 5.2 Billion	KShs. 4.2 Billion	+23.8%
Total Assets	KShs. 273.9 Billion	KShs. 188.8 Billion	+45.0%
Shareholders' Funds	KShs. 100 Billion	KShs. 43.6 Billion	+129.0%
Total Deposits	KShs. 171.2 Billion	KShs. 143.8 Billion	+19.1%
Loan Book (Net)	KShs. 55.3 Billion	KShs. 55.5 Billion	
Total Interest Income	KShs. 20.4 Billion	KShs. 18.6 Billion	+9.7%

Our core strengths robust financial health:



Ranked 10th largest bank
in Kenya and 2nd largest
Tier II Bank



Market share of 3.6% in
the banking industry



4th most profitable unlisted
bank in Kenya



Net NPA of 1.5% against
industry average of 7.4%

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2025

The Directors have pleasure in submitting their annual report together with the audited consolidated and separate financial statements for the year ended 31 December 2025.

Incorporation

The Bank is domiciled in Kenya where it is incorporated as a private company limited by shares. It is governed by the Companies Act, 2015 of the Laws of Kenya. The address of the registered office is set out on page 1.

Directorate

The directors who held office during the year and to the date of this report are set out on page 5. Mr Rajeev Pant was appointed Managing Director with effect from 04 November 2025. In accordance with Article 91 of the Articles of Association Mr. F. Mohamed and Mr. S. Oueslati retire by rotation and, being eligible, offer themselves for re-election.

Principal activities

The principal activities of the Bank are corporate and retail banking services while its subsidiaries provide general insurance services with the exception of aviation insurance services as well as Insurance agency services.

Dividend

The directors recommended and paid final dividend of Kshs 221 per share for the year 2024 equivalent to a total sum of Kshs 1,470 million. Interim dividend declared and paid was Kshs 101 per share and was paid in 2024.

During the year the Bank paid an interim dividend of Kshs 157 per share equivalent to Kshs 1,044 million. The directors have proposed to pay a final dividend of Kshs 238 per share for the year 2025 equivalent to a total sum of Kshs 1,583 million.

Business review

Total assets of the Group grew from Kshs. 191.8 billion in 2024 to Kshs 277.1 billion in 2025; deposits grew from Kshs 143.2 billion in 2024 to Kshs 170.7 billion in 2025, while profit after tax increased to Kshs 5.6 billion from Kshs 4.4 billion for 2024.

Management is aware of the liquidity risks that are inherent in the Banking sector and have maintained the Bank's liquidity ratio average at 75%. The requirement under CBK regulations is minimum of 20%.

As regards to the credit risk, a rigorous monitoring and close supervision of our credit portfolio throughout the year ensured that the non-performing loans were well under control at 1% way below the industry average.

The Bank has embarked on the implementation of the 5-year strategic plan 2025-2029 whose thrust is digitalization, efficiency and enhancing customer value proposition.

Future outlook

Global growth is projected to recover marginally to 3.3% in 2025 from 3.2% last year and is forecast remain the same in 2026, supported by easing of global inflation, easing of monetary policy and reduced supply chain constraints.

The Kenyan economy is projected to slow down to 4.9% in 2025 down from 5.6% in 2024.

However, the outlook for 2026 looks more promising with stability in interest rates expected to stimulate economic growth with GDP projected to grow to 5.2% in 2025.

Statement as to disclosure to the Bank's auditor

With respect to each director at the time this report was approved:

- there is, so far as the director is aware, no relevant audit information of which the Bank's auditor is unaware; and
- the director has taken all the steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

Terms of appointment of the auditor

Ernst & Young LLP continues in office in accordance with Section 719 of the Kenya 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. The agreed auditor's remuneration has been charged to profit or loss in the year.

Approval of financial statements

The financial statements were approved at a meeting of the Board of Directors held on 19 March 2026.

By order of the board



.....
Company Secretary

Nairobi, Kenya

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2025

The Kenyan 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 of the Bank as at the end of the financial year and of their profit or loss for that year. It also requires the directors to ensure that the Bank keeps proper accounting records that: (a) show and explain the transactions of the Bank; (b) disclose, with reasonable accuracy, the financial position of the Bank; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Companies Act, 2015.

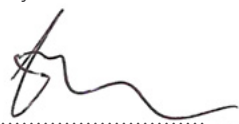
The directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

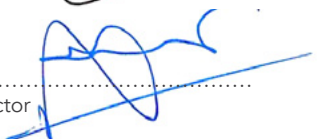
- (i) Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (ii) Selecting suitable accounting policies and applying them consistently; and
- (iii) Making accounting estimates and judgements that are reasonable in the circumstances.

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

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 19 March 2026 and signed on its behalf by:


.....
Director


.....
Director


.....
Director


.....
Director

STATEMENT OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2025

INTRODUCTION

Prime Bank Limited recognises the need to conduct its business with integrity and in line with the generally accepted corporate practice. The Bank will strive to maintain the highest standards of corporate governance.

SHAREHOLDERS' RESPONSIBILITIES

The shareholders' role is to appoint the Board of Directors and independent auditors. The role of the shareholders is to ensure that the Board is accountable for effective and efficient governance.

BOARD OF DIRECTORS

The Board of Directors is responsible for the governance of the Bank and to ensure that the Bank complies with the law and the highest standards of corporate governance and business ethics. The Board is responsible for the long term growth and profitability of the Bank.

The Directors guide the management and maintain full and effective control over financial, strategic, operational and compliance issues of the Bank. The Board is chaired by a non-executive director and has eight other non-executive directors, an executive director and the Managing Director. The Board meets regularly and holds special meetings as and when the situation demands.

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Number of Board Meetings held in 2025	6
Name of Director	Number of meetings attended
Mr. R. C. Kantaria (Chairman)	6
Mr. R. Pant (Managing Director) Appointed on 4 November 2025	-
Mr. S. K. Shah (Vice Chairman)	6
Mr. A. R. Kantaria (Executive)	6
Mr. D. G. M. Hutchison	6
Mr. T. M. Davidson	5
Mr. J. K. Kibet	6
Mr. F. Mohamed	4
Mr. S. Oueslati	6
Mrs. R. Kinyanjui	6
Mr. P. Botha	5

BOARD PERFORMANCE EVALUATION

As per the Prudential Guidelines of the Central Bank of Kenya, the Board is responsible for ensuring that an evaluation of its performance as well as that of the individual directors and various committees is done. The results of such an evaluation are to be provided to the Central Bank of Kenya.

The Board conducted its evaluation and that of the members, the Chairman and the Board Committees. The aim was to assess their capacity and effectiveness relative to their mandates, and identify challenges that need to be addressed in the coming year. Each Board member was provided with the questionnaire before the Board meeting convened to discuss the evaluation. At the Board meeting, the ratings given by each member of the Board and its committees were discussed by all members under the direction of the Chairman of the Board. Overall ratings were agreed taking into account the individual ratings and comments. Overall, the Board concluded that it was operating in an effective manner.

The Board has appointed 7 board committees. These are the Strategy, Credit, Debt Management, Audit, Risk and Compliance, IT, and Human Resource and Nomination Committees. Furthermore, the Board has established 2 management committees namely; Operations, and Assets and Liability Management committees. These committees have been given terms of reference and they meet regularly. These committees make recommendations to the Board on matters which fall under their mandates.

A. Board Committees

Strategy Committee

The Strategy Committee is headed by Mr. T. Davidson who is a non-Executive Director. Mr. Skander Oueslati, non - Executive Director, and Mr. A. Kantaria, Executive Director, are the other members of the committee. Its objectives are to discuss, review and recommend for Board approval the overall strategy and changes thereto including the business plan and appropriate business strategy, annual budgets, capital raising plans, asset acquisitions and disposals, incurrence of overhead or capital expenditures, any re-organizational changes and other strategy related matters.

Credit Committee

Mr. Farid Mohamed, a non-Executive Director chairs the Credit Committee. Mr. Skander Oueslati, a non-Executive Director, Ms. Ruth Kinyanjui, a non-Executive Director, and Mr. A. R. Kantaria, Executive Director, are the other members of the Committee. Specific responsibilities of the committee are:

- To provide direction to credit management from a credit strategy perspective.
- Overview of the credit portfolio, terms & conditions of all credit facilities granted by sanctioning authorities within their delegation powers and ratify them, granting facilities falling under the jurisdiction of the Committee and recommending proposals beyond the power of the committee to the Board for approval.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

Debt Management Committee

This Committee is chaired by Mr. Jinaro Kibet who is a non-Executive Director. Mr. Farid Mohamed, a non-Executive Director and Mr. A. Kantaria, Executive Director, are the other members of this Committee. Specific responsibilities of the committee are to guide management in recovery proceedings, take corrective measures for recovery and follow up to ensure that NPA is kept minimum.

Audit Committee

The Audit Committee is chaired by Mr. S. K. Shah who is a non-Executive Director. Mr. T. Davidson, non-Executive Director, and Mr. J.K. Kibet, non-Executive Director, are the other members of this Committee. The Committee assists the board in discharging its duties in relation to financial reporting, asset management, internal control systems, processes and procedures and monitors the quality of both the external and internal audit functions and then discusses risk exposure areas. Wherever review process reveals cause for concern or scope for improvement, it makes recommendations to the board on remedial actions. The objective of Internal Audit is to provide the committee with reliable, valued, insightful and timely assurance on the effectiveness of governance, risk management and controls over current and evolving risks in the context of the current and expected business environment.

Risk and Compliance Committee

The Risk and Compliance Committee is headed by Mr. S. K. Shah who is a non-Executive Director. Mr. T. Davidson, Ms. Ruth Kinyanjui, and Mr. Paul Botha, all non-Executive Directors are the other members of this Committee. The committee reviews the risk, ascertains causes of concern and suggests the scope of improvement.

IT Committee

Mr. T. Davidson, chairs this Committee and the other members are Mr. David Hutchison, non-Executive Director and Mr. A. Kantaria, Executive Director. Its main objectives are to review and approve most effective mechanism for supplying IT facilities and infrastructure to deliver in terms of business requirements and to recommend IT strategy in light of changing technology and other external factors and also to review IT projects and providing guidance. It also ensures compliance and tracking of regulatory IT requirements including cyber security risks besides addressing the risks as determined by internal and external regulators.

Human Resource & Nomination Committee (HRNC)

The Human Resource and Nomination Committee is headed by J. Kibet, a non-Executive Director. Other members are Mr. S. Oueslati, non-Executive Director, and Mr. A. Kantaria, Executive Director. The committee is responsible for providing development opportunities for Senior Management staff that relate to performance in order to achieve organizational and individual needs and regular review and improve where necessary human resource structures and processes in line with the direction of the board.

B. Management Committees

Assets and Liability Management Committee (ALCO)

This Committee is chaired by the Chief Executive Officer (CEO). The Executive Director, Chief Operating Officer, Chief Finance Officer, Head of Treasury, Head of Credit, Head of International Business, Head of Risk & Compliance, and Manager Middle Office (Market Risk), are the other members of the Committee. This Committee monitors the liquidity position of the Bank and the compliance with regard to statutory liquidity ratio, cash reserve ratio and foreign exchange exposure as per the prudential guidelines of the Central Bank of Kenya. The Committee decides on investments in various securities to maximise the returns. It also analyses the interest rate risk and fixes the interest rates in line with the market trends.

Operations Committee

The Operations Committee is chaired by the Chief Operating Officer. Head of Risk & Compliance, Chief Finance Officer, Head of IT, Assistant General Manager-Operations, Head of Transformation, Head of Payments and two Branch Managers. The Committee reviews various operational procedures of the Bank and decides on changes to be effected to improve operational efficiency, improve service delivery and minimise manual procedures.

Employees

The Bank adheres to the Banking code of ethics which requires all employees to conduct business with high integrity. The staff members sign a declaration of fidelity and secrecy.

Publication of accounts

The Bank publishes its results every quarter in the newspapers as per the Prudential Guidelines of Central Bank of Kenya. Financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of all relevant statutes, rules and regulations.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PRIME BANK LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Prime Bank Limited (the "Bank") and its subsidiaries ("the Group") and Bank set out on pages 11 to 126, which comprise of the consolidated and separate statements of financial position as at 31 December 2025, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Bank as at 31 December 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan 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 consolidated and separate financial statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements of the Group and the Bank and in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and the Bank and in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the information included on pages 1 to 7 of the document titled "Prime Bank Limited Annual Report and Consolidated Financial Statements for the year ended 31 December 2025", which includes the Report of the Directors as required by the Kenyan Companies Act, 2015, Statement of Directors Responsibilities, Bank Information and Statement of Corporate Governance. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other

information is materially inconsistent with the consolidated and separate 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 obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated and separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF PRIME BANK LIMITED

- 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 and the Bank'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 consolidated and separate 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 and/or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 KENYAN COMPANIES ACT, 2015

In our opinion, the information given in the Report of the Directors on pages 2 and 3 is consistent with the consolidated and separate financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Allan Gichuhi, practicing certificate number 1899.

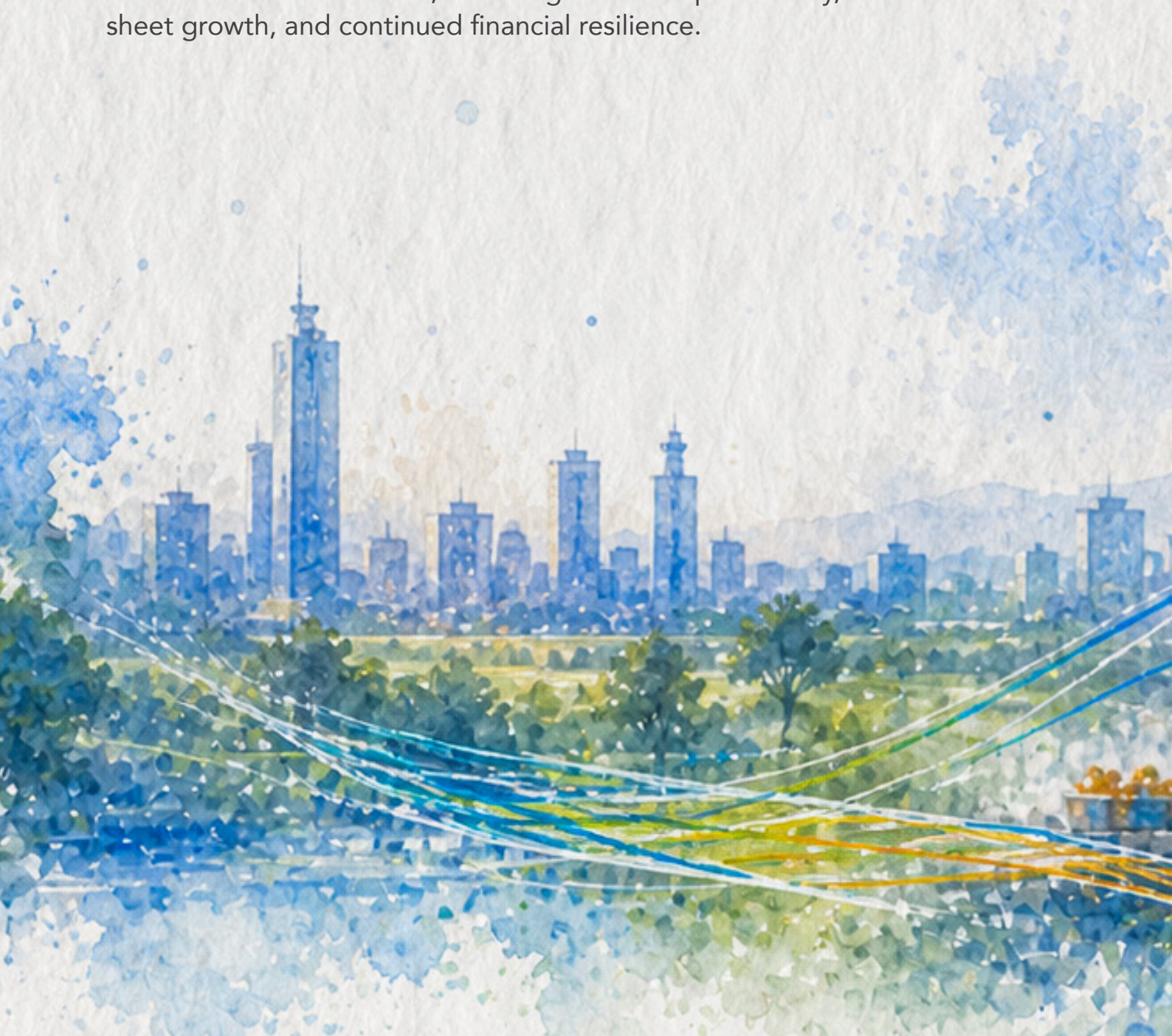


For and on behalf of Ernst & Young LLP
Certified Public Accountants
Nairobi, Kenya

25 March 2026

FINANCIAL STATEMENTS

The audited financial statements provide a comprehensive account of the Group's financial position and performance for the year ended 31 December 2025, reflecting sustained profitability, balance sheet growth, and continued financial resilience.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	2025 Kshs '000	2024 Kshs '000
ASSETS			
Cash and balances with Central Bank of Kenya	5	13,575,129	7,320,236
Placements and balances with other banks	6	27,048,880	27,595,935
Treasury bills and term notes	7	28,166,245	5,908,259
Investment in securities measured at amortised cost	8	50,125,898	47,183,185
Investment in securities at fair value through other comprehensive income	9	30,225,771	28,040,174
Investment in ordinary shares at fair value through other comprehensive income	10(a)	64,720,194	12,378,223
Investment in ordinary shares at fair value through profit or loss	10(b)	124,002	81,513
Tax recoverable	24	57,894	114,618
Loans and advances	11	55,292,947	55,473,358
Reinsurance contract assets	12	456,652	629,440
Other assets	13	1,542,007	1,687,829
Right-of-use - leasehold land	15	655,862	784,141
Property and equipment	16(a)	1,873,341	1,881,963
Right-of-use assets	17	434,440	251,352
Goodwill and intangible assets	18	1,108,929	1,043,651
Deferred tax asset	19	1,845,321	1,396,305
TOTAL ASSETS		277,253,512	191,770,182
LIABILITIES AND EQUITY			
LIABILITIES			
Balances due to banks and financial institutions	20	11,647	-
Deposits from customers	21	170,673,907	143,241,497
Insurance contract liabilities	12	1,176,975	1,368,185
Lease liabilities	22	463,234	274,617
Other liabilities	23	2,308,174	1,238,197
Deferred tax liability	19	93,228	80,495
TOTAL LIABILITIES		174,727,165	146,202,991
EQUITY			
Share capital	25	6,649,390	6,649,390
Share premium	26	5,230,109	5,230,109
Other reserves	27	88,462,318	31,698,630
Proposed dividend	39	1,582,849	1,469,515
Equity attributable to equity holders of the parent		101,924,666	45,047,644
Non-controlling interests		601,681	519,547
TOTAL EQUITY		102,526,347	45,567,191
TOTAL LIABILITIES AND EQUITY		277,253,512	191,770,182

These financial statements on pages 33 to 143 were approved by the Board of Directors on 19 March 2026 and signed on its behalf by: -



 Director


 Director



 Director


 Director

BANK STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	2025 Kshs '000	2024 Kshs '000
ASSETS			
Cash and balances with Central Bank of Kenya	5	13,481,908	7,317,667
Placements and balances with other banks	6	26,999,142	27,507,231
Treasury bills and term notes	7	28,166,245	5,908,259
Investment in securities measured at amortised cost	8	47,980,006	45,450,910
Investment in securities at fair value through other comprehensive income	9	29,672,339	27,521,727
Investment in ordinary shares at fair value through other comprehensive income	10(a)	64,553,522	12,268,610
Loans and advances	11	55,285,531	55,451,476
Other assets	13	1,491,368	1,633,001
Investment in subsidiaries	14	1,417,227	1,405,692
Right-of-use - leasehold land	15	537,708	695,442
Property and equipment	16(b)	1,610,414	1,625,504
Right-of-use assets	17	434,440	251,352
Intangible assets	18	447,966	374,511
Deferred tax asset	19	1,845,265	1,396,025
Tax receivable	24	11,846	-
TOTAL ASSETS		273,934,927	188,807,407
LIABILITIES AND EQUITY			
LIABILITIES			
Balances due to banks and financial institutions	20	11,647	-
Deposits from customers	21	171,211,221	143,779,224
Lease liabilities	22	463,234	274,617
Other liabilities	23	2,208,838	1,139,188
Tax payable	24	-	19,586
TOTAL LIABILITIES		173,894,940	145,212,615
EQUITY			
Share capital	25	6,649,390	6,649,390
Share premium	26	5,230,109	5,230,109
Other reserves	27	86,577,639	30,245,778
Proposed dividend	39	1,582,849	1,469,515
TOTAL EQUITY		100,039,987	43,594,792
TOTAL LIABILITIES AND EQUITY		273,934,927	188,807,407

These financial statements on pages 33 to 143 were approved by the Board of Directors on 19 March 2026 and signed on its behalf by: -



 Director


 Director



 Director


 Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 Kshs '000	2024 Kshs '000
Interest income calculated using effective interest rate method	28	20,861,113	18,938,143
Interest expense calculated using effective interest rate method	29	(10,858,320)	(12,295,576)
Net interest income		10,002,793	6,642,567
Fees and commission income	30	610,614	602,686
Net foreign exchange gain	31	326,937	1,063,925
Dividend income	32	404,834	395,392
Insurance service result	33	295,514	91,556
Insurance revenue	33	2,196,570	2,203,590
Insurance service expenses	33	(1,392,714)	(2,041,635)
Net expense from reinsurance contracts	33	(508,342)	(70,399)
Net finance expense from insurance contracts issued	12	(98,111)	(86,456)
Net finance expense from reinsurance contracts held	12	35,861	24,912
Other income	34	207,945	305,723
		11,786,387	9,040,305
Allowance for impairment of financial instruments	35	(728,847)	(242,146)
Other operating expenses	36	(5,488,737)	(4,168,431)
Profit before tax	37	5,568,803	4,629,728
Income tax charge	24(b)	96,405	(200,123)
Profit for the year		5,665,208	4,429,605
Attributable to:			
Equity holders of the parent		5,558,881	4,356,420
Non-controlling interests		106,327	73,185
		5,665,208	4,429,605

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 Kshs '000	2024 Kshs '000
Profit for the year		5,665,208	4,429,605
Other comprehensive income			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Financial assets at fair value through other comprehensive income:			
Gain/ (loss) arising during the year	9	1,484,912	1,086,118
Deferred tax on fair value gain	19	-	(287,535)
Movement in expected credit loss on investment securities at FVOCI			
Changes in allowance for expected credit losses	35	(2,854)	(80,578)
		1,482,058	718,005
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Fair value gain on fair value through other comprehensive income – listed shares	10(a)(i)	52,189,627	3,372,039
Fair value gain on fair value through other comprehensive income – privately held	10(a)(ii)	153,994	246,540
		52,343,621	3,618,579
Deferred income tax credit on equity investments	19	-	(948)
		52,343,621	3,617,631
Revaluation of lease hold land and buildings	15&16	45,250	-
Deferred income tax expense on revaluation surplus	19	(13,575)	-
		31,675	-
Other comprehensive income for the year, net of tax		53,857,354	4,335,636
Total comprehensive income for the year, net of tax		59,522,562	8,765,241
Attributable to:			
Equity holders of the parent		59,391,767	8,681,294
Non-controlling interest		130,795	83,947
		59,522,562	8,765,241

BANK STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 Kshs '000	2024 Kshs '000
Interest income calculated using effective interest rate method	28	20,408,188	18,564,883
Interest expense calculated using effective interest rate method	29	(10,858,320)	(12,295,576)
Net interest income		9,549,868	6,269,307
Fees and commission income	30	610,614	602,686
Net foreign exchange gain	31	326,937	1,063,925
Dividend income	32	564,654	575,212
Other income	34	133,420	236,765
		11,185,493	8,747,895
Allowance for impairment of financial instruments	35	(727,855)	(242,146)
Other operating expenses	36	(5,438,527)	(4,129,814)
Profit before tax	37	5,019,111	4,375,935
Income tax charge	24(b)	211,929	(149,589)
Profit for the year		5,231,040	4,226,346

BANK STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 Kshs '000	2024 Kshs '000
Profit for the year		5,231,040	4,226,346
Other comprehensive income			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Fair value through other comprehensive income financial assets:			
Gain/ (loss) arising during the year	9	1,444,178	1,068,966
Deferred income tax on fair value gain	19	-	(287,534)
Movement in expected credit loss on Investment securities at FVOCI			
Changes in allowance for expected credit losses	35	(3,117)	(81,072)
		1,441,061	700,360
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Fair value gain on fair value through other comprehensive income – listed shares	10(a)(i)	52,132,568	3,333,869
Fair value gain on fair value through other comprehensive income – privately held	10(a)(ii)	153,994	246,540
		52,286,562	3,580,409
Deferred income tax credit on equity investments	19	-	(948)
		52,286,562	3,579,461
Other comprehensive income for the year, net of tax		53,727,623	4,279,821
Total comprehensive income for the year, net of tax		58,958,663	8,506,167

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital Kshs '000	Share premium Kshs '000	Retained earnings Kshs '000	Proposed dividends Kshs '000	FVTOCI reserve Kshs '000	Statutory loan reserve Kshs '000	Asset revaluation reserve Kshs '000	Total Kshs '000	Non-controlling interests Kshs '000	Total equity Kshs '000
At 1 January 2025	Note 25	Note 26	Note 27	Note 39	Note 27	Note 27	Note 27			
6,649,390	6,649,390	5,230,109	19,154,418	1,469,515	10,640,413	1,270,923	632,876	45,047,644	519,547	45,567,191
Adjustment	-	-	(1,827)	-	-	-	-	(1,827)	-	(1,827)
Dividend paid - 2024 (note 39)	-	-	-	(1,469,515)	-	-	-	(1,469,515)	-	(1,469,515)
Dividend paid - 2025 (note 39)	-	-	(1,043,953)	-	-	-	-	(1,043,953)	(36,576)	(1,080,529)
Statutory loan reserve transfers	-	-	(200,000)	-	-	200,000	-	-	-	-
- Profit for the year	-	-	5,558,881	-	-	-	-	5,558,881	106,327	5,665,208
- Other comprehensive income	-	-	-	-	53,807,185	-	25,702	53,832,887	24,467	53,857,354
Total comprehensive income	-	-	5,558,881	-	53,807,185	-	25,702	59,391,768	130,794	59,522,562
Acquisition of non-controlling interests	-	-	549	-	-	-	-	549	(12,084)	(11,535)
Proposed dividend (note 39)	-	-	(1,582,849)	1,582,849	-	-	-	-	-	-
At 31 December 2025	6,649,390	5,230,109	21,885,219	1,582,849	64,447,598	1,470,923	658,578	101,924,666	601,681	102,526,347

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital Kshs '000	Share premium Kshs '000	Retained earnings Kshs '000	Proposed dividends Kshs '000	FVTOCI reserve Kshs '000	Statutory loan reserve Kshs '000	Asset revaluation reserve Kshs '000	Total Kshs '000	Non-controlling interests Kshs '000	Total equity Kshs '000
At 1 January 2024	Note 25	Note 26	Note 27	Note 39	Note 27	Note 27	Note 27			
6,649,390	6,649,390	5,230,109	16,991,762	1,097,149	6,315,538	1,199,673	651,465	38,135,086	473,775	38,608,861
Final dividend paid - 2023 (note 39)	-	-	-	(1,097,149)	-	-	-	(1,097,149)	-	(1,097,149)
Interim dividend paid - 2024 (note 39)	-	-	(671,588)	-	-	-	-	(671,588)	(38,174)	(709,762)
Statutory loan reserve transfers	-	-	(71,250)	-	-	71,250	-	-	-	-
Excess depreciation	-	-	18,589	-	-	-	(18,589)	-	-	-
- Profit for the year	-	-	4,356,420	-	-	-	-	4,356,420	73,185	4,429,605
- Other comprehensive income	-	-	-	-	4,324,875	-	-	4,324,875	10,761	4,335,636
Total comprehensive income	-	-	4,356,420	-	4,324,875	-	-	8,681,295	83,946	8,765,241
Proposed dividend – final 2024 (note 39)	-	-	(1,469,515)	1,469,515	-	-	-	-	-	-
At 31 December 2024	6,649,390	5,230,109	19,154,418	1,469,515	10,640,413	1,270,923	632,876	45,047,644	519,547	45,567,191

BANK STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital Kshs '000	Share premium Kshs '000	Retained earnings Kshs '000	Proposed dividends Kshs '000	FVTOCI reserve Kshs '000	Statutory loan Kshs '000	Asset revaluation reserve Kshs '000	Total equity Kshs '000
At 1 January 2025	Note 25 6,649,390	Note 26 5,230,109	Note 27 17,691,192	Note 39 1,469,515	Note 27 10,674,698	Note 27 1,270,923	Note 27 608,965	43,594,792
Final dividend paid - 2025 (note 39)	-	-	-	(1,469,515)	-	-	-	(1,469,515)
Interim dividend paid - 2025 (note 39)	-	-	(1,043,953)	-	-	-	-	(1,043,953)
Statutory loan reserve transfer	-	-	(200,000)	-	-	200,000	-	-
- Profit for the year	-	-	5,231,040	-	-	-	-	5,231,040
- Other comprehensive income	-	-	-	-	53,727,623	-	-	53,727,623
Total comprehensive income	-	-	5,231,040	-	53,727,623	-	-	58,958,663
Proposed dividend – final 2025 (note 39)	-	-	(1,582,849)	1,582,849	-	-	-	-
At 31 December 2025	6,649,390	5,230,109	20,095,430	1,582,849	64,402,321	1,470,923	608,965	100,039,987
At 1 January 2024	6,649,390	5,230,109	15,662,012	1,097,149	6,394,877	1,199,673	624,152	36,857,362
Final dividend paid - 2023 (note 39)	-	-	-	(1,097,149)	-	-	-	(1,097,149)
Excess depreciation	-	-	15,187	-	-	-	(15,187)	-
Interim dividend paid - 2024 (note 39)	-	-	(671,588)	-	-	-	-	(671,588)
Statutory loan reserve transfer	-	-	(71,250)	-	-	71,250	-	-
- Profit for the year	-	-	4,226,346	-	-	-	-	4,226,346
- Other comprehensive income	-	-	-	-	4,279,821	-	-	4,279,821
Total comprehensive income	-	-	4,226,346	-	4,279,821	-	-	8,506,167
Proposed dividend final 2024 (note 39)	-	-	(1,469,515)	1,469,515	-	-	-	-
At 31 December 2024	6,649,390	5,230,109	17,691,192	1,469,515	10,674,698	1,270,923	608,965	43,594,792

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 Kshs '000	2024 Kshs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	40	32,772,573	21,024,279
Income tax paid	24	(296,729)	(373,312)
Withholding tax credit	24	-	131
NET CASH GENERATED FROM OPERATING ACTIVITIES		32,475,844	20,651,098
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment		9,882	2,352
Proceeds on sale of leasehold land		165,000	-
Dividend received	32	404,834	395,392
Proceeds from redemption of investment securities measured at amortised cost	8	9,012,521	8,641,303
Proceeds from redemption of treasury bills and term notes	7	6,351,140	10,500,000
Proceeds from sale of investments in bonds measured at FVTOCI	9	13,048,706	4,991,314
Purchase of SWIFT shares	10	-	(5,220)
Purchase of investment securities measured at amortised cost	8	(11,271,000)	(13,443,000)
Purchase of treasury bills and term notes	7	(28,627,968)	(12,201,528)
Purchase of investments in bonds measured at FVTOCI	9	(12,673,383)	(11,416,280)
Purchase of property and equipment	16	(286,275)	(166,362)
Purchase of leasehold land	15	-	(1,628)
Purchase of intangible assets	18	(226,455)	(178,720)
NET CASH USED IN INVESTING ACTIVITIES		(24,092,998)	(12,882,377)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid during the year interim	39	(1,043,953)	(671,588)
Dividends paid during the year final	39	(1,469,515)	(1,097,149)
Dividend paid to non -controlling interests		(36,576)	(38,174)
Payment of lease liabilities - principal	22	(125,076)	(111,669)
Purchase of additional shares from subsidiary	14	(11,535)	-
NET CASH USED IN FINANCING ACTIVITIES		(2,686,655)	(1,918,580)
Net increase in cash and cash equivalents		5,696,191	5,850,141
Cash and cash equivalents at 1 January		34,916,171	29,066,030
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	41	40,612,362	34,916,171
Additional information on operational cash flows from interest:			
Interest paid to customers on deposits		8,560,519	9,315,728
Interest received on loans and advances and placements and balances with other banks and placements		8,186,753	9,132,552

BANK STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 Kshs '000	2024 Kshs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	40	32,089,142	20,440,499
Income tax paid	24	(268,743)	(244,576)
Withholding tax credit	24	-	112
NET CASH GENERATED FROM OPERATING ACTIVITIES		31,820,399	20,196,035
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment		4,513	2,251
Proceeds on sale of leasehold land		165,000	-
Dividend received	32	564,654	575,212
Proceeds from redemption of investment securities measured at amortised cost	8	8,827,247	8,545,457
Proceeds from redemption of treasury bills and term notes	7	6,351,140	10,500,000
Proceeds from sale of investments in bonds measured at FVTOCI	9	13,003,706	4,791,314
Purchase of investment securities measured at amortised cost	8	(10,675,000)	(13,385,000)
Purchase of treasury bills and term note	7	(28,627,968)	(12,201,528)
Purchase of investment in securities measured at FVTOCI	9	(12,633,383)	(11,416,280)
Purchase of leasehold land	15	-	(1,628)
Purchase of property and equipment	16(b)	(280,386)	(147,747)
Purchase of intangible assets	18	(225,337)	(162,365)
Purchase of SWIFT shares	10	-	(5,220)
NET CASH USED IN INVESTING ACTIVITIES		(23,525,814)	(12,905,534)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid during the year-final	39	(1,043,954)	(1,097,149)
Dividend paid during the year-interim	39	(1,469,515)	(671,588)
Purchase of additional shares from subsidiary	14	(11,535)	-
Payment of lease liabilities – Principal	22	(125,076)	(111,669)
NET CASH USED IN FINANCING ACTIVITIES		(2,650,080)	(1,880,406)
Net increase cash and cash equivalents		5,644,505	5,410,094
Cash and cash equivalents at 1 January		34,824,898	29,414,804
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	41	40,469,403	34,824,898
Additional information on operational cash flows from interest:			
Interest paid to customers on deposits		8,560,519	9,315,728
Interest received on loans and advances and placements and balances with other banks		8,185,251	9,128,738

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

Prime Bank Limited is a financial institution licensed under the Kenyan Banking Act, Cap 488 that provides corporate and retail banking services in various parts of the country. The Bank is incorporated and domiciled in Kenya under the Kenyan Companies Act, 2015. The consolidated financial statements comprise the Bank and its subsidiaries together referred to as “the Group”. The Group is primarily involved in corporate and retail banking and all classes of general insurance except for aviation insurance services as defined by section 31 of the insurance Act (Cap 487).

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Application of new and revised International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board

(i) *New and amended standards, interpretations and improvements*

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendment to IFRS Accounting Standards as issued by the International Accounting Standards Board that became effective for annual periods beginning on 1 January 2025.

- Lack of exchangeability- Amendments to IAS 21

(ii) *Standards issued but not yet effective*

The new standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2025

Effective for annual periods beginning on or after 1 January 2026

- Classification and Measurement of Financial Instruments- Amendments to IFRS 9 and IFRS 7
- Annual Improvements to IFRS Accounting Standards- Volume 11
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

Effective for annual periods beginning on or after 1 January 2027

- IFRS 18- Presentation and Disclosure in Financial Statements
- IFRS 19- Subsidiaries without Public Accountability: Disclosures
- Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21

Effective date postponed indefinitely

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

Examples that do not have an effective date or transition requirements

- Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37

The standards improvement and amendments that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements which are relevant to the Bank are discussed below.

The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

The directors are still making assessments of the impact of the systems to the bank's financial reporting process and systems and intend to adopt the requirements when they become effective.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and liabilities
- A clarification that a financial liability is derecognised on the ‘settlement date’ and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using
- an electronic payment system before the settlement date

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(ii) Standards issued but not yet effective (Continued)

- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. The Bank is currently working to identify all impacts the amendments will have on the financial statements.

- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

3. ACCOUNTING POLICIES

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

(a) Statement of compliance

The Bank's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Kenyan Companies Act, 2015. For the Kenyan 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 represented by the statement of profit and loss and the statement of comprehensive income.

(b) Basis of preparation

The financial statements are presented in the functional currency, Kenya Shillings, rounded to the nearest thousand (Kshs '000), except where otherwise indicated and have been prepared on a historical basis except for fair value through other comprehensive income investments, investments at fair value through profit or loss and land and buildings which have been measured at fair value.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

(d) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. ACCOUNTING POLICIES (Continued)

(d) Business combinations and goodwill (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9. Recognition and Measurement is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(e) Fair value measurement

The Bank measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Fair value related disclosures for financial instruments that are measured at fair value are made in note 46.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purposes of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of nature, characteristics and risks of assets or liability and level of fair value hierarchy, as explained above. External valuers are involved for valuation of significant assets, such as properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. ACCOUNTING POLICIES (Continued)

(f) Financial assets and liabilities

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the Group and the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group and the Bank recognises balances due to customers when funds are transferred to the Bank.

Financial assets

(i) Classification and measurement

The Group and the Bank classifies financial assets in the following measurement categories:

- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVPL) or
- Amortised cost

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

Debt instruments

These are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds, cash and bank balances, bank deposits.

Classification and measurement of debt instruments depend on:

- The Bank's business model for managing the asset; and
- The cash flow characteristics of the asset.

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

- **Amortized cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income (FVTOCI):** Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). 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 which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through profit or loss:** Financial assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through profit or loss. A business model in which an entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets, would result in an FVTPL business model.
- 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 recognized in profit or loss and presented net in the profit or loss statement within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the finance income.

Business model: The business model reflects how the Bank 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 assets include past experience on how the cash flows of these assets were collected, how the performance of the assets is evaluated and reported to key management personnel, the risks that affect the performance of the business model (and the financial assets within) and in particular, the way that those risks are managed; and how assets managers are compensated.

Cash flow characteristic of the asset: 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 FVPL.

The Bank 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. ACCOUNTING POLICIES (Continued)

(f) Financial assets and liabilities (Continued)

Financial assets (Continued)

(i) Classification and measurement (Continued)

Equity instruments

These 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. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

When the Bank derecognizes investments in equity instruments measured at FVTOCI, it shall disclose:

- The reason for disposing the investments,
- The fair value of investments at the date of derecognition; and
- The cumulative gain or loss on disposal.

(ii) Measurement methods

Amortized cost and effective interest rate

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired financial assets — assets that are credit-impaired at initial recognition — The Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Bank revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

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

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognized on trade date, the date on which The Bank commits to purchase or sell the asset.

At initial recognition, The Bank 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 profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. After initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVTOCI, as described in expected credit loss measurement note, which results in an accounting loss being recognized 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 recognizes 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., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized 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 amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

(iii) Impairment of financial assets

The Bank assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortized cost and FVTOCI and with the exposure arising from project finance loan and corporate loans. The

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. ACCOUNTING POLICIES (Continued)

(f) Financial assets and liabilities (Continued)

Financial assets (Continued)

(iii) Impairment of financial assets (Continued)

Bank recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) The time value of money; and
- (c) 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) Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank 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 extension of the loan term when the borrower is not in financial difficulty.
- 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.

If the terms are substantially different, the Bank derecognizes the original financial asset and recognizes 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 Bank also assesses whether the new financial asset recognized 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 recognized 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 Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes 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).

(i) Classification and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as

hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

Financial liabilities at amortised cost

This is the category most relevant to the Group and the Bank. After initial recognition all the financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. The Group and the Bank's financial liabilities include balances due to banks and financial institutions, deposits from customers, insurance contract liabilities and other liabilities. The Group and the Bank has not designated any financial liability at fair value through profit or loss.

(ii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense will not be offset in profit or loss unless required by an accounting standard or interpretation and is specifically disclosed in the accounting policies of the Group and the Bank. During the year the Group and the Bank has not offset any financial assets and financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. ACCOUNTING POLICIES (Continued)

(g) Recognition of income and expense

Revenue is recognized as control is passed, either over time or at a point in time. The Group recognises revenue over time after each performance obligation is fulfilled. Interest income and expense is recognised in profit or loss on Effective Interest Rate (EIR) method.

Interest income and expense

For all financial instruments measured at amortised cost and interest-bearing financial instruments classified as at fair value through other comprehensive income financial investments, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

(i) Fees and commission income

The Bank earns fees and commission income from a diverse range of services it provides to its customers. Fees and commission charged for services provided or received by the Group are recognised as the services are provided or received, for example completion of the underlying transaction.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognized as an adjustment to the effective interest rate on the loan.

Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

(ii) Other income

Other income include fair value gains and losses on investment securities at fair value through profit or loss, gain and losses on sale of financial instruments and insurance business income from subsidiary.

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The group allocates the expected premium receipts to each

period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

(iii) Dividend income

Dividend income includes dividends received from subsidiaries, associate investments and local quoted shares. This income is recognized in profit or loss when the Group's right to receive payment is established.

(iv) Insurance service expense

Insurance service expenses include the following:

- Incurred claims for the period.
- Other incurred directly attributable expenses.
- Changes that relate to past service – changes in the fulfilment cash flows relating to the liability for incurred claims.
- Changes that relate to future service – changes in the fulfilment cash flows that result in onerous contract losses or reversals of those losses.
- Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:
 - The effect of the time value of money and changes in the time value of money; and
 - The effect of financial risk and changes in financial risk.

(v) Insurance finance income and expense

The group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

(h) Property and equipment

Property and equipment, except for land and buildings, are stated at cost less accumulated depreciation and impairment in value.

Land and buildings are measured at fair value at the dates of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses on buildings. Valuations are performed every five years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. ACCOUNTING POLICIES (Continued)

(h) Property and equipment (Continued)

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on the straight-line basis at annual rates estimated to write off carrying amounts of the assets over their expected useful lives.

The annual depreciation rates in use are: -

Furniture and fittings	12.50%
Office equipment	12.50%
Motor vehicles	25.00%
Computer equipment	25% - 33.33%
Leasehold improvements	12.50%

Buildings are depreciated over the shorter of their estimated useful lives and the lease term.

Freehold land is not depreciated as it is deemed to have an indefinite life.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'other income' or 'other expenses' in profit or loss in the year the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year-end.

(i) Foreign currency translation

Transactions in foreign currencies during the year are converted into Kenya shillings at rates ruling at the transaction dates. Monetary assets and liabilities at the reporting date which are expressed in foreign currencies are translated into Kenya shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(j) Defined contribution plans

The Bank contributes to a statutory defined contribution provident scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to Kshs. 200 per employee per month. The Bank also operates a defined contribution provident fund scheme for all its employees. The assets of the scheme are held in a separate trustee administered fund that is funded by both the Bank and employees.

The Bank's contributions in respect of retirement benefit costs are charged to profit or loss in the year to which they relate.

- (i) Employee benefits
- (ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

(k) Tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current tax

Current income tax is provided for on the basis of the results for the year as shown in the financial statements, adjusted in accordance with tax legislation. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

2. Deferred tax

Deferred tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,
- In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled, the investor is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. ACCOUNTING POLICIES (Continued)

(k) Tax (Continued)

2. Deferred tax (Continued)

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Current tax and deferred tax relating to items recognized directly in other comprehensive income or equity are also recognized in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(l) Guarantees, acceptances and letters of credit

Letters of credit, acceptances, guarantees and performance bonds are generally written by the bank to support performance by a customer to third parties. The bank will only be required to meet these obligations in the event of the customer's default. These obligations are accounted for as off financial position transactions and disclosed as contingent liabilities.

(m) Leases

The Group and the Bank as a lessee

The Group and the Bank assesses whether a contract is or contains a lease, at inception of the contract. The Group and the Bank recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group and the Bank recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group and the Bank re measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re measured by discounting the revised lease payments using a revised discount rate.
 - The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
 - A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.
- The Group and the Bank did not make any such adjustments during the periods presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. ACCOUNTING POLICIES (Continued)

(m) Leases (Continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs less any lease incentives. They are subsequently carried at revalued amounts, based on quinquennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. The revaluation is done after every 5 years.

Whenever the Group and the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group and the Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other operating expenses' in profit or loss (note 36).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Bank has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group and the Bank allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(n) Intangible assets

The Bank's intangible assets include the value of computer software (swift software, finacle software and other associated costs) and Visa license fees. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. The useful lives of intangible assets are assessed to be finite. Intangible assets are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset are reviewed at least each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in an asset are accounted for by changing the amortization period and method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in profit or loss in the expense category consistent with the function of the asset.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over the estimated useful lives as follows:

Computer software	5 years
Visa license	5 years

(o) Dividends

Dividends are charged to equity in the year in which they are declared. Proposed dividends are appropriated from retained earnings into a separate component of equity until they are declared.

(p) Impairment of non - financial assets

The Bank assesses at each reporting date, or more frequently if events or changes in circumstances indicate that an asset may be impaired, whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. ACCOUNTING POLICIES (Continued)

(p) Impairment of non - financial assets (Continued)

recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

Impairment losses are recognized in the profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(q) Provisions and contingent liabilities

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the statement of financial position but are disclosed unless the outflow of economic resources is remote.

(r) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(s) Assets obtained by taking possession of collateral

The Group's policy is to realise collateral on a timely basis. The Group does not use non-cash collateral for its operations.

In its normal course of business, the Bank engages external agents to recover funds from the repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors.

(t) Statutory loan loss reserve

The Central Bank of Kenya has, in its prudential guidelines, specified certain minimum loan loss provisions to be held against various categories of loans and advances. Where credit loss allowances computed in line with the Central Bank regulations exceed those computed on the same loan balances under IFRS Accounting Standards as issued by the International Accounting Standards Board, the excess is recognized as a regulatory loss reserve and is accounted for as an appropriation of retained earnings. The statutory loan loss reserve is non-distributable.

(u) Cash and cash equivalent

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and balances with banks, unrestricted balances with central bank and money market placement.

(v) Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary share shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential shareholders if any.

(w) Insurance and reinsurance contracts classification

The Group applies the Premium Allocation Approach (PAA) to simplify the measurement of insurance contracts. However, when measuring liabilities for incurred claims, the Group discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

Insurance acquisition cash flows

For policies that have a coverage of one year or less, the Group is eligible and chooses to recognise insurance acquisition cash flows as an expense immediately as incurred. Where groups are not eligible to recognise an expense immediately, insurance acquisition cash flows are allocated to related groups of insurance contracts recognised in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. ACCOUNTING POLICIES (Continued)

(w) Insurance and reinsurance contracts classification (Continued)

Liability for remaining coverage (Continued)

An asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised. The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by underwriting year, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims' development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance

contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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. These are dealt with below:

(i) Critical accounting judgements in applying the Bank's policies

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

(i) Critical accounting judgements in applying the Bank's policies (Continued)

assessing whether the credit risk of an asset has significantly increased, the Bank considers qualitative and quantitative reasonable and supportable forward-looking information. For further details refer to note 48.1.3.5.

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped based on shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used

The Bank uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

(ii) Critical accounting judgement in applying the insurance and reinsurance contracts

The Group applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for incurred claims, the Group discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

Insurance acquisition cash flows

For policies that have a coverage of one year or less, the Group is eligible and chooses to recognise insurance acquisition cash flows as an expense immediately as incurred. Where groups are not eligible to recognise an expense immediately, insurance acquisition cash flows are allocated to related groups of insurance contracts recognised in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals).

An asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised. The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is

to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by underwriting year, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

(ii) Critical accounting judgement in applying the insurance and reinsurance contracts (Continued)

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Assets for insurance acquisition cash flows

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period. At the end of each reporting period, the Group revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

Contract boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the contract boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligation that exist during the reporting period in which the Group can compel the policy holder to pay premiums, or in which the Group has substantive obligation to provide the policy holder with insurance contract services.

A liability or asset relating to expected premiums or claims outside the contract boundary of insurance contract is not recognized. Such amounts relate to future insurance contracts.

(iii) Key sources of estimation uncertainty

Establishing the number and relative weightings of forward-looking scenarios for each type of product and determining the forward-looking information relevant to each scenario:

When measuring ECL the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default:

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given Default:

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Property and equipment

Critical estimates are made by the directors in determining depreciation rates for property and equipment.

Fair value measurement and valuation

Some of the company's assets and liabilities are measured at fair value for financial reporting process. In estimating the fair value of an asset or liabilities, the company uses market – observable data to the extent it is available. Where level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation.

Key sources of estimation uncertainty in the accounting for operating leases include the following:

- Determination of the appropriate rate to discount the lease payments; and
- Assessment of whether a right-of-use asset is impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

5. CASH AND BALANCES WITH CENTRAL BANK OF KENYA

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Cash in hand	836,555	711,011	743,334	708,442
- Restricted balances (Cash Reserve Ratio)*	3,105,792	4,034,549	3,105,792	4,034,549
- Unrestricted balances	1,627,134	2,574,676	1,627,134	2,574,676
	4,732,926	6,609,225	4,732,926	6,609,225
CBK term auction deposit**	8,005,648	-	8,005,648	-
	13,575,129	7,320,236	13,481,908	7,317,667

*The Cash Reserve Ratio is non-interest earning and is based on the value of deposits as adjusted for the Central Bank of Kenya requirements. At 31 December 2025, the Cash Reserve Ratio requirement was 3.25% (2024 – 4.25%) of all qualifying deposits. These funds are available for use by the Bank in its day-to-day operations in a limited way provided that on any given day this balance does not fall below 2.00% of qualifying deposits and provided that the overall average in the month is at least 3.25%.

**CBK term Auction deposit relates to a short-term lending to Central Bank of Kenya.

6. PLACEMENTS AND BALANCES WITH OTHER BANKS

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Lending to other banks and financial institutions	3,408,957	3,749,002	3,359,219	3,660,298
Lending and balances with banks outside Kenya	23,639,923	23,846,933	23,639,923	23,846,933
	27,048,880	27,595,935	26,999,142	27,507,231

The weighted average effective interest rate on lending to other banks was 8% (2024: 13%) and to banks outside Kenya was 4.5% (2024: 5%).

The expected credit loss relating to placements and balances with other banks is immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

7. TREASURY BILLS AND TERM NOTE

	GROUP AND BANK	
	2025 Kshs '000	2024 Kshs '000
At 1 January	5,908,259	4,187,840
Additions	28,627,968	12,201,528
Maturities	(6,351,140)	(10,500,000)
Movement in accrued interest on term notes	(590)	-
IFRS 9 provision (note 35)	(18,252)	18,891
At 31 December	28,166,245	5,908,259
The movement in the expected credit loss is as follows:		
At start of the year	4,707	23,598
Increase/(decrease) in ECL (note 35)	18,252	(18,891)
At end of the year	22,959	4,707

Treasury bills are debt securities issued by the Government of Kenya and are classified as amortised cost. The weighted average effective interest rate on the treasury bills as at 31 December 2025 was at 11.8% (2024 15.6%).

Term notes are debt instruments issued by private and public entities for varied terms and maturity dates.

8. INVESTMENT IN SECURITIES MEASURED AT AMORTISED COST

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
At 1 January	47,183,185	41,573,437	45,450,910	39,806,932
Additions	11,271,000	13,443,000	10,675,000	13,385,000
Maturities	(9,012,521)	(8,641,303)	(8,827,247)	(8,545,457)
Movement in accrued interest	342,177	528,615	322,695	521,991
Amortisation of premiums and discounts	349,253	120,862	365,115	123,870
IFRS 9 provision (note 35)	(7,196)	158,574	(6,467)	158,574
At 31 December	50,125,898	47,183,185	47,980,006	45,450,910
The movement in the expected credit loss is as follows:				
At start of year	57,267	215,841	57,267	215,841
Increase/(decrease) in ECL (note 35)	7,196	(158,574)	6,467	(158,574)
At end of year	64,463	57,267	63,734	57,267

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

9. INVESTMENT IN SECURITIES MEASURED AT FVTOCI

The bonds are debt securities and include bonds issued by the Government of Kenya and offshore bonds. They are classified as securities measured at fair value through other comprehensive income (FVTOCI). The fair value of the bonds is determined by reference to published price quotations in an active market.

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
As at 1 January	28,040,174	21,306,766	27,521,727	20,604,638
Additions	12,673,383	11,416,280	12,633,383	11,419,000
Disposals and maturities	(13,048,706)	(4,991,314)	(13,003,706)	(4,791,314)
Movement in accrued interest	334,386	70,345	335,135	72,804
Amortisation of premiums/discounts	736,536	(760,024)	736,536	(764,371)
Fair value gain	1,484,912	1,086,118	1,444,178	1,068,966
Foreign exchange (loss)/gain	5,086	(87,997)	5,086	(87,996)
As at 31 December	30,225,771	28,040,174	29,672,339	27,521,727

The maturity profile is as follows:

Within one year	5,727,279	8,410,487	7,413,043	8,410,487
After one year but within two years	3,270,772	1,366,554	4,508,293	1,397,200
After two but within five years	3,226,314	9,336,595	5,040,200	9,230,718
After five years	18,001,406	8,926,538	12,710,803	8,483,322
	30,225,771	28,040,174	29,672,339	27,521,727

10. INVESTMENT IN ORDINARY SHARES

a) At fair value through other comprehensive income (FVTOCI)

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Investment in listed shares [note 10 (a)(i)]	63,315,030	11,125,403	63,148,358	11,015,790
Investment in privately held shares [note 10 (a)(ii)]	1,405,164	1,252,820	1,405,164	1,252,820
Total investment in ordinary shares	64,720,194	12,378,223	64,553,522	12,268,610

i) Investment in listed shares:

Investment as at 1 January	11,125,403	7,753,364	11,015,790	7,681,921
Fair value gain	52,189,627	3,372,039	52,132,568	3,333,869
As at 31 December	63,315,030	11,125,403	63,148,358	11,015,790

Fair value gain:

First Merchant Bank Capital Holdings Limited shares	52,111,627	3,330,709	52,111,627	3,330,709
Local quoted shares	78,000	41,330	20,941	3,160
As at 31 December	52,189,627	3,372,039	52,132,568	3,333,869

The above investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

The fair value of the listed shares is determined by reference to published price quotations in an active market. FVTOCI investments in ordinary shares have no fixed maturity date or coupon rate.

In 2025, the Bank received dividend of Kshs.404 million (2024: Kshs.395 million) from its FVOCI equities which was recorded in the income statement as dividend income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

10. INVESTMENT IN ORDINARY SHARES (Continued)

ii) Investment in privately held shares:

	BANK	
	2025 Kshs '000	2024 Kshs '000
First Capital Bank Limited, Botswana	161,485	161,862
First Capital Bank Mozambique	155,419	155,782
First Merchant Bank Capital Holdings Limited preference shares	681,843	683,416
Swift Global	5,883	5,220
Gain in fair value	400,534	246,540
As at 31 December	1,405,164	1,252,820
The movement in these shares is summarised below:		
As at 1 January	1,252,820	1,249,193
Foreign exchange loss	(1,650)	(248,133)
Additions	-	5,220
Fair value gain	153,994	246,540
As at 31 December	1,405,164	1,252,820

Investment in privately held shares comprises investments in shares of First Capital Bank Limited, Botswana and First Capital Bank Limited, Mozambique, which are unquoted companies. These shares are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. The unquoted shares are measured at FVTOCI with unrealized gains/losses recognized as other comprehensive income until the investment is derecognized.

The fair value of the shares was measured using a combination of market approach (using market multiples) and net assets value approach.

The valuation is based on level 3. Refer to note 46 Fair value measurement.

b) At fair value through profit or loss

	GROUP	
	2025 Kshs '000	2024 Kshs '000
At start of the year	81,513	66,133
Fair value gain	42,489	15,380
At end of the year	124,002	81,513

These are listed shares held by the subsidiary, Tausi Assurance Company Limited whose fair value is determined by reference to published price quotations in an active market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

11. LOANS AND ADVANCES

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Loans and advances to customers (gross)	58,086,078	57,711,317	58,078,662	57,689,435
Allowances for expected credit losses	(2,793,131)	(2,237,959)	(2,793,131)	(2,237,959)
Loans and advances	55,292,947	55,473,358	55,285,531	55,451,476
Movement in allowances for expected credit losses:				
At 1 January	(2,237,959)	(2,928,161)	(2,237,959)	(2,923,636)
Increase in allowances for expected credit losses in the year (note 35)	(547,396)	(15,311)	(547,396)	(19,836)
Write off of fully provisioned loans	(7,776)	705,513	(7,776)	705,513
As at 31 December	(2,793,131)	(2,237,959)	(2,793,131)	(2,237,959)

a) Lending concentration

Economic sector risk concentrations within the customer loan portfolio were as follows:

	2025 %	2024 %
Agriculture	2	-
Building & Construction	4	3
Energy & Water	1	2
Financial Services	2	2
Manufacturing	25	28
Personal/Household	6	7
Real Estate	13	14
Tourism, Restaurant & Hotels	1	1
Trade	36	35
Transport & Communication	10	8
Total	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

11. LOANS AND ADVANCES (Continued)

b) Maturity analysis

GROUP 2025	Within 30 days Kshs '000	31-60 days Kshs '000	61-90 days Kshs '000	More than 90 days Kshs '000	Total Kshs '000
Agriculture	28,734	-		882,672	911,406
Building & Construction	464,830	71,900	7,809	2,031,860	2,576,399
Energy & Water	239,384	-		107,310	346,694
Financial Services	756,973	1,969	91,842	511,025	1,361,809
Manufacturing	1,759,425	309,879	210,843	12,131,636	14,411,783
Mining & Quarrying	415	6,662		18,467	25,544
Personal/Household	540,654	38,679	10,048	2,793,752	3,383,133
Real Estate	1,165,943	40,870	115,921	6,474,065	7,796,799
Tourism, Restaurant & Hotels	55,473	-	1,607	364,340	421,420
Trade	3,560,305	923,028	332,457	16,032,191	20,847,981
Transport & Communication	1,111,956	6,570	-	4,884,584	6,003,110
Total	9,684,092	1,399,557	770,527	46,231,902	58,086,078

GROUP 2024	Within 30 days Kshs '000	31-60 days Kshs '000	61-90 days Kshs '000	More than 90 days Kshs '000	Total Kshs '000
Agriculture	2,525	-	-	151,195	153,720
Building & Construction	338,851	538,760	8,594	1,053,441	1,939,646
Energy & Water	103,964	46,826	70,331	961,679	1,182,800
Financial Services	334,019	14,479	148,598	368,686	865,782
Manufacturing	2,798,065	2,189,312	467,940	10,543,080	15,998,397
Mining & Quarrying	456	9,782	525	80,848	91,611
Personal/Household	392,002	23,405	12,619	3,385,003	3,813,029
Real Estate	756,422	59,174	64,931	7,180,752	8,061,279
Tourism, Restaurant & Hotels	47,639	1,237	4,294	615,436	668,606
Trade	2,741,008	1,629,734	1,376,536	14,643,370	20,390,648
Transport & Communication	592,358	197,493	692,854	3,063,094	4,545,799
Total	8,107,309	4,710,202	2,847,222	42,046,584	57,711,317

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

11. LOANS AND ADVANCES (Continued)

BANK 2025	Within 30 days Kshs '000	31-60 days Kshs '000	61-90 days Kshs '000	More than 90 days Kshs '000	Total Kshs '000
Agriculture	28,734	-	-	882,672	911,406
Building & Construction	464,830	71,900	7,809	2,031,860	2,576,399
Energy & Water	239,384	-	-	107,310	346,694
Financial Services	756,973	1,969	91,842	511,025	1,361,809
Manufacturing	1,759,425	309,879	210,843	12,131,636	14,411,783
Mining & Quarrying	415	6,661	-	18,468	25,544
Personal/Household	540,654	38,679	10,047	2,786,338	3,375,718
Real Estate	1,165,943	40,870	115,921	6,474,065	7,796,799
Tourism, Restaurant & Hotels	55,473	-	1,608	364,339	421,420
Trade	3,560,305	923,028	332,456	16,032,192	20,847,981
Transport & Communication	1,111,956	6,570	-	4,884,583	6,003,109
	9,684,092	1,399,556	770,526	46,224,488	58,078,662

BANK 2024	Within 30 days Kshs '000	31-60 days Kshs '000	61-90 days Kshs '000	More than 90 days Kshs '000	Total Kshs '000
Agriculture	2,525	-	-	151,195	153,720
Building & Construction	338,851	538,760	8594	1,053,441	1,939,646
Energy & Water	103,964	46,826	70,331	961,679	1,182,800
Financial Services	334,019	14,479	148,598	368,686	865,782
Manufacturing	2,798,065	2,189,312	467,940	10,543,080	15,998,397
Mining & Quarrying	456	9,782	525	80,847	91,610
Personal/Household	392,002	23,405	12,619	3,363,121	3,791,147
Real Estate	756,422	59,174	64931	7,180,752	8,061,279
Tourism, Restaurant & Hotels	47,639	1,237	4294	615,437	668,607
Trade	2,741,008	1,629,734	1,376,536	14,643,370	20,390,648
Transport & Communication	592,358	197,493	692,854	3,063,094	4,545,799
	8,107,309	4,710,202	2,847,222	42,024,702	57,689,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACT LIABILITIES GROUP

	2025			2024		
	Remaining coverage Kshs 000	Incurred claims Kshs 000	Total Kshs 000	Remaining coverage Kshs 000	Incurred claims Kshs 000	Total Kshs 000
Insurance contract liabilities	243,137	933,838	1,176,975	214,907	1,153,278	1,368,185
Reinsurance contract assets	(216,534)	(240,118)	(456,652)	(196,365)	(433,075)	(629,440)
Net closing insurance contract liabilities	26,603	693,720	720,323	18,542	720,203	738,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACT LIABILITIES GROUP (Continued)

(a) Analysis by insurance remaining coverage and incurred claim

31 December 2025	Liability for remaining coverage		Liability for incurred claims		Asset for insurance acquisition cash flows	Total
	Excluding Loss Component	Loss Component	Present Value of Future Cash Flows	Risk Adjustment	Kshs 000	Kshs 000
Opening insurance contract liabilities	213,457	1,449	1,049,390	103,889	-	1,368,185
Opening insurance contract assets	-	-	-	-	-	-
Net opening balance	213,457	1,449	1,049,390	103,889	-	1,368,185
Insurance revenue	2,196,570	-	-	-	-	2,196,570
Insurance Service expenses						
Incurred claims and other directly attributable expenses	-	-	1,300,950	-	-	1,300,950
Changes that relate to past service - adjustments to the LIC	-	-	(282,192)	(35,360)	-	(317,552)
Losses on onerous contracts and reversal of those losses	-	(1,364)	-	-	-	(1,364)
Insurance acquisition cash flows amortization	410,680	-	-	-	-	410,680
Insurance service expenses	410,680	(1,364)	1,018,758	(35,360)	-	1,392,714
Insurance service result	1,785,890	1,364	(1,018,758)	35,360	-	803,856
Finance income (expenses) from insurance contracts issued	-	-	(85,623)	(12,488)	-	(98,111)
Total amounts recognized in profit or loss	1,785,890	1,364	(1,104,381)	22,871	-	705,744
Investment components	-	-	-	-	-	-
Cash flows						
Premiums received	2,225,286	-	-	-	-	2,225,286
Claims and other directly attributable expenses paid	-	-	(1,300,950)	-	-	(1,300,950)
Insurance acquisition cash flows deducted	(409,802)	-	-	-	-	(409,802)
Total cash flows	1,815,484	-	(1,300,950)	-	-	514,534
Net closing balance	243,051	85	852,820	81,018	-	1,176,975
Closing insurance contract liabilities	243,051	85	852,820	81,018	-	1,176,975
Closing insurance contract assets	-	-	-	-	-	-
Net closing balance	243,051	85	852,820	81,018	-	1,176,975

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACT LIABILITIES GROUP (Continued)

(a) Analysis by insurance remaining coverage and incurred claim (Continued)

31 December 2024	Liability for remaining coverage		Liability for incurred claims		Asset for insurance acquisition cash flows	Total
	Excluding loss component Kshs 000	Loss component Kshs 000	Present value of future cash flows Kshs 000	Risk adjustment Kshs 000	Kshs 000	Kshs 000
Opening insurance contract liabilities	292,836	4,777	779,208	83,375	-	1,160,196
Opening insurance contract assets	-	-	-	-	-	-
Net opening balance	292,836	4,777	779,208	83,375	-	1,160,196
Insurance revenue	2,203,590	-	-	-	-	2,203,590
Insurance Service expenses						
Incurred claims and other directly attributable expenses	-	-	(1,435,599)	-	-	(1,435,599)
Changes that relate to past service - adjustments to the LIC	-	-	(193,213)	(11,026)	-	(204,239)
Losses on onerous contracts and reversal of those losses	-	3,328	-	-	-	3,328
Insurance acquisition cash flows amortization	(405,125)	-	-	-	-	(405,125)
Insurance service expenses	(405,125)	3,328	(1,628,812)	(11,026)	-	(2,041,635)
Insurance service result	1,798,465	3,328	(1,628,812)	(11,026)	-	161,955
Finance income (expenses) from insurance contracts issued	-	-	(76,968)	(9,488)	-	(86,456)
Total amounts recognized in profit or loss	1,798,465	3,328	(1,705,780)	(20,514)	-	75,499
Investment components	-	-	-	-	-	-
Cash flows						
Premiums received	2,128,820	-	-	-	-	2,128,820
Claims and other directly attributable expenses paid	-	-	(1,435,599)	-	-	(1,435,599)
Insurance acquisition cash flows deducted	(409,733)	-	-	-	-	(409,733)
Total cash flows	1,719,087	-	(1,435,599)	-	-	283,488
Net closing balance	213,458	1,449	1,049,389	103,889	-	1,368,185
Closing insurance contract liabilities	213,458	1,449	1,049,389	103,889	-	1,368,185
Closing insurance contract assets	-	-	-	-	-	-
Net closing balance	213,458	1,449	1,049,389	103,889	-	1,368,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACT LIABILITIES GROUP (Continued)

b) Analysis by reinsurance remaining coverage and incurred claim (Continued)

31 December 2025	Assets for remaining coverage		Assets for incurred claims	
	Excluding loss component Kshs 000	Loss component Kshs 000	Present value of future cash flows Kshs 000	Risk adjustment Kshs 000
Opening reinsurance contract assets	195,710	655,282	394,063	39,012
Opening reinsurance contract liabilities	-	-	-	-
Net opening balance	195,710	655,282	394,063	39,012
Reinsurance Service expenses	(603,555)	-	-	-
Reinsurance Service expenses				(603,555)
Incurred claims and other directly attributable expenses	-	-	324,624	-
Changes that relate to past service - adjustments to the LIC	-	-	(206,048)	(22,769)
Losses on onerous contracts and reversal of those losses	-	(594,531)	-	-
Reinsurance service expenses		(594,531)	(118,573)	(22,769)
Reinsurance service result	(603,555)	(594,531)	(118,573)	(22,769)
Finance income (expenses) from reinsurance contracts issued	-	-	(31,271)	(4,589)
Total amounts recognized in profit or loss	(603,555)	(594,531)	(149,847)	18,180
Investment components	-	-	-	-
Cash flows				
Reinsurance premiums paid	624,318	-	-	-
Other charges	-	-	-	-
Claims and other directly attributable expenses paid	-	-	(324,624)	-
Total cash flows	624,318	-	(324,624)	-
Net closing balance	216,473	60,751	219,286	20,832
Closing reinsurance contract liabilities	216,473	60,751	219,286	-
Closing reinsurance contract assets	-	-	-	-
Net closing balance	216,473	60,751	219,286	20,832
				456,653
				456,653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INSURANCE CONTRACT LIABILITIES GROUP (Continued)

b) Analysis by reinsurance remaining coverage and incurred claim (Continued)

31 December 2024	Assets for remaining coverage		Assets for incurred claims		Total Kshs 000
	Excluding loss component Kshs 000	Loss component Kshs 000	Present value of future cash flows Kshs 000	Risk adjustment Kshs 000	
Opening reinsurance contract assets	42,576	3,473	219,767	23,515	289,331
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening balance	42,576	3,473	219,767	23,515	289,331
Reinsurance Service expenses	(605,217)	-	-	-	(605,217)
Reinsurance Service expenses					
Incurred claims and other directly attributable expenses	-	-	372,754	-	372,754
Changes that relate to past service - adjustments to the LIC	-	-	152,061	12,820	164,882
Losses on onerous contracts and reversal of those losses	-	(2,818)	-	-	(2,818)
Reinsurance service expenses	272,235	(2,818)	524,815	12,820	807,053
Reinsurance service result	(605,217)	(2,818)	524,815	12,820	(70,399)
Finance income (expenses) from reinsurance contracts issued	-	-	(22,235)	(2,677)	(24,912)
Total amounts recognized in profit or loss	(605,217)	(2,818)	547,050	15,497	(45,487)
Investment components	-	-	-	-	-
Cash flows					
Reinsurance premiums paid	758,351	-	-	-	758,351
Other charges	-	-	-	-	-
Claims and other directly attributable expenses paid	-	-	(372,754)	-	(372,754)
Total cash flows	758,351	-	(372,754)	-	385,597
Net closing balance	195,710	655	394,063	39,012	629,440
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	195,710	655	394,063	39,012	629,440
Net closing balance	195,710	655	394,063	39,012	629,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

13. OTHER ASSETS

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Prepayments and deposits	437,471	461,288	437,471	461,288
Withholding tax recoverable	319,777	428,794	319,777	428,794
Uncleared effects	458,884	507,820	458,884	507,820
Other receivables	889,635	782,354	838,996	727,526
Impairment on other receivables	(563,760)	(492,427)	(563,760)	(492,427)
	1,542,007	1,687,829	1,491,368	1,633,001
Financial assets	458,884	507,820	458,884	507,820
Non-financial assets	1,083,123	1,180,009	1,032,484	1,125,181
The impairment on other receivables is analysed as follows:				
At start of year	492,427	-	492,427	-
Increase/(decrease) (note 35)	71,333	492,427	71,333	492,427
At end of year	563,760	492,427	563,760	492,427

Uncleared effects consist of items in transit to/from other banks through Central Bank of Kenya clearing system. These items generally clear by end of next business day.

Other receivable mainly consist of suspense accounts, non –interest bearing and short dated maturity.

14. INVESTMENT IN SUBSIDIARIES

Information about the composition of the Group at the end of the reporting period is as follows:

Details of investment	Country of incorporation	Activity	% of equity interest	2025 Kshs '000	2024 Kshs '000
Tausi Assurance Company Limited	Kenya	General Insurance	80.72%	1,395,692	1,395,692
Purchase of additional shares in Tausi	Kenya	General Insurance	0.42%	11,535	-
			81.14%	1,407,227	1,395,692
Prime Bank Bancassurance Intermediary Limited (Prime Merchant Insurance Agency Limited)	Kenya	Insurance Agency	100%	5,000	5,000
Prime Limited	Kenya	Advisory Services	100%	5,000	5,000
				1,417,227	1,405,692

The Bank owns 100% of Prime Bank Bancassurance Intermediary Limited, an Insurance Agency that was incorporated and commenced trading in 2014.

The Bank also invested Kshs 5 million in Prime Limited a wholly owned subsidiary of the Bank which will be offering advisory services. The subsidiary has not commenced operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

15. RIGHT OF USE - LEASEHOLD LAND

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
COST				
At 1 January	814,360	812,732	721,860	720,232
Revaluation	31,300	1,628	-	1,628
Elimination on revaluation	(3,801)	-	-	-
Disposals	(156,858)	-	(156,858)	-
At 31 December	685,001	814,360	565,002	721,860
DEPRECIATION				
At 1 January	30,219	15,726	26,418	13,192
Charge for the year	11,804	14,493	9,958	13,226
Elimination on revaluation	(3,801)	-	-	-
Disposals	(9,083)	-	(9,083)	-
At 31 December	29,139	30,219	27,293	26,418
NET CARRYING AMOUNT				
At 31 December	655,862	784,141	537,709	695,442

Leasehold land relates to right-of-use and there is no corresponding lease liability because it's fully paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

16. PROPERTY AND EQUIPMENT - GROUP

a) Year ended 31 December 2025

COST/VALUATION	Freehold land Kshs '000	Buildings Kshs '000	Leasehold improvements Kshs '000	Furniture and fittings Kshs '000	Office equipment Kshs '000	Motor vehicles Kshs '000	Computer equipment Kshs '000	Total Kshs '000
At 1 January 2025	38,500	1,531,891	495,662	216,840	258,559	191,924	828,068	3,561,444
Additions	-	-	61,698	7,285	18,464	37,800	161,028	286,275
Revaluation	-	13,950	-	-	-	-	-	13,950
Elimination on revaluation	-	(13,950)	-	-	-	-	-	(13,950)
Disposals	-	(40,000)	-	(20,832)	(38,398)	(13,812)	(477)	(113,519)
At 31 December 2025	38,500	1,491,891	557,360	203,293	238,625	215,912	988,619	3,734,200
DEPRECIATION								
At 1 January 2025	-	86,995	413,933	169,786	198,703	160,949	649,115	1,679,481
Charge for the year	-	33,695	56,803	9,564	18,445	22,991	125,503	267,001
Elimination on revaluation	-	(13,950)	-	-	-	-	-	(13,950)
Disposals	-	-	-	(20,125)	(37,259)	(13,812)	(477)	(71,673)
At 31 December 2025	-	106,740	470,736	159,225	179,889	170,128	774,141	1,860,859
NET CARRYING AMOUNT								
At 31 December 2025	38,500	1,385,151	86,624	44,068	58,736	45,784	214,478	1,873,341

Included in property and equipment as at 31 December 2025 are assets with a cost of Kshs 258,771,021 (2024: Kshs 176,578,244) which are fully depreciated but still in use.

The freehold land and buildings for the Bank were revalued as at 31 December 2022 by Knight Frank, registered valuers, on the open market value basis while the freehold land and buildings for the subsidiary were professionally valued by R.R. Oswald & Company Limited, registered valuers, on the basis of open market value on 28 December 2022. The carrying amount of the freehold land and buildings was adjusted to the revalued amount and the resultant surplus, net of deferred tax, was recognized in other comprehensive income and credited to the asset revaluation reserve in equity. If freehold land and buildings were measured using the cost model, their net carrying amounts as at 31 December 2025 would have been Kshs15,645,000 and Kshs 480,388,000 respectively and Kshs15,645,000 and Kshs 502,660,000 as at 31 December 2024. The revaluation is done after every 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

16. PROPERTY AND EQUIPMENT - GROUP (Continued)

a) Year ended 31 December 2024

COST/VALUATION

	Freehold land Kshs '000	Buildings Kshs '000	Leasehold improvements Kshs '000	Furniture and fittings Kshs '000	Office equipment Kshs '000	Motor vehicles Kshs '000	Computer equipment Kshs '000	Total Kshs '000
At 1 January 2024	38,500	1,531,891	464,629	196,465	239,259	191,571	741,767	3,404,082
Additions	-	-	31,033	21,107	19,653	8,130	86,439	166,362
Disposals	-	-	-	(732)	(353)	(7,777)	(138)	(9,000)
At 31 December 2024	38,500	1,531,891	495,662	216,840	258,559	191,924	828,068	3,561,444

DEPRECIATION

At 1 January 2024	-	43,001	384,990	160,762	180,709	148,231	558,733	1,476,426
Charge for the year	-	34,986	28,943	9,756	18,347	20,492	90,423	202,947
Prior year adjustment*	-	9,008	-	-	-	-	-	9,008
Disposals	-	-	-	(732)	(353)	(7,774)	(41)	(8,900)
At 31 December 2024		86,995	413,933	169,786	198,703	160,949	649,115	1,679,481

NET CARRYING AMOUNT

At 31 December 2024	38,500	1,444,896	81,729	47,054	59,856	30,975	178,953	1,881,963

*Prior year adjustment relates to an immaterial under statement in depreciation of buildings that was recognized in financial year 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

16. PROPERTY AND EQUIPMENT - BANK

b) Year ended 31 December 2025

COST/VALUATION

	Freehold land Kshs '000	Buildings Kshs '000	Leasehold improvements Kshs '000	Furniture and fittings Kshs '000	Office equipment Kshs '000	Motor vehicles Kshs '000	Computer equipment Kshs '000	Total Kshs '000
At 1 January 2025	38,500	1,287,050	493,207	135,216	258,559	181,803	731,329	3,125,664
Additions	-	-	61,698	5,319	18,464	37,800	157,105	280,386
Disposals	-	(40,000)	-	(20,723)	(38,398)	(13,812)	(477)	(113,410)
At 31 December 2025	38,500	1,247,050	554,905	119,812	238,625	205,791	887,957	3,292,640

DEPRECIATION

At 1 January 2025	-	60,672	411,478	110,397	198,703	154,786	564,124	1,500,160
Charge for the year	-	29,045	56,803	6,596	18,445	22,002	120,744	253,635
Disposals	-	-	-	(20,125)	(37,155)	(13,812)	(477)	(71,569)
At 31 December 2025	-	89,717	468,281	96,868	179,993	162,976	684,391	1,682,226

NET CARRYING AMOUNT

At 31 December 2025	38,500	1,157,333	86,624	22,944	58,632	42,815	203,566	1,610,414

Included in property and equipment as at 31 December 2025 are assets with a cost of Kshs 258,771,021 (2024: Kshs 176,578,244) which are fully depreciated but still in use.

The freehold land and buildings for the Bank were revalued as at 31 December 2022 by Knight Frank, registered valuers, on the open market value basis while the freehold land and buildings for the subsidiary were professionally valued by R.R. Oswald & Company Limited, registered valuers, on the basis of open market value on 28 December 2022. The carrying amount of the freehold land and buildings was adjusted to the revalued amount and the resultant surplus, net of deferred tax, was recognized in other comprehensive income and credited to the asset revaluation reserve in equity. If freehold land and buildings were measured using the cost model, their net carrying amounts as at 31 December 2025 would have been Kshs 15,645,000 and Kshs 502,660,000 respectively and Kshs 15,645,000 and Kshs 480,388,000 as at 31 December 2025. The revaluation is done after every 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

16. PROPERTY AND EQUIPMENT - BANK (Continued)

b) Year ended 31 December 2024

COST/VALUATION

	Freehold land Kshs '000	Buildings Kshs '000	Leasehold improvements Kshs '000	Furniture and fittings Kshs '000	Office equipment Kshs '000	Motor vehicles Kshs '000	Computer equipment Kshs '000	Total Kshs '000
At 1 January 2024	38,500	1,287,050	462,174	125,782	239,259	181,300	652,564	2,986,629
Additions	-	-	31,033	10,166	19,653	8,130	78,765	147,747
Disposals	-	-	-	(732)	(353)	(7,627)	-	(8,712)
At 31 December 2024	38,500	1,287,050	493,207	135,216	258,559	181,803	731,329	3,125,664

DEPRECIATION

At 1 January 2024	-	30,336	382,535	104,475	180,709	143,242	478,926	1,320,223
Charge for the year	-	30,336	28,943	6,654	18,347	19,171	85,198	188,649
Disposals	-	-	-	(732)	(353)	(7,627)	-	(8,712)
At 31 December 2024	-	60,672	411,478	110,397	198,703	154,786	564,124	1,500,160

NET CARRYING AMOUNT

At 31 December 2024	38,500	1,226,378	81,729	24,819	59,856	27,017	167,205	1,625,504

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

17. RIGHT-OF-USE ASSETS

The Group leases branch premises for its use. Information about the leases in which the Group is a lessee is presented below:

	GROUP AND BANK	
	2025 Kshs'000	2024 Kshs'000
COST		
At 1 January	834,641	735,699
Additions	317,971	98,942
Lease modification	(3,645)	-
At 31 December	1,148,967	834,641
DEPRECIATION		
At 1 January	583,289	475,142
Charge for the year	131,238	108,147
At 31 December	714,527	583,289
NET BOOK VALUE		
At 31 December	434,440	251,352
Amounts recognized in profit or loss		
Depreciation expense on right-of-use assets	131,238	108,147
Interest expense on lease liabilities (note 22)	24,699	16,720
Gain on lease modification (note 22)	(633)	-
At the end of the year	155,304	124,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

18. GOODWILL AND INTANGIBLE ASSETS

GROUP

31 December 2025

	Computer software and Visa license fees Kshs'000	Goodwill Kshs'000	Work in progress (WIP)**	Total Kshs'000
COST				
At 1 January	1,390,802	642,752	-	2,033,554
Additions	145,692	-	80,763	226,455
At 31 December	1,536,494	642,752	80,763	2,260,009
AMORTISATION				
At 1 January	989,903	-	-	989,903
Charge for the year	161,177	-	-	161,177
At 31 December	1,151,080	-	-	1,151,080
NET CARRYING AMOUNT				
At 31 December	385,414	642,752	80,763	1,108,929

31 December 2024

COST				
At 1 January	1,214,473	642,752	-	1,857,225
Additions	178,720	-	-	178,720
Adjustment*	(2,391)	-	-	(2,391)
At 31 December	1,390,802	642,752	-	2,033,554
AMORTISATION				
At 1 January	830,273	-	-	830,273
Charge for the year	159,630	-	-	159,630
At 31 December	989,903	-	-	989,903
NET CARRYING AMOUNT				
At 31 December	400,899	642,752	-	1,043,651

The goodwill arose from the Bank's acquisition of Tausi Assurance Company Limited. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense in profit or loss and is not subsequently reversed.

*The adjustment in the prior period relates to an immaterial overstatement in the cost of an intangible asset that was recognized in financial year 2023. This overstatement arose from an initial provision that did not align with the actual invoice amount received. The adjustment has been made to correct the carrying value of the asset. The accumulated depreciation related to this asset has not been shown separately in the movement schedule due to its insignificance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

18. GOODWILL AND INTANGIBLE ASSETS (Continued)

**WIP relates to milestone based partial payments made to third party vendors for ongoing software development projects. These costs relate to development activities currently in progress and are carried as WIP until the underlying assets are assessed and confirmed as eligible for capitalization.

The goodwill was tested for impairment as at 31 December 2025. The recoverable amount was determined based on value in use calculations. Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value in use. A five-year forecast was used as a basis for future cash flows, extrapolated in perpetuity to reflect the long-term plans for the entity, using a nominal growth rate of 1.0%. The after-tax discount rate used was based on an assessment of the risks applicable to Tausi Assurance Company Limited and the outlook of the Kenyan economy. The discount rate calculated for the forecast years was 11% per annum. These variables are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating the future cash flows of the cash-generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are available and to the assumptions regarding the long-term sustainability of the cash flows thereafter. Based on the testing performed, the directors believe that the goodwill is not impaired.

INTANGIBLE ASSET – BANK

	Computer software and Visa license fees Kshs '000	Work in progress (WIP)** Kshs '000	Total Kshs '000
31 December 2025			
COST			
At 1 January	1,260,495	-	1,260,495
Additions	144,574	80,763	225,337
At 31 December	1,405,069	80,763	1,485,832
AMORTISATION			
At 1 January	885,984	-	885,984
Charge for the year	151,882	-	151,882
At 31 December	1,037,866	-	1,037,866
NET CARRYING AMOUNT			
At 31 December	367,203	80,763	447,966
31 December 2024			2024 Kshs '000
COST			
At 1 January			1,100,521
Additions			162,365
Adjustment*			(2,391)
At 31 December			1,260,495
AMORTISATION			
At 1 January			738,331
Charge for the year			147,653
At 31 December			885,984
NET CARRYING AMOUNT			
At 31 December			374,511

Intangible assets comprise computer software and Visa license fees. Computer software is what the entity paid to acquire the Bank's core banking system and other peripheral systems. Visa license fees is paid for the use of the Visa payment system. Most of these assets will be amortised in the next five years. The Bank has not pledged its intangible assets as security for liabilities and therefore the Bank has no restriction over title of its assets as at 31 December 2025 and 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

18. GOODWILL AND INTANGIBLE ASSETS (Continued)

*The adjustment in the prior period relates to an immaterial overstatement in the cost of an intangible asset that was recognized in financial year 2023. This overstatement arose from an initial provision that did not align with the actual invoice amount received. The adjustment has been made to correct the carrying value of the asset. The accumulated depreciation related to this asset has not been shown separately in the movement schedule due to its insignificance.

**WIP relates to milestone based partial payments made to third party vendors for ongoing software development projects. These costs relate to development activities currently in progress and are carried as WIP until the underlying assets are assessed and confirmed as eligible for capitalization.

19. DEFERRED TAX

The following is the analysis of the deferred tax balances for financial reporting purposes.

	GROUP		BANK	
	2025 Kshs'000	2024 Kshs'000	2025 Kshs'000	2024 Kshs'000
Deferred tax liabilities	(93,228)	(80,495)	-	-
Deferred tax assets	1,845,321	1,396,305	1,845,265	1,396,025
	1,752,093	1,315,810	1,845,265	1,396,025

Movement of the deferred tax liability during the year is as follows:

GROUP 2025	At 1 January Kshs '000	Recognized in statement of profit or loss Kshs '000	Recognized in other comprehensive income Kshs '000	At 31 December Kshs '000
Arising from:			-	
Property and equipment	(212,154)	(34,030)	-	(278,233)
Provision for staff leave	4,814	12,116	-	16,930
Other provision*	143,080	208,094	-	383,223
Allowance for expected credit losses	1,157,761	263,678	-	1,421,439
Revaluation of lease hold land and buildings	-	-	(13,575)	(13,575)
FVTOCI				
- Debt instruments	146,835	-	-	146,835
- Equity investments	75,474	-	-	75,474
	1,315,810	449,858	(13,575)	1,752,093

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

19. DEFERRED TAX (Continued)

GROUP 2024	At 1 January Kshs '000	Recognized in statement of profit or loss Kshs '000	Recognized in other comprehensive income Kshs '000	Prior year under/ (over) provision Kshs '000	At 31 December Kshs '000
Arising from:					
Property and equipment	(280,742)	36,539	-	32,049	(212,154)
Provision for staff leave	4,814	-	-	-	4,814
Other provision*	32,427	110,653	-	-	143,080
Allowance for expected credit losses	1,232,923	(75,161)	-	-	1,157,762
FVTOCI:					
- Debt instruments	434,369	-	(287,535)	-	146,834
- Equity investments	76,422	-	(948)	-	75,474
	1,500,213	72,031	(288,483)	32,049	1,315,810

BANK 2025	At 1 January Kshs '000	Recognized in statement of profit or loss Kshs '000	Recognized in other comprehensive income Kshs '000	At 31 December Kshs '000
Arising from:				
Property and equipment	(140,046)	(23,197)	-	(163,243)
Provision for staff leave	4,814	12,116	-	16,930
Other provision*	154,707	196,643	-	351,350
Allowance for expected credit losses	1,141,042	263,678	-	1,404,720
FVTOCI				
- Debt instruments	146,835	-	-	146,835
- Equity investments	88,673	-	-	88,673
	1,396,025	449,240	-	1,845,265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

19. DEFERRED TAX (Continued)

BANK 2024	At 1 January Kshs '000	Recognized in statement of profit or loss Kshs '000	Recognized in other comprehensive income Kshs '000	Prior year under/ (over) provision Kshs '000	At 31 December Kshs '000
Arising from:					
Property and equipment	(211,460)	36,259	-	35,155	(140,046)
Provision for staff leave	4,814	-	-	-	4,814
Other provision*	32,426	122,281	-	-	154,707
Allowance for expected credit losses					
FVTOCI:	1,216,203	(75,161)	-	-	1,141,042
- Debt instruments					
- Equity investments	434,369		(287,534)	-	146,835
	89,621		(948)	-	88,673
	1,565,973	83,379	(288,482)	35,155	1,396,025

*Other provisions relates to provision on staff incentive and accrued expenses.

The deferred tax liability is mainly due to accelerated capital allowances and the tax effect of the revaluation surplus on leasehold land and buildings valued in the year as detailed in notes 15 and 16.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle on a tax basis.

20. BALANCES DUE TO BANKS AND FINANCIAL INSTITUTIONS

	GROUP		BANK	
	2025 Kshs'000	2024 Kshs'000	2025 Kshs'000	2024 Kshs'000
Due to banks and financial institutions	11,647	-	11,647	-

21. DEPOSITS FROM CUSTOMERS

	GROUP		BANK	
	2025 Kshs'000	2024 Kshs'000	2025 Kshs'000	2024 Kshs'000
Current deposits	41,323,297	27,499,556	41,860,611	28,037,283
Savings deposits	926,958	766,848	926,958	766,848
Call deposits	7,808,386	731,747	7,808,386	731,747
Fixed deposits	120,615,266	114,243,346	120,615,266	114,243,346
	170,673,907	143,241,497	171,211,221	143,779,224

Included in deposits from customers, were deposits of Kshs1,095 million (2024: Kshs 1,537 million) held as collateral for irrevocable commitments. The weighted average effective interest rate on interest bearing customer deposits as at 31 December 2025 was 7.4% (2024:9.4%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

22. LEASE LIABILITIES

	GROUP AND BANK	
	2025 Kshs'000	2024 Kshs'000
Non-current	460,304	258,602
Current	2,930	16,015
	463,234	274,617
Maturity Analysis		
Year 1	2,930	18,846
Year 2	79,605	13,014
Year 3	31,595	95,848
Year 4	102,947	3,716
Year 5	57,200	129,389
Onwards	257,299	59,342
Future interest payments	(68,342)	(45,538)
	463,234	274,617
The movement in lease liability is as follows:		
As at 1 January	274,617	287,344
Additions	317,971	98,941
Interest on lease liability	24,699	16,720
Lease payments – interest portion	(24,699)	(16,720)
Lease payments – principal portion	(125,076)	(111,668)
Lease modification	(4,278)	-
At 31 December 2025	463,234	274,617

As discussed in note 16, the Bank leases branch premises for its use. The total cash outflow for the leases amounted to Kshs 150 million (2024: Kshs 128 million) being payment for both the principal and interest. There are no restrictions or covenants imposed by lessors and the group did not enter into any sale and leaseback transactions during the year. The Group was not committed to any arrangements that are short term as at year end (2025: Kshs nil). All the property leases in which the Group is the lessee contain only fixed payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

23. OTHER LIABILITIES

	GROUP		BANK	
	2025 Kshs'000	2024 Kshs'000	2025 Kshs'000	2024 Kshs'000
Pay orders issued	16,359	22,233	16,359	22,233
Bills payable	472,836	626,203	472,833	626,203
Sundry creditors and accruals	1,547,748	405,006	1,448,415	305,997
ECL on financial guarantees and loan commitments	271,231	184,755	271,231	184,755
	2,308,174	1,238,197	2,208,838	1,139,188
Financial liabilities	100,018	893,415	100,018	794,406
Non-financial liabilities	2,208,156	344,782	2,108,820	344,782
	2,308,174	1,238,197	2,208,838	1,139,188
The movement in the expected credit loss is as follows:				
At start of year	184,755	193,777	184,755	193,777
Increase/(decrease) in ECL	86,476	(9,022)	86,476	(9,022)
At end of year	271,231	184,755	271,231	184,755

Pay orders issued and accruals are payable on demand and are non-interest bearing.

24. INCOME TAX

(a) Corporate tax (recoverable)/ payable	2025 Kshs'000	2024 Kshs'000
GROUP		
Balance brought forward	(114,618)	(9,058)
Charge for the year	353,453	267,621
Paid during the year	(296,729)	(373,312)
WHT to be recognized in the subsequent year	-	131
Tax recoverable	(57,894)	(114,618)
BANK		
Balance brought forward	19,586	31,082
Charge for the year	237,311	232,968
Paid during the year	(268,743)	(244,576)
WHT tax credit	-	112
Tax (recoverable)/ payable	(11,846)	19,586

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

24. INCOME TAX (Continued)

(b) Income tax expense

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Current tax	353,453	267,621	237,311	232,968
Deferred tax credit (note 19)	(449,858)	(72,031)	(449,240)	(83,379)
Prior year under provision – income taxes	-	4,533	-	-
Tax charge for the year	(96,405)	200,123	(211,929)	149,589

(c) Reconciliation of tax expense to tax based on accounting profit:

	GROUP		BANK	
	2025 Kshs'000	2024 Kshs'000	2025 Kshs'000	2024 Kshs'000
Accounting profit before tax	5,568,803	4,629,728	5,019,111	4,375,935
Tax at applicable rate of 30% (2024: 30%)	1,670,641	1,388,918	1,505,733	1,312,781
Other expenses not deductible for tax purposes	485,758	140,398	441,310	60,821
Other income not subject to tax	(2,252,804)	(1,334,987)	(2,158,972)	(1,224,013)
Prior year under provision – income taxes	-	5,794	-	-
Tax charge for the year	(96,405)	200,123	(211,929)	149,589

Other expenses not deductible for tax purposes mainly relate to premium on infrastructure bonds, excess pension contribution and withholding tax on imported services while other income not subject to tax mainly relate to net exempt income from infrastructure bonds and dividends earned from subsidiaries and foreign investments.

25. SHARE CAPITAL

	GROUP AND BANK	
	2025 Ordinary shares of Kshs 1,000 each KShs. '000	2024 Ordinary shares of Kshs 1,000 each KShs. '000
Authorised:		
Ordinary shares of Kshs 1,000 each	8,000,000	8,000,000
Issued and fully paid:		
At 1 January and 31 December	6,649,390	6,649,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

26. SHARE PREMIUM

Share premium: 500,000 shares of Kshs 3,334 each
Share premium: 1,149,390 shares of Kshs 3,100 each

GROUP AND BANK	
2025 Kshs '000	2024 Kshs '000
1,667,000	1,667,000
3,563,109	3,563,109
5,230,109	5,230,109

27. OTHER RESERVES

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Retained earnings	21,885,219	19,154,418	20,095,430	17,691,192
FVTOCI reserve	64,447,598	10,640,413	64,402,321	10,674,698
Asset revaluation reserve	658,578	632,876	608,965	608,965
Statutory loan reserve	1,470,923	1,270,923	1,470,923	1,270,923
	88,462,318	31,698,630	86,577,639	30,245,778

The fair value through other comprehensive income reserve comprises changes in fair value of debt instruments classified at fair value through other comprehensive income, less the allowance for ECL.

The asset revaluation reserve is not distributable and is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase in the fair value of the same assets previously recognized in equity.

The statutory loan reserves is the excess of the Central Bank of Kenya required provisions over expected credit losses on loans and advances as per IFRS 9 – Financial instruments. The reserve is not distributable as dividends.

28. INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST RATE METHOD

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Loans and advances to customers	7,224,295	7,984,327	7,222,793	7,980,513
Placements and bank balances	1,524,718	1,659,267	1,459,422	1,610,596
Treasury bills and term notes	1,752,035	718,402	1,752,034	718,402
Government securities at amortised cost	6,563,989	5,741,868	6,177,863	5,421,093
FVTOCI investments	3,796,076	2,834,279	3,796,076	2,834,279
	20,861,113	18,938,143	20,408,188	18,564,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

29. INTEREST EXPENSE CALCULATED USING EFFECTIVE INTEREST RATE METHOD

	GROUP AND BANK	
	2025 Kshs '000	2024 Kshs '000
Due to customers	10,830,387	12,277,528
Due to banks and other financial institutions	3,234	1,328
Interest on lease liabilities	24,699	16,720
	10,858,320	12,295,576

30. FEES AND COMMISSION INCOME

	GROUP AND BANK	
	2025 Kshs '000	2024 Kshs '000
Commission income	426,692	424,824
Fees income	183,922	177,862
	610,614	602,686

31. NET FOREIGN EXCHANGE GAIN (GROUP AND BANK)

Net gain on foreign exchange transactions	326,937	1,063,925
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32. DIVIDEND INCOME

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Dividend income	404,834	395,392	564,654	575,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

33. INSURANCE REVENUE AND EXPENSES (GROUP)

	2025 Kshs '000	2024 Kshs '000
Insurance contract revenue		
Insurance revenue from contracts measured under PAA	2,196,570	2,203,590
Total	2,196,570	2,203,590
Insurance service expenses		
Actual claims and expenses over the period	(1,300,950)	(1,435,599)
Expected release of incurred claims over the period	797,692	672,920
Expected release of risk adjustment for incurred claims	84,332	74,720
New incurred claims over the period	(378,477)	(569,325)
Increase in incurred claims liability for past periods	-	-
Increase in PV and RA of incurred claim liability	(185,992)	(382,554)
Release of deferred acquisition cost	(410,680)	(405,125)
Increase in losses on onerous contracts	1,361	3,328
Total	(1,392,714)	(2,041,635)
Reinsurance expenses		
PAA premium reserve release	(875,583)	(877,452)
Total	(875,583)	(877,452)
Reinsurance recoveries		
Actual claims recoveries	324,624	372,755
Expected release of incurred claims over the period	(296,124)	(182,552)
Expected release of risk adjustment for incurred claims	(31,326)	(20,307)
New incurred claims over the period	116,031	281,354
Increase in PV and RA of incurred claims liability	(17,400)	86,386
Release of deferred acquisition cost	272,030	272,235
Changes in loss recovery component	(594)	(2,818)
Total	367,241	807,053
Net expense from reinsurance contracts	(508,342)	(70,399)
Total insurance service result	295,514	91,556

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

34. OTHER INCOME

	GROUP		BANK	
	2025 Kshs'000	2024 Kshs'000	2025 Kshs'000	2024 Kshs'000
Miscellaneous income*	184,520	226,982	109,995	226,982
Recoveries of loans and advances previously written off	23,425	78,741	23,425	9,783
	207,945	305,723	133,420	236,765

*Miscellaneous income mainly relates to monthly charges on current accounts, cheque book charges and annual and replacement fees on cards and gain on sale of fixed assets.

35. ALLOWANCES FOR IMPAIRMENT OF FINANCIAL INSTRUMENTS

	GROUP		BANK	
	2025 Kshs'000	2024 Kshs'000	2025 Kshs'000	2024 Kshs'000
Allowance on loans and advances to customers (note 11)	547,396	15,311	547,396	19,836
Allowance on financial guarantees and loan commitments (note 23)	86,476	(7,805)	86,476	(11,836)
Allowance on treasury bills and term notes (note 7)	18,252	(18,891)	18,252	(18,891)
Allowance on government securities measured at FVOCI	(2,854)	(80,578)	(3,117)	(81,072)
Allowance on government securities at amortised cost (note 8)	7,196	(158,574)	6,467	(158,574)
Write-off of loans and advances not previously provided for	1,048	256	1,048	256
Impairment on other assets (note 13)	71,333	492,427	71,333	492,427
	728,847	242,146	727,855	242,146

36. OTHER OPERATING EXPENSES

Staff costs (note 38)	3,256,619	2,062,378	3,223,949	2,052,277
Depreciation on property and equipment (note 16)	267,001	202,947	253,635	188,649
Depreciation on right of use asset (note 17)	131,238	108,147	131,238	108,147
Amortisation of intangible assets (note 18)	161,177	159,630	151,882	147,653
Amortisation of leasehold land (note 15)	11,804	14,493	9,958	13,226
Auditor's remuneration:				
- Statutory audit	12,206	10,940	12,206	10,940
- Information systems and technology audit	3,370	3,220	3,370	3,220
Directors' emoluments [note 44(d)]	140,636	124,015	140,636	124,015
Deposit protection fund levy	200,427	187,476	200,427	187,476
Rent and rates	50,072	58,950	50,072	58,871
Other general administration expenses*	1,254,187	1,236,235	1,261,154	1,235,340
	5,488,737	4,168,431	5,438,527	4,129,814

*Other general administration expenses mainly comprises repairs and maintenance Kshs 245 million (2024: Kshs 306 million), subscriptions Kshs 251 million (2024: Kshs 284 million), Stationery Kshs 48 million (2024: Kshs 80 million), Insurance expenses Kshs 50 million (2024: Kshs 50 million) among others.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37. PROFIT BEFORE TAX

	GROUP		BANK	
	2025 Kshs'000	2024 Kshs'000	2025 Kshs'000	2024 Kshs'000
Profit before tax is stated after charging/(crediting): -				
Depreciation on property and equipment (note 16)	253,051	202,947	253,635	188,649
Depreciation on right of use assets (note 17)	131,238	108,147	131,238	108,147
Amortisation of intangible assets (note 18)	161,177	159,630	151,882	147,653
Amortisation of leasehold land (note 15)	8,003	14,493	9,958	13,226
Directors' emoluments (note 44d)	140,636	124,015	140,636	124,015
Auditor's remuneration:				
- Statutory audit	12,206	10,940	12,206	10,940
- Information systems and technology audit	3,370	3,220	3,370	3,220
And after crediting: -				
Foreign exchange gains	326,937	1,063,925	326,937	1,063,925
Dividend income	404,834	395,392	564,654	575,212
Gain on disposal of property and equipment	31,964	(2,251)	37,328	(2,251)

38. STAFF COSTS

Salaries and wages	2,122,106	1,752,197	2,089,437	1,742,229
Contributions to pension scheme	106,514	96,490	106,513	96,357
Other staff costs	1,027,999	213,691	1,027,999	213,691
	3,256,619	2,062,378	3,223,949	2,052,277

39. DIVIDEND

	GROUP AND BANK	
	2025 Kshs '000	2024 Kshs '000
Interim dividend declared and paid	1,043,953	671,588
Proposed final dividend	1,582,849	1,469,515
Dividend per share:		
Interim dividend per ordinary share	157	101
Proposed final dividend per ordinary share	238	221

Dividend per share is calculated based on the amount of the dividend and on the number of shares in issue at the reporting date. During the year, the directors recommended and paid a final dividend of Kshs 221 per share for the year 2024 equivalent to a total sum of Kshs 1,470 million while in prior year, the directors recommended and paid a final dividend of Kshs 106 per share for the year 2023 equivalent to a total sum of Kshs 1,097 million.

Further, the Bank paid an interim dividend of Kshs 157 per share equivalent to Kshs 1,044 million during the year ended 31 December 2025.

The directors have proposed to pay a final dividend of Kshs 238 per share for the year 2025 equivalent to a total sum of Kshs 1,583 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

40. CASH FLOWS FROM OPERATING ACTIVITIES

GROUP

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2025 Kshs '000	2024 Kshs '000
Profit before tax		5,568,803	4,629,728
Adjustments for:			
Loss/(gain) on disposal of property and equipment	37	31,964	(2,251)
Gain on disposal of leasehold land		(17,225)	-
Dividends income	37	(404,834)	(395,392)
Allowances for expected credit losses on loans and advances	35	547,396	-
Allowances for expected credit losses on financial guarantees and loan commitments	35	86,476	-
Write-off during the year	35	1,048	-
Impairment of other assets	35	71,333	-
Fair value gain on fair value through profit or loss	10(b)	(42,489)	(15,380)
Accrued interest on loans and advances		(867)	38,616
Allowances for expected credit losses on investment in treasury bills and term notes	7	18,252	(18,891)
Accrued interest on investment in term notes	7	590	-
Accrued interest on investment in securities measured at amortised cost	8	(342,177)	(528,615)
Allowance for expected credit losses on investment in securities measured at amortised cost	8	7,196	(158,574)
Amortisation of premium and discounts on investment in securities measured at amortised cost	8	(349,253)	(120,862)
Allowance for expected credit losses on investment in securities at FVTOCI	35	(2,854)	(80,578)
Amortisation of premium and discounts on investment in securities at FVTOCI	9	(736,536)	760,024
Accrued interest on investment in securities at FVTOCI	9	(334,386)	(70,345)
Unrealised foreign exchange gains on investment in securities at FVTOCI	9	(5,086)	87,996
Unrealised foreign exchange gains on investment in ordinary shares	10	1,650	248,133
Adjustment on intangible asset	18	-	2,391
Amortisation of intangible assets	18	161,177	159,630
Amortisation of leasehold land	15	11,804	14,493
Prior year adjustment on property plant and equipment	16	-	9,008
Depreciation of property and equipment	16(a)	267,001	202,947
Depreciation of right-of-use assets	17	131,238	108,147
Interest on lease liabilities	22	24,699	16,720
Gain on lease modification	17	(633)	-
Allowance for impairment of loans and advances		-	242,146
Operating cash flows before changes in:		4,694,287	5,129,091
(Increase)/ decrease in loans and advances		(367,166)	23,297
Increase in other assets		74,490	107,318
Increase in deposits from customers		27,432,410	16,112,127
Increase/(decrease) in other liabilities		981,676	(198,714)
(Decrease)/increase in insurance contract liabilities		(191,210)	207,989
Increase in reinsurance contract assets		172,788	(340,109)
Interest paid on lease liabilities	22	(24,699)	(16,720)
Cash generated from operating activities		32,772,573	21,024,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

40. CASH FLOWS FROM OPERATING ACTIVITIES (Continued)

BANK

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2025 Kshs '000	2024 Kshs '000
Profit before tax		5,019,111	4,375,935
Adjustments for:			
Loss/(gain) on disposal of property and equipment		37,328	(2,251)
Gain on disposal of leasehold land		(17,224)	-
Dividend income	37	(564,654)	(575,212)
Allowances for expected credit losses on loans and advances	35	547,396	242,146
Accrued interest on loans and advances		(867)	38,616
Allowances for expected credit losses on financial guarantees and loan commitments	35	86,476	(11,836)
Write-off during the year	35	1,047	256
Impairment of other assets	35	71,333	492,427
Allowances for expected credit losses on investment in treasury bills and term notes	7	18,252	(18,891)
Accrued interest on investment in term notes	7	590	-
Accrued interest on investment in securities measured at amortised cost	8	(322,695)	(521,991)
Allowance for expected credit losses on investment in securities measured at amortised cost	8	6,467	(158,574)
Amortisation of premium and discounts on investment in securities measured at amortised cost	8	(365,115)	(123,870)
Allowance for expected credit losses on investment in securities at FVTOCI	35	(3,117)	(81,072)
Amortisation of premium and discounts on investment in securities at FVTOCI	9	(736,536)	761,651
Accrued interest on investment in securities at FVTOCI	9	(335,135)	(72,804)
Unrealised foreign exchange gains on investment in securities at FVTOCI	9	(5,084)	87,996
Unrealised foreign exchange gains on investment in ordinary shares	10	1,648	248,133
Amortisation of intangible assets	18	151,882	147,653
Adjustment on intangible asset	18	-	2,391
Amortisation of leasehold land	15	9,958	13,226
Depreciation of property and equipment	16(b)	253,635	188,649
Depreciation of right of use assets	17	131,238	108,147
Gain on lease modification	17	(633)	-
Interest on lease liabilities	22	24,699	16,720
		4,010,000	4,676,598
Operating cash flows before changes in:			
Increase/(decrease) in cash reserve ratio		-	(365,133)
(Increase)/decrease in loans and advances		(381,631)	23,274
Increase in other assets		70,300	84,861
Increase in deposits from customers		27,431,997	16,223,849
Increase/(decrease) in other liabilities		983,175	(186,230)
Interest paid on lease liabilities	22	(24,699)	(16,720)
Cash generated from operating activities		32,089,142	20,440,499

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

40. CASH FLOWS FROM OPERATING ACTIVITIES (Continued)

Certain figures shown in the cashflows do not correspond to the 2024 financial statements and reflect reclassifications as shown in the table below:

GROUP

	2024 Kshs '000 As previously classified	Kshs '000 Reclassification	2024 Kshs '000 Reclassified
Gain (loss) on disposal of property and equipment	(2,334)	83	(2,251)
Gain on disposal of leasehold land	14,493	(14,493)	-
Fair value gain on fair value through profit or loss	(21,417)	6,037	(15,380)
Accrued interest on loans and advances	-	38,616	38,616
Allowances for expected credit losses on investment in treasury bills and term notes	-	(18,891)	(18,891)
Accrued interest on investment in securities measured at amortised cost	-	(528,615)	(528,615)
Allowance for expected credit losses on investment in securities measured at amortised cost	-	(158,574)	(158,574)
Amortisation of premium and discounts on investment in securities measured at amortised cost	-	(120,862)	(120,862)
Allowance for expected credit losses on investment in securities at FVTOCI	-	(80,578)	(80,578)
Amortisation of premium and discounts on investment in securities at FVTOCI	-	760,024	760,024
Accrued interest on investment in securities at FVTOCI	-	(70,345)	(70,345)
Foreign exchange gains on investment in securities at FVTOCI	-	87,996	87,996
Foreign exchange gains on investment in ordinary shares	-	248,133	248,133
Adjustment on intangible asset	-	2,391	2,391
Amortisation of leasehold land	-	14,493	14,493
Prior year adjustment on property plant and equipment	-	9,008	9,008
Prior year adjustment on tax	-	(4,533)	(4,533)
Operating cash flows before changes in:	4,822,548	169,890	4,992,438
Increase/(decrease) in cash reserve ratio	(365,133)	365,133	-
(Increase)/ decrease in loans and advances	304,059	(280,762)	23,297
Increase in other assets	425,156	(317,838)	107,318
Increase/(decrease) in other liabilities	(340,109)	145,928	(194,181)
Interest paid on lease liabilities	-	(16,720)	(16,720)
Cash generated from operating activities	20,958,648	65,631	21,024,279
Withholding tax credit	-	131	131
NET CASH GENERATED FROM OPERATING ACTIVITIES	20,585,336	65,762	20,651,098
Proceeds from sale of property and equipment	2,251	101	2,352
Interest received from placements	1,659,267	(1,659,267)	-
Proceeds from redemption of investment securities measured at amortised cost	8,545,457	95,846	8,641,303
Proceeds from sale of investments in bonds measured at FVTOCI	4,846,931	144,383	4,991,314
Purchase of SWIFT shares	-	(5,220)	(5,220)
Purchase of investment securities measured at amortised cost	(13,996,731)	553,731	(13,443,000)
Purchase of treasury bills and term notes	(8,237,779)	(3,963,749)	(12,201,528)
Purchase of investments in bonds measured at FVTOCI	(10,582,219)	(834,061)	(11,416,280)
Purchase of leasehold land	-	(1,628)	(1,628)
NET CASH USED IN INVESTING ACTIVITIES	(7,212,513)	(5,669,864)	(12,882,377)
Purchase of additional shares from subsidiary	(16,720)	16,720	-
NET CASH USED IN FINANCING ACTIVITIES	(1,935,299)	16,719	(1,918,580)
Net increase in cash and cash equivalents	11,437,524	(5,587,383)	5,850,141
Cash and cash equivalents at 1 January	25,396,614	3,669,416	29,066,030
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	36,834,138	(1,917,967)	34,916,171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

40. CASH FLOWS FROM OPERATING ACTIVITIES (Continued)

BANK

	2024 As previously classified Kshs '000	Reclassification Kshs '000	2024 Reclassified Kshs '000
Gain on disposal of property and equipment	(2,334)	83	(2,251)
Accrued interest on loans and advances	-	38,616	38,616
Allowances for expected credit losses on investment in treasury bills and term notes	-	(18,891)	(18,891)
Accrued interest on investment in securities measured at amortised cost	-	(521,991)	(521,991)
Allowance for expected credit losses on investment in securities measured at amortised cost	-	(158,574)	(158,574)
Amortisation of premium and discounts on investment in securities measured at amortised cost	-	(123,870)	(123,870)
Allowance for expected credit losses on investment in securities at FVTOCI	-	(81,072)	(81,072)
Amortisation of premium and discounts on investment in securities at FVTOCI	-	761,651	761,651
Accrued interest on investment in securities at FVTOCI	-	(72,804)	(72,804)
Foreign exchange gains on investment in securities at FVTOCI	-	87,996	87,996
Foreign exchange gains on investment in ordinary shares	-	248,133	248,133
Adjustment on intangible asset	-	2,391	2,391
(Increase)/decrease in loans and advances	(4,865,041)	4,888,315	23,274
Increase in other assets	304,036	(219,175)	84,861
Increase in deposits from customers	617,335	15,606,514	16,223,849
Increase/(decrease) in other liabilities	16,223,849	(16,410,079)	(186,230)
Interest paid on lease liabilities	(186,230)	169,510	(16,720)
Cash generated from operating activities	16,243,746	4,196,753	20,440,499
Cash generated from operating activities	16,243,746	4,196,753	20,440,499
Withholding tax credit	-	112	112
NET CASH GENERATED FROM OPERATING ACTIVITIES	15,999,170	4,196,865	20,196,035
Proceeds from sale of investments in bonds measured at FVTOCI	4,646,100	145,214	4,791,314
Purchase of investment securities measured at amortised cost	(13,830,861)	445,861	(13,385,000)
Purchase of treasury bills and term note	(8,237,779)	(3,963,749)	(12,201,528)
Purchase of investment in securities measured at FVTOCI	(10,582,219)	(834,061)	(11,416,280)
Purchase of leasehold land	-	(1,628)	(1,628)
Purchase of SWIFT shares	-	(5,220)	(5,220)
NET CASH USED IN INVESTING ACTIVITIES	(8,691,951)	(4,213,583)	(12,905,534)
Payment of lease liabilities – Interest	(16,720)	16,720	-
NET CASH USED IN FINANCING ACTIVITIES	(1,897,126)	16,720	(1,880,406)

The above reclassifications do not affect the statements of financial position, statements of profit or loss and the statements of changes in equity.

	GROUP		BANK	
	2025 As classified Kshs '000	2024 Reclassified Kshs '000	2025 As classified Kshs '000	2024 Reclassified Kshs '000
Net cash generated from operating activities	20,585,336	20,651,098	15,999,170	20,196,035
Net cash used in investing activities	(7,212,513)	(12,882,377)	(8,691,951)	(12,905,534)
Net cash used in financing activities	(1,935,299)	(1,918,580)	(1,225,538)	(1,880,406)
Net increase in cash and cash equivalents	11,437,524	5,850,141	5,410,094	5,410,094
Cash and cash equivalents at 1 January	25,396,614	29,066,030	25,396,614	29,414,804
Cash and cash equivalents at 31 December	36,834,138	34,916,171	30,790,349	34,824,898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

41. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Cash in hand (note 5)	836,555	711,011	743,334	708,442
Balances with Central Bank of Kenya (note 5)				
- *Restricted balances (Cash Reserve Ratio)	3,105,792	4,034,549	3,105,792	4,034,549
- Unrestricted balances	1,627,134	2,574,676	1,627,134	2,574,676
	4,732,926	6,609,225	4,732,926	6,609,225
Placements and balances with other banks (note 6)	27,048,880	27,595,935	26,999,142	27,507,231
Due to banks and financial institutions (note 20)	(11,647)	-	(11,647)	-
CBK Term Auction deposit (note 5)	8,005,648	-	8,005,648	-
	40,612,362	34,916,171	40,469,403	34,824,898

*Commercial banks in Kenya must keep a mandatory Cash Reserve Ratio (CRR) with the Central Bank of Kenya which is set at 3.25% of their deposit liabilities. Banks are now required to report the CRR restricted balance as part of cash and cash equivalents on the statement of cash flows, since the contractual restriction does not alter the deposit's nature and the Group can access these funds. Previously, this amount was not included in cash and cash equivalents. Consequently, the statement of cash flows has been reclassified. This reclassification does not affect the statements of financial position, statements of profit or loss and the statements of changes in equity.

42. CONTINGENT LIABILITIES

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Loan commitments (Gross)*	19,610,547	10,183,862	19,610,547	10,183,862
Financial guarantee contracts (Gross)*	14,471,659	12,900,267	14,471,659	12,900,267
Bills for collection	5,948,110	3,717,366	5,948,110	3,717,366
Foreign currency bills for collection	105,909	108,044	105,909	108,044
Custodial treasury bonds	752,038	3,992,534	752,038	3,992,534
Spot sales/purchase	649,996	518,814	649,996	518,814
Swap sales/purchases	7,838,950	12,020,906	7,838,950	12,020,906
Forward contracts	44,510	344,765	44,510	344,765
Non CTS cheques	-	253	-	253
Government securities under lien	1,239,900	1,132,034	1,239,900	1,132,034
	50,661,619	44,918,845	50,661,619	44,918,845

*The ECL information for these off -balance sheet items are disclosed in Notes 23 and 35.

The contingent liabilities represent transactions entered into in the normal course of business and are represented by counter indemnities or cash securities from customers for the same amount. Letters of credit, guarantee and acceptance commit the Bank to make payments on behalf of the customers in the event of a specific act, generally relating to the import and export of goods.

The Group is also a defendant in various legal suits. After taking appropriate legal advice, the directors concluded that the outcome of such legal suits are unlikely to result in any significant loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

43. CAPITAL COMMITMENTS

	2025 Kshs '000	2024 Kshs '000
Capital commitments	1,000,000	1,105,000

Capital commitments relate to expected capital expenditure to be incurred in leasehold improvements, furniture and fittings and other assets.

44. RELATED PARTY DISCLOSURES

The Bank enters into transactions with its Subsidiaries namely Tausi Assurance Company Limited, Prime Bancassurance Intermediary Limited and Prime Limited. It also has transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates.

a) Due from:	2025 Kshs '000	2024 Kshs '000
Loans and advances to employees	488,079	509,642
Loans and advances to directors and their associates	4,726,981	4,617,019
	5,215,060	5,126,661
Movement in allowances for expected credit loss:		
At 1 January	39,585	42,526
Allowance for expected credit loss during the year	32,084	(2,941)
At 31 December	71,669	39,585

The loans to related parties are given in the ordinary course of business. The average term of the loans to related parties is 3 years. The loans are secured by titles to property and directors' guarantees.

b) Due to:	2025 Kshs '000	2024 Kshs '000
Tausi Assurance Company Limited	520,377	520,629
Prime Bank Bancassurance Intermediary Limited	11,938	12,098
Prime Limited	5,000	5,000
Deposits from employees	1,195,738	1,223,434
Deposits from directors and their associates	2,947,091	1,785,780
	4,680,144	3,546,941
c) Key management personnel compensation		
Salaries	1,532,404	1,024,776
Post-employment benefits	43,311	26,249
	1,575,715	1,051,025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

44. RELATED PARTY DISCLOSURES (Continued)

d) Directors' emoluments

	GROUP		BANK	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
As management	84,117	75,405	84,117	75,405
As executives	56,519	48,610	56,519	48,610
	140,636	124,015	140,636	124,015

e) Transactions with related parties

Included in interest income is Kshs 800,905,123 (2024: Kshs 745,274,879) being interest on loans and advances to related parties.

Included in interest expense is Kshs 134,173,490 (2024: Kshs 158,278,392) being interest on deposits from related parties.

45. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows the assets and liabilities analyzed according to when they are expected to be recovered or settled.

As 31 December 2025

GROUP	Within 12 months Kshs '000	After 12 months Kshs '000	Total Kshs '000
ASSETS			
Cash and balances with Central Bank of Kenya	13,575,129	-	13,575,129
Placements and balances with other banks	27,048,880	-	27,048,880
Treasury bills and term notes	27,900,842	265,403	28,166,245
Investment in securities measured at amortised cost	4,511,245	45,614,653	50,125,898
Investment in securities at fair value through other comprehensive income	5,727,279	24,498,492	30,225,771
Investment in ordinary shares at fair value through other comprehensive income	-	64,720,194	64,720,194
Investment in ordinary shares at fair value through profit and loss	124,002	-	124,002
Loans and advances	18,851,628	36,441,319	55,292,947
Reinsurance contract assets	-	456,652	456,652
Other assets	-	1,542,007	1,542,007
Right-of-use - leasehold land	-	655,862	655,862
Property and equipment	-	1,873,341	1,873,341
Goodwill and intangible assets	-	1,108,929	1,108,929
Right-of-use assets	-	434,440	434,440
Tax recoverable	57,894	-	57,894
Deferred tax asset	-	1,845,321	1,845,321
TOTAL ASSETS	102,022,934	175,230,578	277,253,512
LIABILITIES			
Balances due to banks and financial institutions	11,647	-	11,647
Deposits from customers	170,168,773	505,134	170,673,907
Insurance contract liabilities	1,176,975	-	1,176,975
Other liabilities	1,844,160	464,014	2,308,174
Lease liabilities	2,930	460,304	463,234
Deferred tax liability	93,228	-	93,228
TOTAL LIABILITIES	173,297,713	1,429,452	174,727,165
NET ASSETS	(71,274,779)	173,801,126	102,526,347

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

45. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

As 31 December 2024

GROUP

ASSETS

Cash and balances with Central Bank of Kenya	7,320,236	-	7,320,236
Placements and balances with other banks	27,595,935	-	27,595,935
Treasury bills and term notes	5,807,119	101,140	5,908,259
Investment securities measured at amortized cost	7,371,945	39,811,240	47,183,185
Investment in securities at fair value through other comprehensive income	8,410,487	19,629,687	28,040,174
Investment in ordinary shares at fair value through other comprehensive income	-	12,378,223	12,378,223
Investment in ordinary shares at fair value through profit and loss	-	81,513	81,513
Loans and advances	22,253,340	33,220,018	55,473,358
Reinsurance contract assets	629,440	-	629,440
Other assets	1,687,829	-	1,687,829
Goodwill and intangible assets	-	1,043,651	1,043,651
Tax recoverable	114,618	-	114,618
Right- of use - leasehold land	-	784,141	784,141
Property and equipment	-	1,881,963	1,881,963
Right-of-use assets	-	251,352	251,352
Deferred tax asset	-	1,396,305	1,396,305
TOTAL ASSETS	76,739,708	115,030,474	191,770,182

LIABILITIES

Deposits from customers	143,019,760	221,737	143,241,497
Insurance contract liabilities	1,368,185	-	1,368,185
Other liabilities	1,238,197	-	1,238,197
Lease liabilities	18,846	255,771	274,617
Deferred tax liability	-	80,495	80,495
TOTAL LIABILITIES	145,644,988	558,003	146,202,991

NET ASSETS

NET ASSETS	(68,905,280)	114,472,471	45,567,191
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

45. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

As at 31 December 2025

	Within 12 months Kshs '000	After 12 months Kshs '000	Total Kshs '000
BANK			
ASSETS			
Cash and balances with the Central Bank of Kenya	13,481,908	-	13,481,908
Placements and balances with other banks	26,999,142	-	26,999,142
Treasury bills and term notes	27,900,842	265,403	28,166,245
Investment in securities measured at amortised cost	2,365,353	45,614,653	47,980,006
Investment in securities at fair value through other comprehensive income	7,413,043	22,259,296	29,672,339
Investment in ordinary shares at fair value through other comprehensive income	-	64,553,522	64,553,522
Loans and advances	18,841,842	36,443,689	55,285,531
Other assets	1,491,368	-	1,491,368
Investment in subsidiaries	-	1,417,227	1,417,227
Right-of-use - leasehold land	-	537,708	537,708
Property and equipment	-	1,610,414	1,610,414
Intangible assets	-	434,440	434,440
Right-of-use assets	-	447,966	447,966
Deferred tax asset	-	1,845,265	1,845,265
Tax recoverable	11,846	-	11,846
TOTAL ASSETS	100,492,183	173,442,744	273,934,927
LIABILITIES			
Balances due to banks and financial institutions	11,647	-	11,647
Deposits from customers	170,706,087	505,134	171,211,221
Other liabilities	2,208,838	-	2,208,838
Lease liabilities	2,930	460,304	463,234
TOTAL LIABILITIES	172,929,502	965,438	173,894,940
NET ASSETS	(72,437,319)	172,477,306	100,039,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

45. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

As at 31 December 2024

BANK	Within 12 months Kshs '000	After 12 months Kshs '000	Total Kshs '000
ASSETS			
Cash and balances with Central Bank of Kenya	7,317,667	-	7,317,667
Placements and balances with other banks	27,507,231	-	27,507,231
Treasury bills and term notes	5,807,119	101,140	5,908,259
Investment in securities measured at amortised cost	7,352,237	38,098,673	45,450,910
Investment in securities at fair value through other comprehensive income	8,410,487	19,111,240	27,521,727
Investment in ordinary shares at fair value through other comprehensive income	-	12,268,610	12,268,610
Loans and advances	22,253,340	33,198,136	55,451,476
Other assets	1,633,001	-	1,633,001
Investment in subsidiaries	-	1,405,692	1,405,692
Intangible assets	-	374,511	374,511
Right- of -use - leasehold land	-	695,442	695,442
Property and equipment	-	1,625,504	1,625,504
Right- of- use assets	-	251,352	251,352
Deferred tax asset	-	1,396,025	1,396,025
TOTAL ASSETS	75,829,841	112,977,566	188,807,407
LIABILITIES			
Deposits from customers	143,557,487	221,737	143,779,224
Lease liabilities	18,846	255,771	274,617
Other liabilities	1,139,188	-	1,139,188
Tax payable	19,586	-	19,586
TOTAL LIABILITIES	144,735,107	477,508	145,212,615
NET ASSETS	(68,905,266)	112,500,058	43,594,792

46. FAIR VALUE MEASUREMENT

a) Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's and Bank's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	GROUP				BANK			
	2025		2024		2025		2024	
	Carrying amount Kshs '000	Fair value Kshs '000	Carrying amount Kshs '000	Fair value Kshs '000	Carrying amount Kshs '000	Fair value Kshs '000	Carrying amount Kshs '000	Fair value Kshs '000
Investment in security measured at amortised cost	50,125,898	51,823,151	47,183,185	52,832,833	47,980,006	50,093,810	45,450,910	51,103,492

This table excludes financial assets and financial liabilities for which fair value approximates carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

46. FAIR VALUE MEASUREMENT (Continued)

a) Fair value of financial instruments not measured at fair value (Continued)

The Bank has determined that for other financial assets and financial liabilities, their carrying amounts are a reasonable approximation of their fair value. Such instruments include investment in securities at fair value through other comprehensive income, investment in ordinary shares at fair value through other comprehensive income, investment in ordinary shares at fair value through profit or loss, loans and advances, cash and balances with central bank, placements and balances with other banks, other assets and customer deposits. For loans and advances a substantial proportion are floating rate instruments, cash and balances with central bank, placements and balances with other banks and other assets have a short term maturity, and a substantial proportion of deposits from customers mature within six months.

b) Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1:

Included in level 1 category are financial assets that are measured in whole or in part by reference to unadjusted, quoted prices in an active market for identical assets and liabilities. Quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The assets are traded in an active market and quoted prices are available

Level 2:

Included in level 2 category are financial assets measured using inputs other than quoted prices included within level 1 that are observable for the asset, either directly (i.e., as prices) or indirectly (i.e., derived from prices). For example, instruments measured using a valuation technique such as used cash flows, based on assumptions that are supported by prices from observable current market transactions are categorized as level 2.

Level 3:

Financial assets measured using inputs that are not based on observable market data are categorised as level 3.

Nonmarket observable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations for which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Bank. Therefore, unobservable inputs reflect the Bank's own assumptions about the assumptions that market participants would use in pricing the asset (including assumptions about risk).

These inputs are developed based on the best information available, which might include the Bank's own data. However, significant portion of the unquoted shares have been valued at cost and variation in inputs would not have significant fair value change.

The table below shows the fair value hierarchy of financial and non-financial instruments:

GROUP 2025	Note	Level 1 Kshs '000	Level 2 Kshs '000	Level 3 Kshs '000	Total Kshs '000
Investment in securities at fair value through other comprehensive income	9	30,225,771	-	-	30,225,771
Investment in ordinary shares at fair value through other comprehensive income	10(a)	63,315,030	-	1,405,164	64,720,194
Investment in ordinary shares at fair value through profit or loss	10(b)	124,002	-	-	124,002
Investment in securities measured at amortised cost	8	50,125,898	-	-	50,125,898
Property and equipment (free hold land and buildings)	16	-	-	1,423,651	1,423,651
Right-of-use - leasehold land	15	-	-	655,862	655,862
		143,790,701	-	3,484,677	147,275,378

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

46. FAIR VALUE MEASUREMENT (Continued)

GROUP 2024	Note	Level 1 Kshs '000	Level 2 Kshs '000	Level 3 Kshs '000	Total Kshs '000
Investment in securities at fair value through other comprehensive income	9	28,040,174	-	-	28,040,174
Investment in ordinary shares at fair value through other comprehensive income	10(a)	11,125,403	-	1,252,820	12,378,223
Investment in ordinary shares at fair value through profit or loss	10(b)	81,513	-	-	81,513
Investment in securities measured at amortised cost	8	47,183,185	-	-	47,183,185
Property and equipment (Freehold land and buildings)	16	-	-	1,483,396	1,483,396
Right-of-use - leasehold land	15	-	-	784,141	784,141
		86,430,275	-	3,520,357	89,950,632
BANK 2025					
Investment in securities at fair value through other comprehensive income	9	29,672,339	-	-	29,672,339
Investment in ordinary shares at fair value through other comprehensive income	10(a)	63,148,358	-	1,405,164	64,553,522
Investment in securities measured at amortised cost	8	47,980,006	-	-	47,980,006
Property and equipment (Freehold land and buildings)	16	-	-	1,195,833	1,195,833
Right-of-use - leasehold land	15	-	-	537,708	537,708
		140,800,703	-	3,138,705	143,939,408
BANK 2024					
Investment in securities at fair value through other comprehensive income	9	27,521,727	-	-	27,521,727
Investment in ordinary shares at fair value through other comprehensive income	10(a)	11,015,790	-	1,252,820	12,268,610
Investment in securities measured at amortised cost	8	45,450,910	-	-	45,450,910
Property and equipment (Freehold land and buildings)	16	-	-	1,264,878	1,264,878
Right-of-use - leasehold land	15	-	-	695,442	695,442
		83,988,427	-	3,213,140	87,201,567

Description of valuation techniques used and key inputs to valuation on land and buildings:

	Valuation technique	Significant unobservable inputs	Range (Weighted Average)
Free hold land, leasehold land, and buildings	Open market valuation	Estimated rental value per s.q.m. per month	Kshs 180 –ground floor space Kshs 120 –upper floor space
		Rent growth p.a.	8%

Government debt securities

These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification.

Equity instruments

The fair value of the privately held shares are measured using a combination of market approach (using market multiples) and net assets value approach. The significant unobservable inputs include marketability discount of 12.4% - 16.8% and control premium of 10% - 18.5%, being the premium a willing buyer is ready to pay to acquire a controlling stake.

There were no transfers between levels 1, 2 and 3 in the year.

Land and buildings

Refer to note 15 and 16 for reconciliation of the fair value measurement of land and buildings.

Significant increases/ (decreases) in estimated rental value per square metre in isolation would result in a significantly higher/ (lower) fair value on a linear basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

47. CAPITAL MANAGEMENT

Regulatory capital

The Central Bank of Kenya sets and monitors capital requirements for the Banking industry as a whole. It has set among other measures, the rules and ratios to monitor adequacy of a bank's capital.

In implementing current capital requirements, the Central Bank of Kenya requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

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

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, after deductions for goodwill and intangible assets, 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 qualifying subordinated liabilities, collective impairment allowances and the element of fair value reserve relating to unrealised gains on equity instruments classified as fair value through other comprehensive income.

Various limits are applied to elements of the capital base; qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of tier 2 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 recognized in addition to recognising the need to maintain a balance between the higher returns and that may be possible with greater gearing and the advantages and security afforded by sound capital position.

The Bank's regulatory capital position at 31 December was as follows:-

	2025		2024	
	Actual Kshs '000	Required Kshs '000	Actual Kshs '000	Required Kshs '000
Tier 1 capital	32,548,711	1,000,000	30,087,956	1,000,000
Tier 2 capital	-	-	-	-
Term subordinated debt	-	-	-	-
Statutory loan loss reserve	1,470,923	-	1,270,923	-
Total regulatory capital	34,019,634	1,000,000	31,358,879	1,000,000
Risk weighted assets	96,966,567	-	94,676,241	-
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	35%	14.5%	33%	14.5%
Total tier 1 capital expressed as a percentage of risk weighted assets	34%	10.50%	32%	10.50%

The Bank has complied with capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT

Risk management framework

The Bank's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risks. The Bank's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Bank's financial performance.

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established various committees, which are responsible for developing and monitoring the Bank's risk management policies in their specified areas. All committees report regularly to the Board on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, 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 Bank, 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.

48.1 Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Management of credit risk

The Board has delegated the responsibility for the management of credit risk to the Credit Committee chaired by a Non-Executive Director. The Credit Department, headed by the Deputy General Manager, oversees the operation under the guidance of Executive Director and Chief Executive Officer responsible for overseeing the Bank's credit risk including and not limited to:

1. Formulating credit policies, covering collateral requirements, credit assessment, risk grading, documentary and legal procedures, and compliance with regulatory and statutory requirements.
2. Reviewing and assessing credit risk.
3. Limiting concentrations of exposure. The Board approved delegated authority restricts exposure for any sector.
4. Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Credit Committee/Board in respect of large borrowers.
5. Providing advice, guidance and specialist skills to business units to promote best practice in the management of credit risk,
6. Developing and maintaining the Group's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
7. Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
8. Ensuring that the Bank has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

Regular audits of Credit Department processes are undertaken by Internal Audit Department.

Climate risk considerations the effect of climate risk on credit risk was assessed, and the impact in the current year was determined to not be material at 31 December 2025. Refer to Note 50 for further details on the judgements made as part of this assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

The table below summarises the maximum exposure to credit risk without taking into consideration collateral or other credit enhancement.

	GROUP		BANK	
Items recognised in the statement of financial position.	2025 Kshs '000	2024 Kshs'000	2025 Kshs'000	2024 Kshs'000
Balances with Central Bank of Kenya	13,575,129	7,320,236	13,481,908	7,317,667
Placements and balances with other banks	27,048,880	27,595,935	26,999,142	27,507,231
Treasury bills and term notes	28,166,245	5,908,259	28,166,245	5,908,259
Investment securities measured at amortised cost	50,125,898	47,183,185	47,980,006	45,450,910
Investment in securities at fair value through other comprehensive income	30,225,771	28,040,174	29,672,339	27,521,727
Other assets	458,884	507,820	458,884	507,820
Loans and advances	55,292,947	55,473,358	55,285,531	55,451,476
	204,893,754	172,028,967	202,044,055	169,665,090
Items not recognised in the statement of financial position.				
Loan commitments	19,479,516	10,140,684	19,479,516	10,140,684
Financial guarantee contracts	14,331,458	12,758,690	14,331,458	12,758,690
	33,810,974	22,899,374	33,810,974	22,899,374
	238,704,728	194,928,341	235,855,029	192,564,464

48.1.1 Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the statement of financial position. In the case of credit derivatives where applicable, the Bank is also exposed to, or protected from, the risk of default of the underlying entity referenced by the derivative. However, to reflect potential losses, the Bank applies portfolio-based debit and credit value adjustments, the Bank is also exposed to a settlement risk, being the risk that the Bank honours its obligation, but the counterparty fails to deliver the counter value.

48.1.2. Credit-related commitments risks

The Bank makes available to its customers guarantees that may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies

48.1.3. Impairment assessment

The references below show where the Bank's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the summary of accounting policies.

- The Bank's definition and assessment of default and cure (note 48.1.3.1)
- An explanation of the Bank's internal grading system (note 48.1.3.2)
- How the Bank defines, calculates and monitors the probability of default, exposure at default and loss given default (notes 48.1.3.2, 48.1.3.4 and 48.1.3.3 respectively)
- When the Bank considers there has been a significant increase in credit risk of an exposure (note 48.1.3.5)
- The Bank's policy of segmenting financial assets where ECL is assessed on a collective basis (note 48.1.3.6)

The Bank recognises loss allowances for ECLs on the following financial assets that are not measured at FVTPL:

- Loans and advances to customers
- Loan commitments issued; and
- Financial guarantee contracts issued

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.3. Impairment assessment (Continued)

With the exception of purchased or originated credit impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

12-month ECL, i.e., lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or full lifetime ECL, i.e., lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided below.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor, or any other party. The Bank measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis

It may not be possible to identify a single discrete event-instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or Fair Value through Other Comprehensive Income are credit-impaired at each reporting date. A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default.

The definition of default (see below) includes unlikelihood to pay indicators and a back-stop if amounts are overdue for 90 days or more.

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

48.1.3.1 Definition of default, impaired and cure

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Bank considers a financial instrument defaulted for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Bank has aligned the definition of default for accounting purposes, to the Central Bank of Kenya (CBK) definition (PG 3.3.C). The Bank has aligned its definition of credit impaired assets under IFRS 9 to the CBK definition of nonperforming loans (NPLs).

As a part of a qualitative assessment of whether an exposure is credit-impaired, the Bank also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least 12 consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Bank considers the following as constituting an event of default:

- (i) The borrower is past due more than 90 days on any material credit obligation to the Bank: or
- (ii) The borrower is unlikely to pay its credit obligations to the Bank in full.
- (iii) The borrower is in long-term forbearance
- (iv) The borrower is deceased
- (v) The borrower is insolvent or becoming probable that the borrower will enter bankruptcy

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.3. Impairment assessment (Continued)

48.1.3.1 Definition of default, impaired and cure (Continued)

- (vi) The borrower is in breach of financial covenants
- (vii) An active market for that financial asset has disappeared because of financial difficulties

Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

This definition of default is used by the Bank for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding. Accounts classified as non-performing loans (NPLs) under CBK prudential guidelines (Substandard, Doubtful and Loss) are treated as credit-impaired and classified as Stage 3.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL. The Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. Also, additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour.

The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime

- PD by comparing:
- The remaining lifetime PD at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending the Group considers the expectation of forbearance, credit scores and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a backstop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e., the loss allowance is measured as the lifetime ECL. In addition loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted if there is evidence of credit-impairment the assets are at stage 3 of the impairment model.

48.1.3.2. The Bank's internal rating and PD estimation process

The Bank's Credit Department operates its internal rating models. The Bank runs separate models for its key portfolios in which its customers are rated from AAA to D using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Where practical, they also build on information from

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.3. Impairment assessment (Continued)

48.1.3.2. The Bank's internal rating and PD estimation process (Continued)

External Rating Agencies. The internal credit grades are assigned based on these grades.

Credit Rating	Risk Rationale
AAA	Minimal credit Risk
AA	Very low credit risk
A	Low Credit Risk
BBB	Moderate credit risk
BB	Substantial credit risk

Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises five categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The Bank uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a mapping of the Group's internal credit risk grades to external ratings.

Group Rating	Description
1	Low to fair risk/Normal
2	Watch list
3	Substandard
4	Doubtful
5	Impaired/Loss

48.1.3.3. Exposure at default

The exposure at default (EAD) represents the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD of a financial asset represents its gross carrying amount at the time of default subject to the impairment calculation, addressing both the counterparty's ability to increase its exposure while approaching default and potential early repayments too. The Bank assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Bank determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of the Bank's models.

48.1.3.4. Loss given default

Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

LGDs are modelled at facility level. Collateral values are based on forced sale values and discounted for time-to-realisation. Debentures are excluded from collateral considered for LGD modelling.

48.1.3.5. Significant increase in credit risk

The Bank assesses SICR using (i) a day past due backstop, (ii) watch list placement (early warning signals) and (iii) expert judgement supported by governance and documentation.

The Bank continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.3. Impairment assessment (Continued)

48.1.3.5. Significant increase in credit risk (Continued)

based on the Bank's historical experience and expert credit assessment and including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure.

Forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. Also, additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour.

The Bank applies qualitative and quantitative criteria for measuring significant increase in credit Risk, stage classification for its transition credit risk migration.

48.1.3.5.1 Quantitative criteria

The quantitative criteria is based on relative and not absolute changes in credit quality driven by the Banks Internal Rating of counterparties and days past due

The determination of whether a change in the risk of default occurring within the next 12 months is an appropriate basis for recognizing lifetime expected credit losses is driven by specific facts and circumstances. For financial instruments with a maturity exceeding 12 months, this basis is unsuitable for assessing a significant increase in credit risk where:

- the financial instruments only have significant payment obligations beyond the next 12 months
- changes in relevant macroeconomic or other credit-related factors occur that are not adequately reflected in the risk of a default occurring in the next 12 months; ii changes in credit-related factors only have an impact on the credit risk of the financial

IFRS 9 credit staging	Regulator grading	Days past due
Stage 1	Normal	Up to date and in line with contractual agreements or within 30 days' arrears
Stage 2	Watch	31 to 90 days overdue
Stage 3	Substandard	91 to 180 days overdue
	Doubtful	181 – 365 days overdue
	Loss	Over 365 days overdue

As a backstop, exposures that are 30 days past due are transferred to Stage 2 unless SICR is rebutted based on reasonable and supportable information. Exposures that are 90 days past due are treated as defaulted and classified as Stage 3. This undertaken by System arrears report; monthly staging run; mapping to CBK prudential categories

48.1.3.5.2 Qualitative criteria

The Bank supplements the above staging criteria with an assessment of qualitative factors. This assessment, which encompasses but is not restricted to the following list, may lead to an immediate (lifetime) classification of credit facilities if such treatment is deemed reflective of the underlying risk:

The following qualitative factors, reflecting significant changes in the terms that would be offered at the reporting date, indicate a potential increase in credit risk since initial recognition:

- A widening of the applicable credit spread.
- The introduction of more stringent financial covenants.
- An increase in the amount of collateral or the strength of guarantees required.
- A higher required income coverage ratio.

In assessing significant increases in credit risk, the Group considers observable market data, such as:

- An increase in credit spreads specific to the facility of the borrower.
- The period or degree to which fair value is below amortised cost.
- Other market signals, including declines in the borrower's debt prices.
- Actual or expected adverse changes in the external credit rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.3. Impairment assessment (Continued)

48.1.3.5. Significant increase in credit risk (Continued)

48.1.3.5.2 Qualitative criteria (Continued)

In determining whether a significant increase in credit risk has occurred, the Bank evaluates actual or expected adverse changes that could materially affect the borrower's ability to repay. Key indicators include:

- i. Deterioration in macroeconomic conditions, such as higher interest rates or unemployment.
- ii. Negative trends in operating results, including margin compression, declining revenues, and increasing operational risks.
- iii. Worsening financial position, evidenced by working capital deficits, declining asset quality, or increased leverage.
- iv. Structural or environmental shifts, encompassing management changes, business discontinuances, or adverse technological or regulatory developments impacting the borrower's viability.

The Bank assesses material changes in credit risk mitigation factors that may influence default probability, including:

- i. Collateral value: Significant declines in the value of collateral held, which may reduce the borrower's economic incentive to repay.
- ii. Guarantor credit quality: Deterioration in the financial condition or willingness of third-party guarantors to perform.
- iii. Shareholder/parent support: Weakening of the financial ability or incentive of shareholders (or an individual's parents) to provide capital or cash infusions to prevent borrower default.

Expected modifications to contractual loan terms that may indicate a significant increase in credit risk, including but not limited to:

- i. Breach of contract resulting in covenant waivers or amendments;
- ii. Granting interest payment holidays or deferrals;
- iii. Contractual interest rate step-ups triggered by deterioration in credit quality;
- iv. Imposition of additional collateral or guarantee requirements.

Significant changes in the expected performance and behaviour of the borrower, indicating potential credit deterioration, including but not limited to:

- i. An increase in the incidence of delayed contractual payments;
- ii. A rise in the number of credit card borrowers expected to approach or exceed their credit limit;
- iii. An increase in the number of credit card borrowers expected to make only the minimum monthly payment.

Watch list exposures may be classified as Stage 2 even if they are not 30 days past due, where available information indicates a heightened risk of default. This is undertaken by Watch list minutes; credit review memos; borrower financials; sector stress reports.

Where applicable the Bank may apply expert judgement to move exposures to Stage 2/3 where available information indicates higher risk than DPD alone.

48.1.3.6. Grouping financial assets measured on a collective and individual basis

The Bank calculates the allowance for ECL either on a collective or an individual basis.

Asset classes where the Bank calculates ECL on an individual basis include:

- All Stage 3 assets, regardless of the class of financial assets undertaken.

Asset classes where the Bank calculates ECL on a collective basis include:

- The Corporate lending portfolio - by collateral type and segmentation by 11 economic sectors.
- Retail (including credit cards, mobile banking) - by collateral type and segmentation by 11 economic sectors.
- The large and unique exposures of the small business lending portfolio - by collateral type and segmentation by 11 economic sectors.
- Unsecured facilities - by segmentation by 11 economic sectors.
- Large exposures that have been classified as POCI when the original loan was derecognised and a new loan was recognised as a result of a credit driven debt restructuring
- Purchased POCI
- Unsecured off-balance sheet - by product type and segmentation by 11 economic sector.

For the purpose of collectively assessing expected credit losses, the Bank aggregates exposures that share similar risk characteristics to ensure homogeneity within each group. This grouping is conducted only where sufficient data exists to support statistically credible estimations. The determination of appropriate groupings reflects the Group's credit risk management practices, including considerations for regulatory requirements and internal concentration limits.

Accordingly, loans and advances measured at amortised cost are categorised by industry sector as listed below:

- Agriculture
- Building and Construction
- Energy and Water
- Financial Services
- Manufacturing
- Mining and Quarrying
- Personal/Household
- Real Estate
- Tourism, Restaurant and Hotels
- Trade
- Transport and Communication

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.4. Analysis of inputs to the ECL model under multiple economic scenarios

The Bank incorporates forward-looking information through three scenarios (Base, Upside and Adverse).

The table below shows the assigned weights as at December 2025.

Scenario	Weight (December 2025)	Description
Base	0.3647	Most likely economic outlook
Upside	0.2334	Improved macro conditions
Adverse	0.4019	Stressed macro conditions

To ensure completeness and accuracy, the Bank obtains the data used from third party sources and the internal audit team verifies the accuracy of inputs to the Bank's ECL models including determining the weights attributable to the multiple scenarios. The following table sets out the key drivers of expected loss and the assumptions used for the Bank's base case estimate, allowance for ECL based on the base case, plus the effect of the use of multiple economic scenarios as at for the period 2025 and forecasted periods 2026 to 2030. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations.

			Actual		Predicted	Forecast
	ECL scenario	Assigned weightings	2024	2025	2026	Avg %
Macro -economic variables						
Accommodation and food service nominal GVA, LCU, % chg y-o-y	Base	0.36	0.7055	6.2587	9.3221	11.7630
	Upside	0.23	31.4422	36.9955	40.0588	42.4990
	Adverse	0.40	(23.8679)	(18.3147)	(15.2513)	12.8100
Electricity supply nominal GVA, EUR, % chg y-o-y	Base	0.36	11.8355	9.3197	4.5193	8.8533
	Upside	0.23	45.2579	42.7421	37.9416	42.2757
	Adverse	0.40	0.6182	(1.8975)	(6.6980)	(2.3639)
Food and non-alcoholic drinks spending, LCU, % chg y-o-y	Base	0.36	8.7623	10.1044	10.2498	10.4927
	Upside	0.23	16.4095	17.7515	17.8970	18.1399
	Adverse	0.40	4.0850	5.4271	5.5726	5.8154
Net exports of goods & services real growth, % y-o-y	Base	0.36	(6.9183)	14.1842	13.8474	0.2952
	Upside	0.23	34.9610	56.0635	55.7267	42.1745
	Adverse	0.40	(20.9568)	0.1457	(0.1912)	(13.7434)
Net exports of goods and services, % of GDP	Base	0.36	(6.0548)	(6.7278)	(6.8117)	(6.0468)
Accommodation and food service nominal GVA, LCU, % chg y-o-y	Base	0.36	0.7055	6.2587	9.3221	11.7630
	Upside	0.23	31.4422	36.9955	40.0588	42.4990
	Adverse	0.40	(23.8679)	(18.3147)	(15.2513)	12.8100
Electricity supply nominal GVA, EUR, % chg y-o-y	Base	0.36	11.8355	9.3197	4.5193	8.8533
	Upside	0.23	45.2579	42.7421	37.9416	42.2757
	Adverse	0.40	0.6182	(1.8975)	(6.6980)	(2.3639)
Food and non-alcoholic drinks spending, LCU, % chg y-o-y	Base	0.36	8.7623	10.1044	10.2498	10.4927
	Upside	0.23	(4.0768)	(4.7499)	(4.8337)	(4.0688)
	Adverse	0.40	(9.2265)	(9.8996)	(9.9834)	(9.2185)
Nominal GDP, USD (PPP), % y-o-y	Base	0.36	4.8724	7.2155	5.6659	7.6862
	Upside	0.23	8.4955	10.8386	9.2889	11.3093
	Adverse	0.40	0.2771	2.6203	1.0706	3.0910
Private final consumption per capital, LCU (2010 prices)	Base	0.36	87,920.2565	90,983.1423	94,090.8356	100,674.6220
	Upside	0.23	100,039.7117	103,102.5975	106,210.2908	112,794.0772
	Adverse	0.40	77,723.9504	80,786.8363	83,894.5295	90,478.3160
Private final consumption, pp contribution to real growth	Base	0.36	4.9674	4.0286	3.9744	3.3716
	Upside	0.23	5.8851	4.9463	4.8921	4.2893
	Adverse	0.40	1.2562	0.3174	0.2632	-0.3396
Real lending rate, %, ave	Base	0.36	12.3600	10.2400	7.8400	5.5450
	Upside	0.23	5.3400	3.2200	0.8200	-1.4750
	Adverse	0.40	15.0140	12.8940	10.4940	8.1990

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.4. Analysis of inputs to the ECL model under multiple economic scenarios (Continued)

Scenario - weighted ECL is supplemented, where necessary, by management overlays to reflect risks not fully captured in the model outputs. Where the Bank holds excess IFRS 9 provisions, management may allocate overlays to sectors experiencing heightened risk (e.g., Manufacturing 10%, Real Estate 30%, Transport & Communication 20%, Tourism 35%, Trade 5%).

Carrying amount of loans and advances, loan commitments and financial guarantees and ECL - sector wise

31 December 2025	BANK AND GROUP				
Sector class	Total gross carrying amount Kshs '000	Weighted ECL Kshs '000	ECL overlay Kshs '000	Loss allowance Kshs '000	Carrying amount Kshs '000
Agriculture	1,628,019	19,202	-	19,202	1,608,817
Building and Construction	4,506,344	455,842	-	455,842	4,050,502
Energy and Water	785,202	104	-	104	785,098
Financial Services	3,553,440	360	-	360	3,553,080
Manufacturing	21,978,371	356,982	40,155	397,137	21,581,234
Mining and Quarrying	84,737	3	-	3	84,734
Personal Household	4,389,318	220,709	-	220,709	4,168,609
Real Estate	9,882,013	209,801	120,465	330,266	9,551,747
Tourism Restaurant and Hotels	602,183	53,646	140,542	194,188	407,995
Trade	37,617,142	1,007,590	19,937	1,027,527	36,589,615
Transport and Communication	7,134,099	338,714	80,310	419,025	6,715,074
Total	92,160,868	2,662,953	401,409	3,064,363	89,096,505

ECL on loans and advances, loan commitments and financial guarantees by scenario - sector wise

31 December 2025	BANK AND GROUP					Incremental effect of scenarios Kshs '000
Sector class	Base ECL Kshs '000	Adverse ECL Kshs '000	Upside ECL Kshs '000	Weighted ECL Kshs '000	Base-only ECL Kshs '000	
Agriculture	19,199	19,202	19,199	19,202	19,199	3
Building and Construction	452,341	455,842	452,341	455,842	452,341	3,501
Energy and Water	103	104	103	104	103	1
Financial Services	13,240	13,320	13,240	13,260	13,240	21
Manufacturing	352,333	357,950	351,860	356,982	352,333	4,648
Mining and Quarrying	3	3	3	3	3	-
Personal Household	218,572	220,708	218,572	220,709	218,572	2,137
Real Estate	204,433	209,801	204,433	209,801	204,433	5,368
Tourism Restaurant and Hotels	53,544	53,646	53,544	53,646	53,544	102
Trade	994,040	1,008,750	994,040	1,008,750	994,040	14,711
Transport and Communication	338,449	340,262	337,849	338,715	338,449	265
ECL overlay	418,106	384,775	419,179	387,349	418,106	
Total	3,064,363	3,064,363	3,064,363	3,064,363	3,064,363	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.4. Analysis of inputs to the ECL model under multiple economic scenarios (Continued)

Carrying amount of loans and advances, loan commitments and financial guarantees and ECL - sector wise

31 December 2024	BANK AND GROUP				
Sector class	Total gross carrying amount Kshs '000	Weighted ECL Kshs '000	ECL overlay Kshs '000	Loss allowance Kshs '000	Carrying amount Kshs '000
Agriculture	193,752	1,660	-	1,660	192,092
Building and Construction	4,278,763	470,732	-	470,732	3,808,031
Energy and Water	1,297,434	32,530	-	32,530	1,264,904
Financial Services	3,432,510	2,836	-	2,836	3,429,674
Manufacturing	21,766,074	195,447	1,031	196,478	21,569,596
Mining and Quarrying	108,256	21	-	21	108,235
Personal Household	4,669,510	258,817	-	258,817	4,410,693
Real Estate	8,705,578	139,145	3,107	142,252	8,563,326
Tourism, Restaurant & Hotels	839,206	40,428	3,625	44,053	795,153
Trade	30,220,307	994,074	518	994,592	29,225,715
Transport & Communication	5,262,175	276,673	2,071	278,743	4,983,432
Total	80,773,565	2,412,363	10,352	2,422,714	78,350,851

ECL on loans and advances, loan commitments and financial guarantees by scenario - sector wise

31 December 2024	BANK AND GROUP					
Sector class	Base ECL Kshs '000	Adverse ECL Kshs '000	Upside ECL Kshs '000	Weighted ECL Kshs '000	Base-only ECL Kshs '000	Incremental effect of scenarios Kshs '000
Agriculture	1,656	1,656	1,656	1,660	1,656	4
Building & Construction	470,732	470,733	470,731	470,732	470,732	0
Energy & Water	32,361	32,361	32,361	32,530	32,361	169
Financial Services	319	319	319	2,836	319	2,516
Manufacturing	195,447	195,447	195,446	195,447	195,447	0
Mining & Quarrying	2	2	2	21	2	19
Personal Household	258,817	258,818	258,817	258,817	258,817	0
Real Estate	139,145	139,145	139,144	139,145	139,145	0
Tourism, Restaurant & Hotels	40,428	40,428	40,428	40,428	40,428	0
Trade	994,074	994,076	994,072	994,074	994,074	0
Transport & Communication	276,673	276,673	276,673	276,673	276,673	0
ECL Overlay	13,060	13,055	13,065	10,351	13,060	
Total	2,422,714	2,422,714	2,422,714	2,422,714	2,422,714	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.5. Measurement of ECL

The key inputs used for measuring ECL are:

1. Probability of default (PD);
2. Loss given default (LGD); and
3. Exposure at default (EAD).

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data, as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

The key inputs used for measuring ECL are

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross- collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Bank uses EAD models that reflect the characteristics of the portfolios.

48.1.6 Expected credit losses

The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice.

The ECL calculation for accounting purposes is different to the ECL calculation for regulatory purposes, although many inputs used are similar. The Bank has ensured that the appropriate methodology is used when calculating ECL for both accounting and regulatory purposes.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.6 Expected credit losses (Continued)

48.1.6.1 Summary of credit risk

Internal grading system

	BANK				
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	POCI KShs '000	TOTAL KShs '000
31 December 2025					
Loans and advances to customers at amortized cost					
Grades 1: Low to fair risk	47,850,679	-	-	-	47,850,679
Grades 2: Watch	-	5,835,095	-	-	5,835,095
Grades 3: Substandard	-	-	548,014	-	548,014
Grade 4: Doubtful	-	-	3,082,705	-	3,082,705
Grade 5: Impaired	-	-	762,169	-	762,169
Total gross carrying amount	47,850,679	5,835,095	4,392,888	-	58,078,662
Loss allowance	411,209	370,158	2,011,764	-	2,793,131
Carrying amount	47,439,470	5,464,937	2,381,124	-	55,285,531

For Group purposes, the total net carrying amount is Kshs 55,292 million. This comprises the net carrying amount of the loans and advances for the Bank of Kshs 55,285 million as shown in the table above and Kshs 7,416 million, representing loans and advances to staff in the subsidiary, Tausi Assurance books. The loans and advances to staff are graded as low to fair risk and classified as stage 1 for purposes of ECL measurement.

	BANK				
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	POCI KShs '000	TOTAL KShs '000
31 December 2024					
Loans and advances to customers at amortized cost					
Grades 1: Low to fair risk	46,496,374	-	-	-	46,496,374
Grades 2: Watch	-	6,299,469	-	-	6,299,469
Grades 3: Substandard	-	-	420,399	-	420,399
Grade 4: Doubtful	-	-	3,530,857	-	3,530,857
Grade 5: Impaired	-	-	942,336	-	942,336
Total gross carrying amount	46,496,374	6,299,469	4,893,592	-	57,689,435
Loss allowance	184,566	187,914	1,865,479	-	2,237,959
Carrying amount	46,311,808	6,111,555	3,028,113	-	55,451,476

For Group purposes, the total net carrying amount is Kshs 55,473 million. This comprises the net carrying amount of the loans and advances for the Bank of Kshs 55,451 million as shown in the table above and Kshs 21,882 million, representing loans and advances to staff in the subsidiary, Tausi Assurance books. The loans and advances to staff are graded as low to fair risk and classified as stage 1 for purposes of ECL measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.6 Expected credit losses (Continued)

48.1.6.1 Summary of credit risk (Continued)

Loan commitments

	GROUP AND BANK				
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	POCI KShs '000	TOTAL KShs '000
31 December 2025					
Grades 1: Low to fair risk	19,610,547	-	-	-	19,610,547
Grades 2: Watch	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grade 4: Doubtful	-	-	-	-	-
Grade 5: Impaired	-	-	-	-	-
Total gross carrying amount	19,610,547	-	-	-	19,610,547
Loss allowance	(131,031)	-	-	-	(131,031)
Carrying amount	19,479,516	-	-	-	19,479,516

Loan commitments

	GROUP AND BANK				
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	POCI KShs '000	TOTAL KShs '000
31 December 2024					
Grades 1: Low to fair risk	10,183,862	-	-	-	10,183,862
Grades 2: Watch	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grade 4: Doubtful	-	-	-	-	-
Grade 5: Impaired	-	-	-	-	-
Total gross carrying amount	10,183,862	-	-	-	10,183,862
Loss allowance	(43,178)	-	-	-	(43,178)
Carrying amount	10,140,684	-	-	-	10,140,684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.6 Expected credit losses (Continued)

48.1.6.1 Summary of credit risk (Continued)

Financial guarantee contracts

	GROUP AND BANK				
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	POCI KShs '000	TOTAL KShs '000
31 December 2025					
Grades 1: Low to fair risk	14,471,659	-	-	-	14,471,659
Grades 2: Watch	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grade 4: Doubtful	-	-	-	-	-
Grade 5: Impaired	-	-	-	-	-
	14,471,659	-	-	-	14,471,659
Loss allowance	(140,201)	-	-	-	(140,201)
Carrying amount	14,331,458	-	-	-	14,331,458

Financial guarantee contracts

	GROUP AND BANK				
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	POCI KShs '000	TOTAL KShs '000
31 December 2024					
Grades 1: Low to fair risk	12,900,267	-	-	-	12,900,267
Grades 2: Watch	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grade 4: Doubtful	-	-	-	-	-
Grade 5: Impaired	-	-	-	-	-
Total gross carrying amount	12,900,267	-	-	-	12,900,267
Loss allowance	(141,577)	-	-	-	(141,577)
Carrying amount	12,758,690	-	-	-	12,758,690

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.6 Expected credit losses (Continued)

48.1.6.1 Summary of credit risk (Continued)

Gross carrying amount – Loans and advances to customers at amortized cost

	BANK			
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	TOTAL KShs '000
31 December 2025				
Gross carrying amount as at 1 January 2025	46,708,808	6,299,471	4,681,156	57,689,435
Changes in the loss allowance				
– Transfer to stage 1	1,342,952	(1,329,702)	(13,250)	-
– Transfer to stage 2	(2,207,391)	2,584,586	(377,195)	-
– Transfer to stage 3	(416,810)	(555,773)	972,583	-
– Increases due to change in credit risk	4,270,455	493,907	104,110	4,868,472
– Decreases due to change in credit risk	(7,619,175)	(1,625,839)	(650,326)	(9,895,340)
– Write-offs	-	(976)	(28,697)	(29,673)
– Changes due to modifications that did not result derecognition				
New financial assets originated or purchased	17,187,354	329,087	1,078	17,517,519
Financial assets that have been settled	(11,203,081)	(359,666)	(509,004)	(12,071,751)
Gross carrying amount as at 31 December 2025	48,063,112	5,835,096	4,180,455	58,078,662

For Group purposes, the total net carrying amount is Kshs 55,292 million. This comprises the net carrying amount of the loans and advances for the Bank of Kshs 55,285 million as shown in the table above and Kshs 7,416 million, representing loans and advances to staff in the subsidiary, Tausi Assurance books. The loans and advances to staff are graded as low to fair risk and classified as stage 1 for purposes of ECL measurement.

Gross carrying amount – Loans and advances to customers at amortized cost

	GROUP AND BANK			
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	TOTAL KShs '000
31 December 2024				
Gross carrying amount as at 1 January 2024	49,785,660	3,729,635	5,163,853	58,679,148
Changes in the loss allowance				
– Transfer to stage 1	1,348,303	(1,341,952)	(6,351)	-
– Transfer to stage 2	(4,351,020)	4,351,020	-	-
– Transfer to stage 3	(302,299)	(586,753)	889,052	-
– Increases due to change in credit risk	3,926,305	1,927,738	158,324	6,012,366
– Decreases due to change in credit risk	(10,106,541)	(1,067,883)	(597,974)	(11,772,398)
– Write-offs	(463)	(4)	(705,046)	(705,513)
– Changes due to modifications that did not result into derecognition				
New financial assets originated or purchased	16,280,407	158,386	52,758	16,491,551
Financial assets that have been settled	(9,871,544)	(870,716)	(273,460)	(11,015,720)
Gross carrying amount as at 31 December 2024	46,708,808	6,299,471	4,681,156	57,689,435

For Group purposes, the net gross carrying amount is Kshs 55,473 million. This comprises the net carrying amount of the loans and advances for the Bank of Kshs 55,451 million as shown in the table above and Kshs 21,882 million, representing loans and advances to staff in the subsidiary, Tausi Assurance books. The loans and advances to staff are graded as low to fair risk and classified as stage 1 for purposes of ECL measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.6 Expected credit losses (Continued)

48.1.6.1 Summary of credit risk (Continued)

Gross carrying amount – Loan commitments

	GROUP AND BANK			
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	TOTAL KShs '000
31 December 2025				
Gross carrying amount as at 1 January 2025	10,183,862	-	-	10,183,862
Changes in the loss allowance	-	-	-	-
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	3,423,563	-	-	3,423,563
– Decreases due to change in credit risk	(1,847,747)	-	-	(1,847,747)
– Write-offs	-	-	-	-
New financial assets originated or purchased	9,197,801	-	-	9,197,801
Financial assets that have been settled	(1,346,932)	-	-	(1,346,932)
Gross carrying amount as at 31 December 2025	19,610,547	-	-	19,610,547

Gross carrying amount – Loan commitments

	GROUP AND BANK			
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	TOTAL KShs '000
31 December 2024				
Gross carrying amount as at 1 January 2024	12,200,056	-	-	12,200,056
Changes in the loss allowance	-	-	-	-
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	2,359,291	-	-	2,359,291
– Decreases due to change in credit risk	(2,462,761)	-	-	(2,462,761)
– Write-offs	-	-	-	-
New financial assets originated or purchased	2,507,245	-	-	2,507,245
Financial assets that have been settled	(4,419,969)	-	-	(4,419,969)
Gross carrying amount as at 31 December 2024	10,183,862	-	-	10,183,862

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.6 Expected credit losses (Continued)

48.1.6.1 Summary of credit risk (Continued)

Gross carrying amount – Financial guarantee contracts

	GROUP AND BANK			
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	TOTAL KShs '000
31 December 2025				
Gross carrying amount as at 1 January 2025	12,900,267	-	-	12,900,267
Changes in the loss allowance				
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	235,154	-	-	235,154
– Decreases due to change in credit risk	(52,538)	-	-	(52,538)
– Write-offs	-	-	-	-
New financial assets originated or purchased	11,175,003	-	-	11,175,003
Financial assets that have been settled	(9,786,226)	-	-	(9,786,226)
Gross carrying amount as at 31 December 2025	14,471,660	-	-	14,471,660

Gross carrying amount – Financial guarantee contracts

	GROUP AND BANK			
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	TOTAL KShs '000
31 December 2024				
Gross carrying amount as at 1 January 2024	12,512,914	-	-	12,512,914
Changes in the loss allowance				
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	64,671	-	-	64,671
– Decreases due to change in credit risk	(215,536)	-	-	(215,536)
– Write-offs	-	-	-	-
New financial as sets originated or purchased	10,151,007	-	-	10,151,007
Financial assets that have been settled	(9,612,789)	-	-	(9,612,789)
Gross carrying amount as at 31 December 2024	12,900,267	-	-	12,900,267

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.6 Expected credit losses (Continued)

48.1.6.1 Summary of credit risk (Continued)

The tables below analyses the movement of the loss allowance during the year per class of assets.

Loss allowance – Loans and advances to customers at amortized cost

	GROUP AND BANK			
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	TOTAL KShs '000
31 December 2025				
Loss allowance as at 1 January 2025	184,566	187,914	1,865,479	2,237,959
Changes in the loss allowance				
– Transfer to stage 1	36,269	(34,681)	(1,588)	-
– Transfer to stage 2	(12,741)	109,291	(96,550)	-
– Transfer to stage 3	(3,466)	(44,922)	48,388	-
– Increases due to change in credit risk	138,274	250,850	602,228	991,352
– Decreases due to change in credit risk	(63,536)	(120,068)	(250,744)	(434,348)
– Write-offs	-	(31)	(28,657)	(28,688)
– Changes due to modifications that did not result derecognition				
New financial assets originated or purchased	162,171	39,639	844	202,654
Financial assets that have been settled	(30,328)	(17,834)	(127,637)	(175,799)
Loss allowance as at 31 December 2025	411,209	370,158	2,011,763	2,793,130

Loss allowance – Loans and advances to customers at amortized cost

	GROUP AND BANK			
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	TOTAL KShs '000
31 December 2024				
Loss allowance as at 1 January 2024	274,397	171,949	2,477,290	2,923,636
Changes in the loss allowance				
– Transfer to stage 1	61,875	(58,624)	(3,251)	-
– Transfer to stage 2	(15,145)	15,145	-	-
– Transfer to stage 3	(2,211)	(28,781)	30,992	-
– Increases due to change in credit risk	28,135	115,802	353,486	497,423
– Decreases due to change in credit risk	(158,554)	(4,807)	(583,963)	(747,324)
– Write-offs	(5)	(1)	(325,908)	(325,914)
– Changes due to modifications that did not result into derecognition				
New financial assets originated or purchased	54,441	6,165	24,249	84,855
Financial assets that have been settled	(58,367)	(28,934)	(107,416)	(194,717)
Loss allowance as at 31 December 2024	184,566	187,914	1,865,479	2,237,959

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.6 Expected credit losses (Continued)

48.1.6.1 Summary of credit risk (Continued)

Loss allowance – Loan commitments

	GROUP AND BANK			
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	TOTAL KShs '000
31 December 2025				
Loss allowance as at 1 January 2025	(11,873)	(21)	55,072	43,178
Changes in the loss allowance				
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	60,364	-	-	60,364
– Decreases due to change in credit risk	(11,656)	-	-	(11,656)
– Write-offs	-	-	-	-
New financial assets originated or purchased	47,646	-	-	47,646
Financial assets that have been settled	(8,501)	-	-	(8,501)
Loss allowance as at 31 December 2025	75,980	(21)	55,072	131,031

Loss allowance – Loan commitments

	GROUP AND BANK			
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	TOTAL KShs '000
31 December 2024				
Loss allowance as at 1 January 2024	73,221	-	-	73,221
Changes in the loss allowance				
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	9,474	-	-	9,474
– Decreases due to change in credit risk	(22,037)	-	-	(22,037)
– Write-offs	-	-	-	-
New financial assets originated or purchased	10,372	-	-	10,372
Financial assets that have been settled	(27,852)	-	-	(27,852)
Loss allowance as at 31 December 2024	43,178	-	-	43,178

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.6 Expected credit losses (Continued)

48.1.6.1 Summary of credit risk (Continued)

Loss allowance – Financial guarantee contracts

	GROUP AND BANK			
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	TOTAL KShs '000
31 December 2025				
Loss allowance as at 1 January 2025	141,577	-	-	141,577
Changes in the loss allowance				
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	17,570	-	-	17,570
– Decreases due to change in credit risk	(22,866)	-	-	(22,866)
– Write-offs	-	-	-	-
New financial assets originated or purchased	97,577	-	-	97,577
Financial assets that have been settled	(93,657)	-	-	(93,657)
Loss allowance as at 31 December 2025	140,201	-	-	140,201

Loss allowance – Financial guarantee contracts

	GROUP AND BANK			
	Stage 1 12-month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	TOTAL KShs '000
31 December 2024				
Loss allowance as at 1 January 2024	120,556	-	-	120,556
Changes in the loss allowance				
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Increases due to change in credit risk	8,909	-	-	8,909
– Decreases due to change in credit risk	(13,702)	-	-	(13,702)
– Write-offs	-	-	-	-
New financial assets originated or purchased	101,774	-	-	101,774
Financial assets that have been settled	(75,960)	-	-	(75,960)
Loss allowance as at 31 December 2024	141,577	-	-	141,577

As discussed above in the significant increase in credit risk section, under the Bank's monitoring procedures a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. This is the case mainly for loans and advances to customers and more specifically for retail lending exposures because for corporate lending and other exposures there is more borrower specific information available which is used to identify significant increase in credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.6 Expected credit losses (Continued)

48.1.6.1 Summary of credit risk (Continued)

The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status.

BANK

	31 December 2025 Gross Carrying Amount KShs '000	Loss Allowance KShs '000	31 December 2024 Gross Carrying Amount KShs '000	Loss Allowance KShs '000
Loans and advances to customers				
0-29 days	47,850,679	411,209	46,496,375	184,566
30-59 days	5,835,095	370,158	6,299,469	187,914
60-89 days	548,014	299,008	420,399	120,499
90-180 days	3,082,705	938,438	3,530,857	802,436
More than 181 days	762,169	774,318	942,335	942,544
	58,078,662	2,793,131	57,689,435	2,237,959

For Group purposes, the total gross carrying amount is Kshs 58,086 million (2024: Kshs 57,711 million). This comprises the gross carrying amount of the loans and advances for the Bank of Kshs 58,079 million (Kshs 57,689 million) as shown in the table above and Kshs 7,416 million (2024: Kshs 21,882), representing the gross carrying amounts of loans and advances to staff in the subsidiary, Tausi Assurance books. The loans and advances to staff are classified under 0-29 days past due status.

Loan commitments

	GROUP AND BANK			
	Gross Carrying Amount KShs '000	Loss Allowance KShs '000	Gross Carrying Amount KShs '000	Loss Allowance KShs '000
0-29 days	19,610,547	131,031	10,183,862	43,178
30-59 days	-	-	-	-
60-89 days	-	-	-	-
90-180 days	-	-	-	-
More than 181 days	-	-	-	-
	19,610,547	131,031	10,183,862	43,178

Financial guarantee contracts

	GROUP AND BANK			
	Gross Carrying Amount KShs '000	Loss Allowance KShs '000	Gross Carrying Amount KShs '000	Loss Allowance KShs '000
0-29 days	14,471,659	140,201	12,900,267	141,577
30-59 days	-	-	-	-
60-89 days	-	-	-	-
90-180 days	-	-	-	-
More than 181 days	-	-	-	-
	14,471,659	140,201	12,900,267	141,577

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.7 Modification and derecognition of financial assets

A loan modification is a permanent change to one or more of the terms of the loan. Enforcing or adopting terms that were present in the original terms of the facility is not a modification. The treatment of a renegotiation or modification of the contractual cash flows of a financial asset depend on whether the modification is done for commercial reasons or because financial constraints by Borrowers

Contractual modifications on commercial terms are treated as a new transaction resulting in derecognition of the original financial asset and the recognition of a 'new' financial asset. Any difference between the carrying amount of the derecognised asset and the fair value of the new asset is recognised in profit or loss.

When the Bank modifies the contractual conditions due to financial difficulties of the borrower, the asset is not derecognised unless the terms of the contract are substantively changed (such as the inclusion of an equity participation or a substantial change in counterparty). If the asset is not substantially modified, then the gross carrying amount of the financial asset is recalculated to be the present value of the modified cash flows discounted at the original EIR and any gain or loss is recognised in profit or loss as part of the total impairment loss.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- The remaining lifetime PD at the reporting date based on the modified terms.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

From a risk management point of view, once an asset is forbore or modified due to financial difficulties of the borrower, the Bank's special department for distressed assets continues to monitor the exposure until it exits forbearance, i.e., it is either cured or completely and ultimately derecognised.

The table below includes Stage 2 and 3 assets that were modified and, therefore, treated as forbore during the period, with the related modification loss suffered by the Bank.

BANK AND GROUP	31 December 2025 KShs '000	31 December 2024 KShs '000
Amortised cost of financial assets modified during the period	7,303,375	5,547,521
Net modification loss	(2,885,551)	(3,623,727)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.7 Modification and derecognition of financial assets (Continued)

The table below shows the gross carrying amount of previously modified financial assets for which loss allowance has changed to 12mECL measurement during the period:

	Post modification		Pre- modification	
	Gross carrying amount KShs '000	ECL carrying amount KShs '000	Gross carrying amount KShs '000	ECL carrying amount KShs '000
31 December 2025				
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	844,505	6,238	1,342,952	36,269
Facilities that reverted to (Stage 2/3)	58,187	2,921	63,617	557
	Post modification		Pre- modification	
	Gross carrying amount KShs '000	ECL carrying amount KShs '000	Gross carrying amount KShs '000	ECL carrying amount KShs '000
31 December 2024				
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	371,681	1,317	1,348,303	61,875
Facilities that reverted to (Stage 2/3)	23,705	21,327	76,358	182

48.1.8 Write – off

The Bank derecognises loans and debt securities, either partially or in full, when it concludes that no reasonable expectation of recovery remains. This determination is made where the borrower lacks sufficient assets or income streams to generate the cash flows necessary to repay the outstanding amount.

Key principles governing write-offs are as follows:

- A write-off constitutes a derecognition event, reflecting the absence of a reasonable expectation of recovery.
- The Bank may continue to undertake enforcement activities on financial assets that have been written off.
- Any subsequent recoveries arising from such enforcement activities are recognised as impairment gains in the statement of profit or loss, presented within 'net impairment loss on financial assets'.

Indicators supporting the conclusion that no reasonable expectation of recovery exists include, but are not limited to:

- Cessation of enforcement activities; or
- Instances where recovery methods involve foreclosure on collateral, and the value of such collateral is insufficient to support full recovery.

Notwithstanding a write-off, the Bank may continue to pursue amounts legally owed to the extent that enforcement activities remain ongoing. This includes situations where a partial write-off has been recognised due to the absence of a reasonable expectation of full recovery, yet the Bank retains the right to seek recovery of the outstanding balance.

The table below shows the amount outstanding on financial assets that were written off during the period and are still subject to enforcement activities.

GROUP AND BANK	31 December 2025 KShs '000	31 December 2024 KShs '000
Write-off during the year	7,776	705,513

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.9 Analysis of risk concentration

The Bank's concentrations of risk are managed by client/counterparty and industry sector. The maximum credit exposure to any client or counterparty as of 31 December 2025 was Kshs 3,028 million (2024: Kshs 4,252 million) before taking into account collateral or other credit enhancements.

Loans and advances to customers at amortised cost

Concentration by Sector	31 December 2025			31 December 2024		
	Kshs '000 Gross carrying amount	Loss allowance	Net carrying amount	Kshs '000 Gross carrying amount	Loss allowance	Net carrying amount
Agriculture	911,406	19,060	892,346	153,720	1,651	152,069
Building and Construction	2,576,399	403,998	2,172,401	1,939,646	380,762	1,558,884
Energy and Water	346,694	41	346,653	1,182,801	32,478	1,150,323
Financial Services	1,361,809	145	1,361,664	865,783	493	865,290
Manufacturing	14,411,783	380,701	14,031,082	15,998,397	188,884	15,809,513
Mining and Quarrying	25,544	-	25,544	91,611	19	91,592
Personal/Household	3,375,718	216,994	3,158,724	3,791,145	250,213	3,540,932
Real Estate	7,796,799	299,798	7,497,001	8,061,278	140,386	7,920,892
Tourism, Restaurant and Hotels	421,420	150,586	270,834	668,606	42,227	626,379
Trade	20,847,981	915,787	19,932,194	20,390,648	922,638	19,468,010
Transport and Communication	6,003,109	406,021	5,597,088	4,545,799	278,208	4,267,591
	58,078,662	2,793,131	55,285,531	57,689,434	2,237,959	55,451,475

Loan commitments

Concentration by Sector	31 December 2025			31 December 2024		
	Kshs '000 Gross carrying amount	Loss allowance	Net carrying amount	Kshs '000 Gross carrying amount	Loss allowance	Net carrying amount
Agriculture	709,759	136	709,623	32,504	4	32,500
Building and Construction	919,364	12,209	907,155	468,136	4,493	463,643
Energy and Water	399,966	51	399,915	64,497	6	64,491
Financial Services	148,777	7	148,770	81,290	17	81,273
Manufacturing	3,599,907	7,438	3,592,469	2,364,956	2,081	2,362,875
Mining and Quarrying	33,339	1	33,338	15,835	1	15,834
Personal/Household	1,009,903	3,685	1,006,218	862,047	8,308	853,739
Real Estate	1,090,772	14,693	1,076,079	553,671	1,609	552,062
Tourism, Restaurant and Hotels	141,896	34,004	107,892	120,312	937	119,375
Trade	10,817,474	50,390	10,767,084	5,165,574	25,467	5,140,107
Transport and Communication	739,390	8,417	730,973	455,041	256	454,785
	19,610,547	131,031	19,479,516	10,183,863	43,179	10,140,684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.9 Analysis of risk concentration (Continued)

Financial guarantee

Concentration by Sector	31 December 2025			31 December 2024		
	Kshs '000 Gross carrying amount	Loss allowance	Net carrying amount	Kshs '000 Gross carrying amount	Loss allowance	Net carrying amount
Agriculture	6,854	6	6,848	7,528	5	7,523
Building and Construction	1,010,581	39,636	970,945	1,870,981	85,476	1,785,505
Energy and Water	38,542	13	38,529	50,136	46	50,090
Financial Services	2,042,853	208	2,042,645	2,485,437	2,326	2,483,111
Manufacturing	3,966,681	8,997	3,957,684	3,402,721	5,513	3,397,208
Mining and Quarrying	25,854	3	25,851	810	1	809
Personal/Household	3,697	30	3,667	16,317	296	16,021
Real Estate	994,442	15,775	978,667	90,629	256	90,373
Tourism, Restaurant and Hotels	38,867	9,598	29,269	50,288	890	49,398
Trade	5,951,688	61,349	5,890,339	4,664,084	46,487	4,617,597
Transport and Communication	391,600	4,586	387,014	261,335	281	261,054
	14,471,659	140,201	14,331,458	12,900,266	141,577	12,758,689

48.1.10 Collateral and other credit enhancements

The Group employs a comprehensive framework of policies and practices to mitigate credit risk. The most conventional of these is the obtaining of security against loans and advances to customers, financial guarantee contracts and loan commitments, which is standard practice across the Group.

Key elements of the collateral management framework are as follows:

1. Collateral Acceptability: The acceptability of collateral for credit risk mitigation purposes is governed by the Group's established procedures and policies.
2. Approval Controls: Risk mitigation policies strictly control the approval process for permissible collateral types.
3. Valuation Practices: Collateral is valued in accordance with the Group's risk mitigation policy, which prescribes the frequency of valuation based on the collateral type.
4. Valuation Frequency: The valuation frequency is determined by the price volatility inherent in each collateral type.
5. Impaired Loans: Collateral held against impaired loans is maintained at fair value.
6. Monitoring and Review: Collateral valuations are subject to regular monitoring and are back-tested at least annually to ensure ongoing reliability.

The main types of collateral obtained are as follows:

1. Cash
2. Government securities
3. Charges over real estate properties
4. Charges over commercial properties
5. Mortgages over residential properties
6. Motor vehicles and machinery
7. Inventory and trade receivables
8. Guarantees from parent companies for loans to their subsidiaries
9. Third party individual guarantees

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. In its normal course of business, the Bank may engage external agents to recover funds from repossessed properties or other assets in its portfolio, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. Although master netting arrangements may significantly reduce credit risk, it should be noted that the credit risk is eliminated only to the extent of amounts due to the same counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.10 Collateral and other credit enhancements (Continued)

This table summarizes the collateral held by each staging loan

	31-Dec-25 Gross Carrying Amount KShs '000	31-Dec-25 Collateral held KShs '000	31-Dec-25 Surplus/(Deficit) KShs '000
Loans and advances to customers			
Stage 1	47,439,470	47,219,262	(220,208)
Stage 2	5,464,937	4,656,681	(808,256)
Stage 3	2,381,124	5,401,812	3,020,688
	<u>55,285,531</u>	<u>57,277,755</u>	<u>1,992,224</u>
Loan commitments			
Stage 1	19,479,516	22,453,858	2,974,342
Stage 2	-	-	-
Stage 3	-	-	-
	<u>19,479,516</u>	<u>22,453,858</u>	<u>2,974,342</u>
Financial guarantee contracts			
Stage 1	14,331,458	9,163,827	(5,167,631)
Stage 2	-	-	-
Stage 3	-	-	-
	<u>14,331,458</u>	<u>9,163,827</u>	<u>(5,167,631)</u>

This table summarizes the collateral held by each staging loan

	31-Dec-24 Gross Carrying Amount KShs '000	31-Dec-24 Collateral held KShs '000	31-Dec-24 Surplus/(Deficit) KShs '000
Loans and advances to customers			
Stage 1	46,311,808	60,154,644	13,842,836
Stage 2	6,111,555	7,195,283	1,083,728
Stage 3	3,028,112	4,886,304	1,858,192
	<u>55,451,475</u>	<u>72,236,231</u>	<u>16,784,756</u>
Loan commitments			
Stage 1	10,140,684	13,672,076	3,531,392
Stage 2	-	-	-
Stage 3	-	-	-
	<u>10,140,684</u>	<u>13,672,076</u>	<u>3,531,392</u>
Financial guarantee contracts			
Stage 1	12,758,690	9,163,827	(3,594,863)
Stage 2	-	-	-
Stage 3	-	-	-
	<u>12,758,690</u>	<u>9,163,827</u>	<u>(3,594,863)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.1 Credit risk (Continued)

48.1.10 Collateral and other credit enhancements (Continued)

48.1.10. ECL on low credit risk assets

Repossession of collateral

As part of its normal credit management processes, the Bank may repossess collateral. The Group's policy is to dispose of such assets in the open market at fair market value, with the proceeds applied to reduce or extinguish the outstanding claim. Repossessed properties are generally not retained by the Group for business use.

48.1.10. Valuation of collateral

The Group maintains a panel of qualified professional valuers with adequate experience in the valuation of property and machinery. Valuations of collateral are performed at least every four years to ensure ongoing reliability.

48.1.11. Loss allowance movement

The Bank provides a reconciliation of opening to closing loss allowance and the key drivers of movements during the year, including: (i) new lending and repayments, (ii) changes in credit risk and macroeconomic assumptions, (iii) stage migration, and (iv) write-offs and recoveries.

48.2 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers.

Details of the reported bank ratio of net liquid assets to deposits from customers at the reporting date and during the year were as follows:

	2025	2024
At 31 December	78.7%	71.7%
Average for the year	75.0%	69.3%
Maximum for the year	78.7%	71.8%
Minimum for the year	71.4%	66.7%
Central Bank of Kenya required minimum	20%	20%

Management of liquidity risk

The Bank'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 Institution'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 financial institutions and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the institution as a whole. All liquidity policies and procedures are subject to review and approval by an Assets and Liabilities Committee.

The Bank manages the liquidity structure of assets, liabilities and commitments so that cash flows are appropriately matched to ensure that all funding obligations are met when due. Banking operations are such that mismatch of assets and liabilities according to their maturity profiles cannot be avoided. However, management ensures that the mismatch is controlled in line with allowable risk levels. The table below analyses maturity profiles of the undiscounted cash flows of the financial assets and liabilities of the Bank based on the remaining period using 31 December 2025 as a base period to the contractual maturity date. Deposits from customers shown as maturing within 90 days relate to current, savings, call and fixed account balances. Although classified in this band, previous experience has shown these to be stable and of a long term nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.2 Liquidity risk (Continued)

Management of liquidity risk (Continued)

31 December 2025 GROUP	Up to 1 Month KShs. '000	1 to 3 Months KShs. '000	3 Months – 1 year KShs. '000	1 to 5 years KShs. '000	Over 5 years KShs. '000	Total KShs. '000
FINANCIAL ASSETS						
Cash and balances with Central Bank of Kenya	13,575,129	-	-	-	-	13,575,129
Placements and balances with other banks	14,113,948	12,082,970	-	-	-	27,048,880
Treasury bills and term notes	-	-	27,900,842	265,403	-	28,166,245
Investment securities measured at amortised cost	-	388,309	4,122,936	31,741,645	13,873,008	50,125,898
Investment in securities at fair value through other comprehensive income	-	-	5,727,279	13,774,528	10,723,964	30,225,771
Other assets	-	-	458,884	-	-	458,884
Loans and advances to customers	9,272,883	1,029,399	7,406,191	11,156,943	26,427,531	55,292,947
Total assets	36,961,960	13,500,678	45,616,132	56,938,519	51,024,503	204,041,792
FINANCIAL LIABILITIES						
Balances due to banks and financial institutions	-	-	11,647	-	-	11,647
Deposits from customers	44,363,256	31,471,807	94,333,879	505,134	-	170,673,907
Other liabilities	-	-	100,018	-	-	100,018
Lease liabilities	769	382	138,478	369,961	21,785	531,375
Off balance sheet:	44,364,025	31,472,189	94,584,022	875,095	21,785	171,317,116
Loan commitments*	15,589,839	46,586	202,798	1,538,706	2,232,618	19,610,547
Financial guarantees**	14,471,659	-	-	-	-	14,471,659
	30,061,498	46,586	202,798	1,538,706	2,232,618	34,082,206
Total liabilities	78,425,523	31,518,775	94,786,820	2,413,801	2,254,403	205,319,153
Net liquidity gap	(37,463,563)	(18,018,097)	(49,170,688)	54,524,718	109,252,249	84,300,431
*Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. **For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.						
Maturity analysis for insurance contract liabilities						
The table below presents the expected maturities of the discounted cash flows of insurance contract liabilities.						
31 December 2025 GROUP	Up to 1 Month KShs. '000	1 to 3 Months KShs. '000	3 Months – 1 year KShs. '000	1 to 5 years KShs. '000	Over 5 years KShs. '000	Total KShs. '000
Insurance contract liabilities	-	117,698	247,165	812,112	-	1,176,975

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.2 Liquidity risk (Continued)

Management of liquidity risk (Continued)

31 December 2024 GROUP	Up to 1 Month KShs. '000	1 to 3 Months KShs. '000	3 Months – 1 year KShs. '000	1 to 5 years KShs. '000	Over 5 years KShs. '000	Total KShs. '000
FINANCIAL ASSETS						
Cash and balances with Central Bank of Kenya	7,320,236	-	-	-	-	7,320,236
Placements and balances with other banks	10,483,564	8,837,021	8,475,350	-	-	27,795,935
Treasury bills and term notes	357,119	1,700,000	3,750,000	101,140	-	5,908,259
Investment in securities measured at amortised cost	-	2,887,089	4,484,856	4,599,656	35,211,584	47,183,185
Investment in securities at fair value through other comprehensive income	-	3,959,882	4,450,605	6,292,607	13,337,080	28,040,174
Other assets	-	-	507,820	-	-	507,820
Loans and advances to customers	7,922,743	4,522,288	5,827,767	20,022,170	17,178,390	55,473,358
Total assets	26,083,662	21,906,280	27,496,398	31,015,573	65,727,054	172,228,967
FINANCIAL LIABILITIES						
Deposits from customers	66,311,997	33,656,915	43,050,848	221,737	-	143,241,497
Other liabilities	-	-	893,415	-	-	893,415
Lease liabilities	704	1,407	94,892	217,423	5,729	320,155
	66,312,701	33,658,322	44,039,155	439,160	5,729	144,455,067
Off balance sheet:						
Loan commitments	8,582,927	32,944	352,664	692,152	523,175	10,183,862
Financial guarantees	12,900,267	-	-	-	-	12,900,267
	21,483,194	32,944	352,664	692,152	523,175	23,084,129
Total liabilities	87,712,233	33,691,266	44,391,819	1,131,312	528,904	167,539,196
Net liquidity gap	(61,712,233)	(11,784,986)	(16,895,421)	29,884,261	65,198,150	4,698,771
Maturity analysis for insurance contract liabilities						
The table below presents the expected maturities of the discounted cash flows of insurance contract liabilities.						
31 December 2024 GROUP	Up to 1 Month KShs. '000	1 to 3 Months KShs. '000	3 Months – 1 year KShs. '000	1 to 5 years KShs. '000	Over 5 years KShs. '000	Total KShs. '000
Insurance contract liabilities	-	136,819	287,319	944,047	-	1,368,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.2 Liquidity risk (Continued)

Management of liquidity risk (Continued)

31 December 2025	Up to 1 Month KShs. '000	1 to 3 Months KShs. '000	3 Months – 1 year KShs. '000	1 to 5 years KShs. '000	Over 5 years KShs. '000	Total KShs. '000
BANK						
Cash and balances with Central Bank of Kenya	13,481,908	-	-	-	-	13,481,908
Placements and balances with other banks	14,113,948	12,885,194	-	-	-	26,999,142
Treasury bills and term notes	-	-	27,900,842	265,403	-	28,166,245
Investment securities measured at amortised cost	-	-	2,365,353	29,481,463	16,133,190	47,980,006
Investment securities at fair value through other comprehensive income	-	-	7,413,043	9,744,096	12,515,201	29,672,339
Other assets	-	-	458,885	-	-	458,885
Loans and advances to customers	9,272,883	1,029,399	8,539,560	11,156,943	25,286,746	55,285,531
	36,868,739	13,914,593	46,677,683	50,647,905	53,935,137	202,044,056
FINANCIAL LIABILITIES						
Due to banks and financial institutions	-	-	11,647	-	-	11,647
Deposits from customers	44,363,256	31,471,807	94,871,024	505,134	-	171,211,221
Other liabilities	-	-	100,018	-	-	100,018
Lease liabilities	769	382	138,478	369,961	21,785	531,375
	44,364,025	31,472,189	95,121,167	875,095	21,785	171,854,261
Off balance sheet:						
Loan commitments	15,589,839	46,586	202,798	1,538,706	2,232,618	19,610,547
Financial guarantees	14,471,659	-	-	-	-	14,471,659
	30,061,498	46,586	202,798	1,538,706	2,232,618	34,082,206
Total liabilities	78,425,523	31,518,775	95,323,965	2,413,801	2,254,403	205,936,467
Net liquidity gap	(37,556,784)	(17,604,182)	(48,646,282)	48,234,104	51,680,734	(3,892,411)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.2 Liquidity risk (Continued)

Management of liquidity risk (Continued)

31 December 2024	Up to 1 Month KShs. '000	1 to 3 Months KShs. '000	3 Months – 1 year KShs. '000	1 to 5 years KShs. '000	Over 5 years KShs. '000	Total KShs. '000
BANK						
Cash and balances with Central Bank of Kenya	7,317,667	-	-	-	-	7,317,667
Placements and balances with other banks	10,486,835	8,599,951	8,420,445	-	-	27,507,231
Treasury bills and term notes	1,000,000	1,500,000	3,307,119	101,140	-	5,908,259
Investment securities measured at amortised cost	-	2,887,089	4,465,148	4,599,656	33,499,017	45,450,910
Investment in securities at fair value through other comprehensive income	-	3,959,882	4,450,605	6,292,607	12,818,633	27,521,727
Other assets	-	-	507,820	-	-	507,820
Loans and advances to customers	7,922,743	6,512,559	7,818,038	20,022,170	13,175,966	55,451,476
Total assets	26,727,245	23,459,481	28,969,175	31,015,573	59,493,616	169,665,090
FINANCIAL LIABILITIES						
Deposits from customers	66,311,997	33,656,915	43,588,575	221,737	-	143,779,224
Other liabilities	-	-	794,406	-	-	794,406
Lease Liability	704	1,407	94,892	217,423	5,729	320,155
Off balance sheet:						
Loan commitments	66,312,701	33,658,322	44,477,873	439,160	5,729	144,893,785
Financial guarantees	8,582,927	32,944	352,664	692,152	523,175	10,183,862
	12,900,267	-	-	-	-	12,900,267
	21,483,194	32,944	352,664	692,152	523,175	23,084,129
Total liabilities	87,795,895	33,691,266	44,830,537	1,131,312	528,904	167,977,914
Net liquidity gap	(48,414,604)	(19,442,617)	(31,127,520)	57,583,728	117,906,369	76,505,356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.3 Classification of financial instruments

The table below sets out the Bank's classification of each class of financial assets and liabilities. The amounts in the table are the carrying amounts of the financial instruments at the reporting date:

At 31 December 2025

GROUP	Amortized cost KShs.'000	Fair value through other comprehensive income financial assets KShs.'000	At fair value through profit or loss KShs.'000	Carrying amount KShs.'000
Assets				
Cash and balances with Central Bank of Kenya	13,575,129	-	-	13,575,129
Placements and balances with other banks	27,048,880	-	-	27,048,880
Treasury bills and term notes	28,166,245	-	-	28,166,245
Investment in securities measured at amortised cost	50,125,898	-	-	50,125,898
Investment in securities at fair value through other comprehensive income	-	30,225,771	-	30,225,771
Other assets	458,885	-	-	458,885
Loans and advances	55,292,947	-	-	55,292,947
Total assets	174,667,984	30,225,771	-	204,893,755
Liabilities				
Balances due to banks and financial institutions	11,647	-	-	11,647
Deposits from customers	170,673,907	-	-	170,673,907
Other liabilities	100,018	-	-	100,018
Lease liabilities	463,234	-	-	463,234
Off balance sheet:	171,248,806	-	-	171,248,806
Loan commitments	19,610,547	-	-	19,610,547
Financial guarantees	14,471,659	-	-	14,471,659
	34,082,206	-	-	34,082,206
Total liabilities	205,331,012	-	-	205,331,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.3 Classification of financial instruments (Continued)

The table below sets out the Bank's classification of each class of financial assets and liabilities. The amounts in the table are the carrying amounts of the financial instruments at the reporting date:

At 31 December 2024

GROUP	Amortized cost KShs. '000	Fair value through other comprehensive income financial assets KShs. '000	At fair value through profit or loss KShs. '000	Carrying amount KShs. '000
Assets				
Cash and balances with Central Bank of Kenya	7,320,236	-	-	7,320,236
Placements and balances with other banks	27,595,935	-	-	27,595,935
Treasury bills and term notes	5,908,259	-	-	5,908,259
Investment in securities at fair value through other comprehensive income	-	28,040,174	-	28,040,174
Investment in securities measured at amortised cost	47,183,185	-	-	47,183,185
Other assets	507,820	-	-	507,820
Loans and advances	55,473,358	-	-	55,473,358
Total assets	143,988,793	28,040,174	-	172,028,967
Liabilities				
Deposits from customers	143,241,497	-	-	143,241,497
Other liabilities	893,415	-	-	893,415
Lease liabilities	274,617	-	-	274,617
Off balance sheet:	144,409,529	-	-	144,409,529
Loan commitments	10,183,862	-	-	10,183,862
Financial guarantees	12,900,267	-	-	12,900,267
	23,084,129	-	-	23,084,129
Total liabilities	167,493,658	-	-	167,493,658

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.3 Classification of financial instruments (Continued)

The table below sets out the Bank's classification of each class of financial assets and liabilities. The amounts in the table are the carrying amounts of the financial instruments at the reporting date:

At 31 December 2025

BANK	Amortized cost KShs. '000	Fair value through other comprehensive income financial assets KShs. '000	Carrying amount KShs. '000
Assets			
Cash and balances with Central Bank of Kenya	13,481,908	-	13,481,908
Placements and balances with other banks	26,999,142	-	26,999,142
Treasury bills and term notes	28,166,245	-	28,166,245
Investment in securities at fair value through other comprehensive income	-	29,672,339	29,672,339
Investment in securities measured at amortised cost	47,980,006	-	47,980,006
Other assets	458,885	-	458,885
Loans and advances	55,285,531	-	55,285,531
Total assets	172,371,717	29,672,339	202,044,056
Liabilities			
Balances due to banks and financial institutions	11,647	-	11,647
Deposits from customers	171,211,221	-	171,211,221
Other liabilities	100,018	-	100,018
Lease liabilities	463,234	-	463,234
	171,786,120	-	171,786,120
Off balance sheet:			
Loan commitments	19,610,547	-	19,610,547
Financial guarantees	14,471,659	-	14,471,659
	34,082,206	-	34,082,206
Total liabilities	205,868,326	-	205,868,326

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.3 Classification of financial instruments (Continued)

At 31 December 2024

BANK	Amortized cost KShs.'000	Fair value through other comprehensive income financial assets KShs.'000	Carrying amount KShs.'000
Assets			
Cash and balances with Central Bank of Kenya	7,317,667	-	7,317,667
Placements and balances with other banks	27,507,231	-	27,507,231
Treasury bills and term notes	5,908,259	-	5,908,259
Investment securities measured at amortised cost	45,450,910	-	45,450,910
Investment in securities at fair value through other comprehensive income	-	27,521,727	27,521,727
Other assets	507,820	-	507,820
Loans and advances	55,451,476	-	55,451,476
Total assets	142,143,363	27,521,727	169,665,090
Liabilities			
Deposits from customers	143,779,224	-	143,779,224
Other liabilities	794,406	-	794,406
Lease liabilities	274,617	-	274,617
Off balance sheet:	144,848,247	-	144,848,247
Loan commitments	10,183,862	-	10,183,862
Financial guarantees	12,900,267	-	12,900,267
	23,084,129	-	23,084,129
Total liabilities	167,932,376	-	167,932,376

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.4 Market risk

Market risk is the risk that fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

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

Equity price risk

Equity price risk is the risk that the fair value of equities fluctuates as a result of changes in the value of equity indices and individual stocks. A 10% increase in the value of the Bank's at fair value through other comprehensive income equities as at 31 December 2025 would have increased equity by Kshs 3,649 million (2024: Kshs 1,202 million). An equivalent decrease would have resulted in an equivalent but opposite impact and would cause a potential impairment which would reduce equity.

A 10% increase in the value of the Bank's at fair value through profit or loss equities as at 31 December 2025 would have increased profit before tax and equity by Kshs 8.2 million (2024: Kshs 6 million) and Kshs 5.7 million (2024: Kshs 4.2 million) respectively. An equivalent decrease would have resulted in an equivalent but opposite impact and would cause a potential impairment which would reduce profit before tax and equity.

Interest risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of changes in the prevailing levels of market rates but may also decrease or create losses in the event that unexpected movements arise. The directors sets limits on the level of mismatch of interest repricing that may be undertaken. Consequently, the interest sensitivity effect on profit or loss given a 1% change, which is based on management assessment, would not be significant given the repricing frequency.

The table below summarises the exposure to interest rates risks. Included in the table are the Group and Bank's interest-sensitive financial assets at carrying amounts categorised by the earlier of contractual repricing or maturity dates:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.4 Market risk (Continued)

Interest risk exposure (Continued)

GROUP 31 December 2025		Up to 1 Month KShs. '000	1 to 3 Months KShs. '000	3 Months to 1 year KShs. '000	1 to 5 years KShs. '000	Over 5 years KShs. '000	Total KShs. '000
ASSETS							
Investment in securities measured at FVOCI		-	-	7,252,121	9,652,337	13,321,313	30,225,771
Loans and advances to customers		8,218,968	2,134,766	8,495,525	18,230,025	18,213,663	55,292,947
Total assets		8,218,968	2,134,766	15,747,646	27,882,362	31,534,976	85,518,718
31 December 2024							
ASSETS							
Investment in securities measured at FVOCI		-	600,000	3,359,882	10,743,212	13,337,080	28,040,174
Loans and advances to customers		6,996,058	7,320,033	7,937,248	15,083,384	18,136,635	55,473,358
Total assets		6,996,058	7,920,033	11,297,130	25,826,596	31,473,715	83,513,532
BANK 31 December 2025							
ASSETS							
Investment in securities measured at FVOCI		-	-	5,727,279	9,548,493	14,396,567	29,672,339
Loans and advances to customers		8,218,968	2,134,766	8,488,109	18,230,025	18,213,663	55,285,531
Total assets		8,218,968	2,134,766	14,215,388	27,778,518	32,610,230	84,957,870
31 December 2024							
ASSETS							
Investment in securities measured at FVOCI		-	600,000	3,359,246	10,639,368	12,923,113	27,521,727
Loans and advances to customers		6,996,058	7,320,033	7,937,248	15,061,502	18,136,635	55,451,476
Total assets		6,996,058	7,920,033	11,296,494	25,700,870	31,059,748	82,973,203

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.4 Market risk (Continued)

Interest risk exposure (Continued)

The sensitivity computations assume that loan and advances maintain a constant rate of return from one year to the next. The effect on profit before tax and equity due to 1% possible changes in interest rates, with all other variables held constant, is as shown below:

GROUP	2025 Kshs '000	2024 Kshs '000
Effect on profit before tax of a +1% change in interest rates	552,929	554,734
Effect on profit before tax of a -1% change in interest rates	(552,929)	(554,734)
Effect on equity a +1% change in interest rates	689,308	668,715
Effect on equity a -1% change in interest rates	(689,308)	(668,715)
BANK		
Effect on profit before tax of a +1% change in interest rates	552,855	554,515
Effect on profit before tax of a -1% change in interest rates	(552,855)	(554,515)
Effect on equity a +1% change in interest rates	683,722	663,378
Effect on equity a -1% change in interest rates	(683,722)	(663,378)

Foreign currency exchange risk

The Bank records transactions in foreign currencies at the rates in effect at the date of the transaction. The Bank retranslates monetary assets and liabilities denominated in foreign currencies at the rates of exchange in effect at the reporting date. The Bank holds foreign currency denominated balances for cash and bank balances and placements, loans and advances and customer deposits. All the gains or losses arising from the changes in the currency exchange rates are accounted for in profit or loss.

The following sensitivity analysis shows how profit and equity would (decrease)/ increase if the Kenya Shilling had depreciated against the other currencies by 3% at the end of the reporting period with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

In computing the 3% percentage change in exchange rates, management has taken into consideration the direction of the average published rates movement in the functional currency against the major foreign transactional currencies over the last three years.

The main currency exposure relates to the fluctuation of the Kenya Shillings exchange rates against the US Dollar, Euro and GBP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.4 Market risk (Continued)

Interest risk exposure (Continued)

The sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

GROUP AND BANK

	Profit or loss before tax		Equity	
	2025 KShs'000	2024 KShs'000	2025 KShs'000	2024 KShs'000
USD impact	+/-369,208	+/- 84,978	+/-258,445	+/- 59,485
GBP impact	+/-9,734	+/-2,144	+/-6,814	+/-1,501
Euro impact	+/-6,710	+/- 179,392	+/- 4,697	+/- 125,574

Foreign currency exchange risk

GROUP AND BANK

31 December 2025

In Kshs'000

	USD	GBP	Euro	Total
Placements and balances with other banks	22,775,976	1,931,316	122,000	24,829,292
Cash and balances with Central Bank of Kenya	526,646	40,616	57,229	624,491
Loan and advances	4,000,830	562,428	704,403	5,267,661
Investment in securities at fair value through other comprehensive income	132,082	132,082	-	264,164
Investment in ordinary shares at fair value through other comprehensive income	998,751	-	-	998,751
Other assets	5,196	-	-	5,196
Total Assets	28,439,481	2,666,442	883,632	31,989,555
Liabilities				
Balances due to banks and financial institutions	66,319	-	-	66,319
Deposits from customers	15,896,248	2,957,845	977,305	19,831,398
Other liabilities	169,995	33,073	129,983	333,051
Total liabilities	16,132,562	2,990,918	1,107,288	20,230,768
Net exposure as at 31 December 2025	12,306,919	(324,476)	(223,656)	11,758,787
Off balance sheet*	14,165,485	1,449,669	2,081,118	17,812,650

*Off balance sheet items include letter of credit, letter of guarantees, swap sales and purchases, forward sales and purchases, spot sales and purchases, financial guarantees and loan commitments that are held in foreign currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FINANCIAL RISK MANAGEMENT (Continued)

48.4 Market risk (Continued)

Foreign currency exchange risk

GROUP AND BANK

31 December 2024	USD	GBP	Euro	Total
Assets				
Cash balances with Central Bank of Kenya and placements with other banks	20,776	256,246	2,856,118	3,133,140
Loan and advances	12,606,168	4,817	1,618,937	14,229,922
Investment in securities at fair value through other comprehensive income	1,001,059	-	5,220	1,006,279
Other assets	5,196	-	-	5,196
Total assets	13,633,199	261,063	4,480,275	18,374,537
Liabilities				
Balances due to banks and financial institutions	11,647			11,647
Deposits from customers	30,819,578	3,057,094	1,832,126	35,708,798
Other liabilities	9,767	-	-	9,767
Total liabilities	30,840,992	3,057,094	1,832,126	35,730,212
Net exposure as at 31 December 2024	(2,832,603)	(71,477)	5,979,723	3,176,450
Off balance sheet:				
Off balance sheet*	30,243,375	2,724,554	3,331,574	37,988,747

*Off balance sheet items include letter of credit, letter of guarantees, swap sales and purchases, forward sales and purchases, spot sales and purchases, financial guarantees and loan commitments that are held in foreign currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

49. OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations and are faced by all business units.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall bank standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirement for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the yearly assessment of operational risk faced, and the requirements of controls and procedures to address the risk identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

50. CLIMATE RELATED RISK

Climate-related risks' are potential negative impacts on the bank arising from climate change. Climate-related risks have an impact on the principal risk categories discussed above (i.e. credit, liquidity, market and operational risks), but due to their pervasive nature have been identified and managed by the Group on an overall basis.

The bank distinguishes between physical risks and transition risks.

Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns such as sustained higher temperatures, heat waves, droughts and rising sea levels.

Transition risks arise as a result of measures taken to mitigate the effects of climate change and transition to a low-carbon economy such as changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

The Group is in the process of developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories, developing models that aim to assess how borrowers' performance is linked to climate change. The Group plans to use these models in pricing credit risk and in calculating ECLs and incorporate climate-related risk into stress test scenarios.

51. EVENTS AFTER THE REPORTING PERIOD

There were no significant adjusting events subsequent to the period end that required adjustment or disclosure in these financial statements.

Assets That Move Your Business

Put your business in motion with **Prime Bank's
Asset Finance.**

Visit Your Nearest Branch Today.

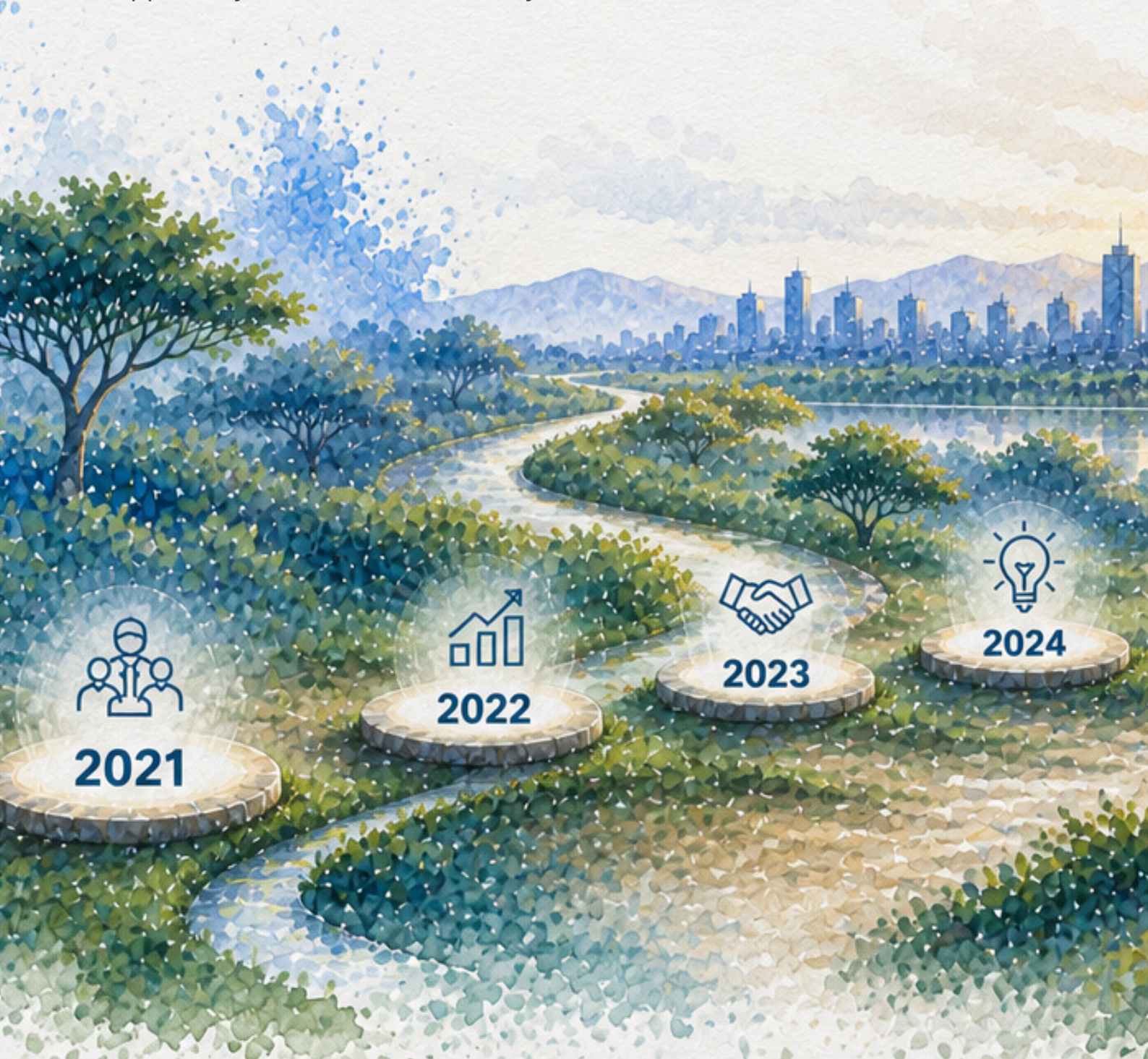


Terms & Conditions Apply.



MILESTONES

2025 marked continued progress for Prime Bank through strategic partnerships, digital innovation, industry recognition, and initiatives designed to strengthen customer experience, expand access, and support key sectors of the economy.





2025



Prime Bank Named 1st Runner-Up for Best Bank in Tier II at Think Business Awards 2025

In 2025, Prime Bank was recognized as 1st Runner-Up for Best Bank in Tier II at the prestigious Think Business Awards – a testament to the trust placed in the Bank by its customers, the dedication of its team, and the steadfast support of its partners.

The accolade marks another step forward in the Bank's journey of service, impact, and shared success. Prime Bank extends its sincere gratitude to its customers, staff, and partners for their continued belief and support.

As the Bank looks ahead, it remains committed to achieving more milestones, driving greater impact, and delivering sustained progress for all stakeholders.

Prime Bank Earns 2nd Runner-Up in Customer Responsiveness & Satisfaction at KBA Awards 2025

In 2025, Prime Bank was recognized as 2nd Runner-Up in the Best Bank in Customer Responsiveness and Satisfaction category (Tier II) during the Banking Industry Customer Satisfaction Survey conducted by the Kenya Bankers Association (KBA).

The accolade reflects the Bank's deliberate and consistent efforts to invest in delivering a personalized and seamless customer experience. Prime Bank remains humbled by the recognition, which reaffirms its commitment to placing customers at the heart of its operations.



Your Payments, Perfected: Bank Recognized by Citigroup for Excellence in USD Transactions

During the period under review, Prime Bank was honored with the prestigious Straight-Through Processing (STP) Excellence Award from Citigroup, recognizing its exceptional performance in US Dollar payments.

This annual award from Citigroup, a leading global bank, identifies financial institutions that demonstrate the highest levels of efficiency in foreign currency payments. STP, which enables fully automated transaction processing without manual intervention, ensures faster, more reliable, and cost-effective payments.



Prime Bank Caps Off 2025 with Network Expansion to 25 Branches



The year 2025 marked a period of significant growth for Prime Bank, as it expanded its branch network to 25 locations nationwide; a milestone that underscores the Bank's commitment to enhancing accessibility and delivering personalized banking services to customers across Kenya.

Key highlights of the expansion include the elevation of the Signature Mall and Langata branches to full fledged status. Both locations, previously operating as service outlets, now offer a comprehensive

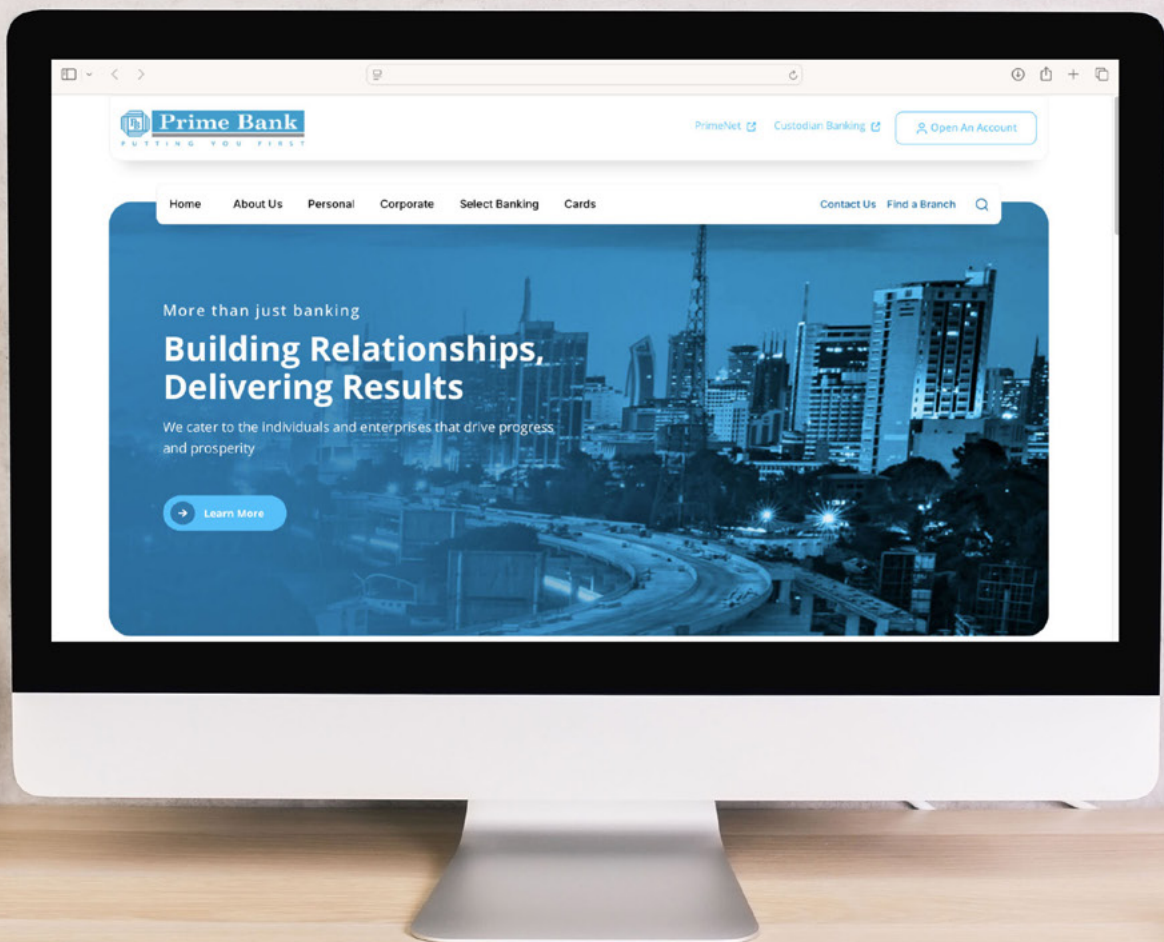
suite of banking products and services, enabling customers to conduct all their banking needs conveniently within their neighborhoods.

Additionally, the Bank opened new branches at Broadwalk Mall and Our Mall, further extending its footprint in high traffic retail hubs. The new outlet is designed to provide a seamless banking experience, combining modern digital solutions with the Bank's hallmark customer centric service.

Launch of Revamped Website, Elevating Digital Experience in 2025

In 2025, Prime Bank achieved a major digital milestone with the launch of its completely redesigned website. The new platform features a modern interface, intuitive navigation, and enhanced functionality—all built with the customer at the center.

More than a visual refresh, the website serves as a comprehensive digital hub, offering seamless access to banking services, product information, and support tools. The launch reflects the Bank's ongoing commitment to Putting You First, ensuring that customers enjoy a secure, efficient, and user-friendly online experience.



Prime Bank and KAM Forge Strategic Partnership to Boost Manufacturing Sector

In 2025, Prime Bank deepened its commitment to Kenya's industrial growth by hosting a high level delegation from the Kenya Association of Manufacturers (KAM). The strategic engagement provided a platform to explore collaborative opportunities aimed at strengthening the manufacturing sector—a critical driver of the nation's economy.

Discussions centered on delivering tailored financial solutions for KAM members, enhancing access to capital for expansion and technological upgrades, and navigating the evolving economic landscape. The partnership underscored Prime Bank's dedication to supporting key economic pillars through meaningful collaboration and innovative financial interventions.



Partnership with WEEE Centre to Power Kenya's Green Economy and Create Jobs

In a significant move to bolster Kenya's circular economy, Prime Bank made a strategic partnership with the Waste Electrical and Electronic Equipment (WEEE) Centre. The collaboration aims to scale up the safe collection and recycling of electronic waste while creating sustainable green jobs, with a special focus on empowering women and youth.

The partnership is designed to build on the WEEE Centre's proven track record. Since its inception in 2012, the Centre has established itself as a leader in environmental stewardship, having safely processed more than 10,000 tonnes of e-waste. Its work has involved decontaminating over 800,000 electronic devices, preventing hazardous materials from polluting the environment.

SUSTAINABILITY

Prime Bank continues to embed sustainability across its operations by strengthening responsible governance, supporting environmental action, and advancing inclusive economic and social development for long-term stakeholder value.





SUSTAINABILITY REPORT 2025

1. OUR SUSTAINABILITY JOURNEY

The Bank's sustainability journey has evolved from early community-focused initiatives into a structured, strategic approach that is now embedded within the core of the Bank's operations.

Initially, the Bank's efforts were centered on corporate citizenship, supporting education, healthcare, women empowerment, and vulnerable communities, establishing a strong foundation of trust and social responsibility. As these efforts matured, they were consolidated into clearly defined pillars, enabling more coordinated programmes, stronger partnerships, and measurable impact across education, women empowerment, child nutrition, and environmental sustainability.

In 2025, the Bank advanced further by integrating ESG into governance, risk management, and business strategy. This included the establishment of environmental baselines for energy, emissions, water, and waste, strengthening of the Environmental and Social Management System. At the same time, ESG considerations were extended into employee training, supply chain standards, and reporting frameworks aligned to IFRS S1 and S2.

This progression reflects a deliberate shift from doing good to delivering measurable impact, and now to embedding sustainability into how the Bank grows, manages risk, and creates long-term value.

2. OUR SUSTAINABILITY COMMITMENTS

The Bank's sustainability commitments are anchored in its role as a responsible financial institution that balances commercial growth with positive environmental and social impact.

The Bank is committed to advancing inclusive economic development by expanding access to finance, particularly for SMEs, individuals, and underserved segments, while maintaining fair and responsible pricing. This is complemented by a strong focus on community investment through education, women empowerment, child nutrition, and healthcare initiatives, ensuring that growth translates into tangible improvements in livelihoods and social well-being.

At the same time, the Bank is strengthening its environmental responsibility by embedding climate considerations into operations and financing activities. The Bank has established its first environmental footprint baseline covering energy, emissions, water, and waste, and is committed to improving efficiency, reducing its operational impact, and supporting environmentally aligned sectors such as renewable energy and fuel-efficient mobility. Flagship initiatives such as PrimeMiti, targeting 250,000 trees over five years, further demonstrate a long-term commitment to ecosystem restoration and climate resilience.

These commitments are underpinned by strong governance and ethical standards, including adherence to regulatory requirements, anti-corruption practices, human rights principles, and robust risk management frameworks. ESG considerations are increasingly integrated into enterprise risk management, lending decisions, supplier assessments, and internal culture, supported by ongoing employee training and strengthened disclosure practices aligned to IFRS S1 and S2.

Collectively, these commitments reflect the Bank's intention to create sustainable value by supporting economic growth, protecting the environment, empowering communities, and maintaining the highest standards of governance and accountability.

SUSTAINABILITY REPORT 2025

3. ENVIRONMENTAL STEWARDSHIP

The Bank's approach to environmental stewardship has evolved into a structured, data-driven framework focused on managing its operational footprint while supporting broader climate resilience. In 2025, the Bank established its first comprehensive baseline covering energy consumption, greenhouse gas emissions, water usage, and waste generation, creating a foundation for monitoring, target setting, and continuous improvement.

The Bank has also strengthened its environmental practices through partnerships such as the WEEE Centre for responsible e-waste management, ensuring safe disposal and contributing to the circular economy. Operational efficiency initiatives, including digitisation, paper reduction, energy optimisation, and fuel management, are being progressively implemented to reduce environmental impact.

Beyond internal operations, the Bank is contributing to environmental sustainability through its financing activities, supporting renewable energy solutions and fuel-efficient and hybrid mobility. This is complemented by the launch of PrimeMiti, a flagship tree restoration initiative targeting 250,000 trees over five years, aimed at enhancing biodiversity, protecting water catchments, and building climate resilience within communities.

Overall, the Bank's environmental stewardship reflects a clear shift from awareness to action, anchored on measurement, accountability, and scalable impact.

ELECTRICITY PURCHASED



1,046,417 kWh

GASOLINE



64,006 Litres

DIESEL



2,500 Litres

WATER CONSUMED



57,170 m³

WASTE MANAGED



20,400 kg



SUSTAINABILITY REPORT 2025

4. PEOPLE, CULTURE & SOCIAL IMPACT

The Bank's approach to people, culture, and social impact is centered on building an inclusive, high-performing workforce while delivering meaningful and measurable value to the communities it serves. The Bank employs a predominantly local workforce, with strong female representation, reflecting its commitment to diversity, inclusion, and community integration.

Continuous investment in employee development through structured training, leadership programmes, and ESG awareness ensures that staff are equipped to support the Bank's evolving strategic and sustainability priorities. Employee wellbeing, safety, and engagement remain key focus areas, supported by a stable work environment, low incident rates, and active participation in purpose-driven initiatives.

Beyond the workplace, the Bank maintains a strong and consistent commitment to social impact through targeted investments in education, women empowerment, child nutrition, and healthcare. These programmes are designed to address real community needs while delivering sustainable outcomes, including improved access to education, enhanced livelihoods, better health outcomes, and increased dignity for vulnerable groups. Staff, management, and leadership are actively involved in these initiatives, reinforcing a culture of shared responsibility and purpose.

Overall, the Bank's approach reflects a deliberate effort to align internal culture with external impact creating a workforce that is engaged, values-driven, and directly connected to the positive change the Bank seeks to achieve in society.

SUSTAINABILITY REPORT 2025

PERMANENT EMPLOYEES



562

FEMALE WORKFORCE



390

YOUTH (18-35)



199

TRAINING HOURS



16,028

EMPLOYEES TRAINED



517



SUSTAINABILITY REPORT 2025

5. HEALTH, SAFETY & WELLBEING

The Bank maintains a strong commitment to the health, safety, and overall well-being of its employees as a fundamental component of a productive and resilient workplace. The Bank provides a safe working environment supported by formal occupational health and safety frameworks, regular audits, and ongoing staff training, with zero recorded fatalities and no lost-time injuries in 2025.

Employee well-being is further supported through comprehensive medical cover, wellness initiatives, and awareness programmes that address both physical and mental health. The Bank also promotes a culture of prevention, responsibility, and continuous improvement, ensuring that health and safety considerations are integrated into daily operations and employee practices.

This approach reflects Prime Bank's recognition that a healthy, safe, and supported workforce is essential to delivering sustainable performance and maintaining high levels of employee engagement and service excellence.



SUSTAINABILITY REPORT 2025

6. GOVERNANCE, ETHICS & TRUST

The Bank's approach to governance, ethics, and trust is anchored on strong oversight, clear accountability, and a culture of integrity that underpins all its operations. The Bank maintains robust governance structures led by the Board and its committees, with independent risk management and compliance functions ensuring effective oversight of financial, operational, and ESG risks. Policies covering anti-corruption, conduct, data protection, and regulatory compliance are formalised and actively monitored, supported by a zero-tolerance approach to unethical behaviour.

Transparency and accountability are reinforced through structured reporting, internal controls, and a confidential whistleblowing framework with non-retaliation protections, enabling issues to be raised and addressed promptly. The Bank also maintains full compliance with applicable laws and regulatory requirements, including AML/CFT standards, and reports regularly to the Board and relevant authorities.

Collectively, these practices foster stakeholder confidence and position trust as a core asset of the Bank ensuring that governance is not only a control function, but a driver of sustainable and responsible growth.



SUSTAINABILITY REPORT 2025

7. SUSTAINABLE FINANCE & FINANCIAL INCLUSION

The Bank's approach to sustainable finance and financial inclusion is anchored on using its core banking capabilities to drive inclusive economic growth while supporting responsible and resilient sectors. The Bank continues to expand access to finance across retail, SME, and corporate segments, serving over 29,000 customers and maintaining a strong lending portfolio that supports enterprise development, job creation, and economic participation. A key focus is on SMEs, where the Bank provides both financing and non-financial support such as training and access to trade solutions, enabling businesses to grow sustainably. Digital banking platforms further enhance inclusion by improving accessibility, convenience, and affordability of financial services.

At the same time, the Bank is progressively aligning its financing activities with sustainability principles by supporting renewable energy solutions, fuel-efficient and hybrid mobility, and environmentally responsible business practices. ESG considerations are increasingly integrated into lending decisions and portfolio management, ensuring that growth is aligned with long-term environmental and social outcomes.

Overall, the Bank's approach reflects a balance between expanding financial access and promoting responsible finance; positioning sustainable finance as both a growth driver and a contributor to long-term economic resilience.

TOTAL LOANS
OUTSTANDING



KShs. 55 Billion

CORPORATE
LOANS



KShs. 51.57 Billion

SME LOANS



KShs. 4.55 Billion

RETAIL LOANS



KShs. 3.41 Billion

AGRICULTURAL LOANS



KShs. 911 Million

GREEN LOANS
OUTSTANDING



KShs. 199.87 Million

GREEN LOANS
DISBURSED



KShs. 57.46 Million

SUSTAINABILITY REPORT 2025

8. ECONOMIC VALUE CREATION

The Bank's economic value creation is driven by its ability to generate strong financial performance while supporting broader economic growth and stability. In 2025, the Bank delivered robust earnings, with net banking income exceeding KShs. 9 billion and a solid capital base of over KShs. 30 billion, reflecting resilience, prudent risk management, and sustainable profitability.

Beyond financial returns, the Bank plays a critical role in the economy by mobilising deposits, extending credit to businesses and individuals, and enabling trade and investment. With over KShs. 60 billion in loans outstanding, the Bank supports SMEs, corporates, and households, facilitating entrepreneurship, job creation, and income generation across sectors.

The Bank also contributes directly to public finances through taxes and indirectly through employment, supplier payments, and community investments. In 2025, it paid over KShs. 337 million in taxes and invested significantly in community programmes, reinforcing its role as a responsible corporate citizen.

Overall, the Bank's economic value creation reflects a balanced approach delivering shareholder returns while enabling inclusive growth, supporting livelihoods, and contributing to national development.

NET INTEREST INCOME



KShs. 9.55 Billion

TOTAL CAPITAL



KShs. 34.02 Billion

TAXES PAID



KShs. 337.68 Million

COMMUNITY CONTRIBUTIONS



KShs. 14.87 Million



SUSTAINABILITY REPORT 2025

9. SUSTAINING OUR IMPACT

The Bank remains committed to building a financially strong, socially responsible, and environmentally conscious institution that creates lasting value for all stakeholders. As the Bank continues to evolve its sustainability journey, the focus will remain on embedding ESG principles into strategy, operations, and decision-making while scaling impact across communities, customers, and the broader economy.

By balancing growth with responsibility, and performance with purpose, the Bank is well positioned to contribute meaningfully to Kenya's sustainable development and to build a resilient, trusted institution for the future.



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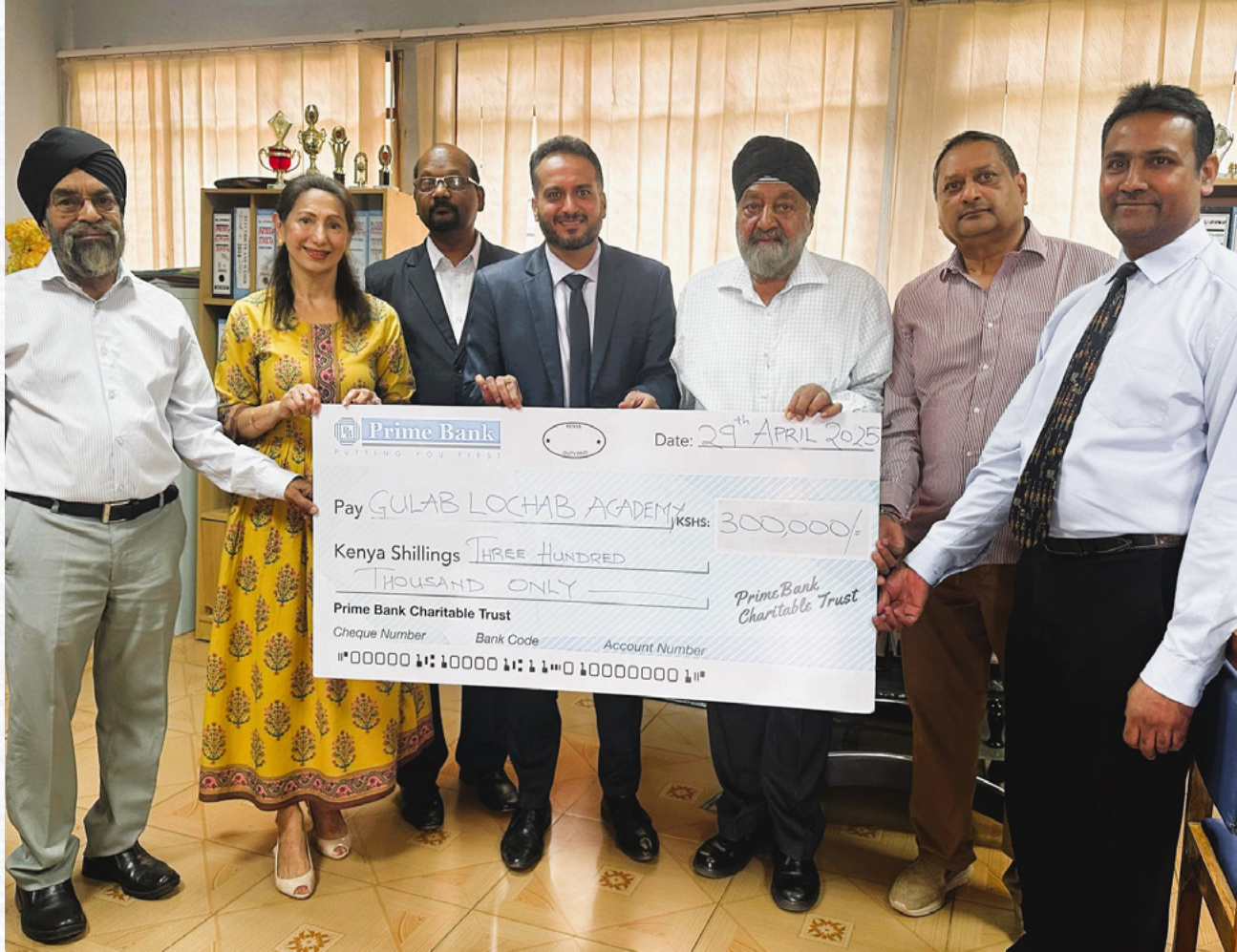


CORPORATE SOCIAL RESPONSIBILITY

Through targeted initiatives in education, healthcare, dignity, and community development, Prime Bank continues to invest in programmes that create meaningful opportunities and improve the wellbeing of the communities it serves.







Investing in Bright Futures Through Education

For over a decade, Prime Bank has been a steadfast partner to Gulab Lochab Academy, united by a shared belief in the transformative power of education. Through an annual contribution of KShs. 300,000, this enduring collaboration has provided a critical lifeline for academically gifted students, ensuring that financial constraints do not hinder their pursuit of knowledge.

As we look to the 2025-2026 academic year, this commitment takes on a renewed focus. The fund will be strategically allocated to support five exceptional students, directly alleviating the burden of school fees and enabling them to continue their educational journeys without interruption. This targeted support is more than just financial aid; it is an investment in potential, empowering the next generation of leaders, innovators, and change-makers.

Prime Bank is proud to stand with Gulab Lochab Academy in this vital mission. Together, we are not just paying fees; we are building foundations, unlocking potential, and lighting the way for a brighter tomorrow.



Bank Donates 35 Computers to Support Kayole School Digitization

During the period under review, the Bank donated 35 computers to Rotary Club of Nairobi (RCN). The donation will support the club's digitization initiative at Bondeni Primary School in Kayole, providing students with essential tools for a more connected and promising educational future.

This initiative reflects Prime Bank's broader commitment to improving educational and health conditions within the community, ensuring greater dignity, and opportunity for young learners.



Prime Bank Supports Freedom for Girls Project for 12 Years Running

Prime Bank has donated a full year's supply of sanitary towels, undergarments and health education booklets to over 2,800 underprivileged girls.

In one of its flagship Corporate Social Responsibility (CSR) projects – Freedom for Girls, for 12 years running, the Bank led by Chairman Dr. Rasik Kantaria, donated KShs. 1.5Million towards ensuring girls do not miss school during their monthly cycle.

Freedom for Girls (FFG) is a sanitary towel project that was initiated in the year 2008 by Rotary District 9212, Lions International, and Health Education Africa Resource Team (HEART) as the implementing partner. The objective of the project is to ensure vulnerable adolescent girls are provided with a year's supply of sanitary towels (12 packets), 4 pairs of undergarments, a booklet on hygiene and HIV prevention education.



Staff Conquer Mount Kenya, Raising KShs. 1.5 Million for Nyumbani Children's Home



A team of determined staff from Prime Bank has successfully reached Point Lenana, Mount Kenya's third-highest peak, capping a challenging climb that blended corporate team spirit with a profound philanthropic mission. The expedition, led by the Bank's Chief Operating Officer, Mr. Dinesh Nayak, aimed to raise KShs. 1.5 million for the Nyumbani Children's Home.

The initiative, dubbed a "Climb for Compassion," was designed to achieve a dual objective: foster internal team cohesion through a significant physical challenge and make a tangible difference in the lives of vulnerable children. The successful summit of the 4,985-meter peak symbolizes the bank's commitment to scaling new heights in both service and social responsibility.

The funds raised, totaling KShs. 1.5 million, will be directed towards supporting the daily needs, education, and welfare of the children at Nyumbani Children's Home, an organization dedicated to caring for children orphaned by HIV/AIDS.



Spreading Festive Cheer at Nyumbani Children's Home

Prime Bank staff brought festive joy to the children of Nyumbani Children's Home in Nairobi. The team shared a memorable afternoon of outdoor games, singing, and dancing, culminating in a cake-cutting ceremony and sharing a meal.

This annual initiative reflects the Bank's ongoing commitment to caring for and supporting the communities in which it operates.

KShs. 5 Million to Talek MNCH Facility, Boosting Maternal and Child Healthcare in Maasai Mara

Prime Bank once again reaffirmed its commitment to healthcare development with a KShs. 5.1 million donation to the Talek Maternal, Newborn, and Child Health (MNCH) facility at CHP Talek Health Centre. The contribution will enhance life-saving services for mothers and children in the Maasai Mara region.

An initiative of the Maa Trust Foundation, the Talek MNCH facility has revolutionized regional healthcare, recording 425 safe deliveries in its first year – including 97 critical Caesarean sections. The center has become a vital lifeline, particularly for high-risk cases, with one-third of its patients being adolescent mothers and 30 fragile newborns receiving specialized neonatal care.

The facility's unique capabilities – including the region's only surgical theater and blood transfusion unit – have enabled comprehensive emergency care for over 2,000 patients. Its innovative telemedicine collaboration with Gertrude's Children's Hospital has eliminated geographical barriers, providing 2,054 remote specialist consultations for young patients.

