

Powering Your Progress



Annual Report
2025

About this Report

This report provides a balanced and comprehensive view of the Group's performance as part of our continuous efforts to enhance disclosure and keep our stakeholders well informed. Our report covers the period from **1 January 2025 to 31 December 2025**, is our primary report to our investors, and contains information relevant to other stakeholders.

The Group's Annual Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The report is part of our commitment to be transparent and accountable to our stakeholders.

As a financial services provider, we play an important role in the economic life of individuals, businesses and nations, supporting the socio economic welfare of our people. Through all our activities, we consider our stakeholders as we pursue our ambition to have a positive impact on society and deliver shareholder value.

Credit Bank PLC's 2025 financial statements were audited by Price Water House Coopers Kenya.

Powering Your Progress

Go Cashless with Credit Bank

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Notice of Annual General Meeting

The Companies Act, 2015
No. 23/90

NOTICE IS HEREBY GIVEN THAT THE FORTIETH (40TH) ANNUAL GENERAL MEETING OF CREDIT BANK PLC WILL BE HELD VIRTUALLY, ON MONDAY, 22ND 2026 AT 10.00 AM

Agenda

Ordinary Business

1. To read the notice convening the meeting and confirm the presence of a quorum.
2. To receive and adopt the audited Balance Sheet and Financial Statements for the year ended 31 December 2025 together with the Directors' and Auditors' Reports thereon.
3. To note that the Directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2025.
4. To re-elect Directors in accordance with the Articles of Association:-
 - i) Dr. James Stanley Mathenge retires from office by rotation and, being eligible, offers himself for re-election.
 - ii) Mr. Leon Nyandusi Nyachae retires from office by rotation and, being eligible, offers himself for re-election.
 - iii) Mrs. Elizabeth Mueni Musyoka retires from office by rotation and, being eligible, offers herself for re-election.
5. To approve the Directors' remuneration for the financial year 2026.
6. To authorize the directors to fix the Auditors' remuneration.
7. To note that PricewaterhouseCoopers will be rotating out as auditors of the Company in accordance with regulatory requirements, and to authorize the Board of Directors to source and appoint a replacement auditor, subject to approval by the Central Bank of Kenya..

By Order Of The Board



DCDM Registrars
Company Secretaries
29th May 2026

Note:

1. In accordance with Section 298(1) of the Companies Act, 2015, a member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member.
2. A form of proxy may be obtained from the Bank's website, www.creditbank.co.ke or the Bank's Head Office, 14th Floor, One Africa Place, Waiyaki Way, Nairobi and should be completed and returned to the Secretary, to arrive not later than 48 hours before the meeting or any adjournment thereof.
3. The Audited Accounts and Financial Statements for the year ended 31 December 2024 may be viewed at the Bank's website, www.creditbank.co.ke or a printed copy be obtained from the Bank's Head Office, 14th Floor, One Africa Place, Waiyaki Way, Nairobi.
4. All shareholders will be pre-registered using their Bio-data details in the Company Register and will receive a personalized link via SMS and/or email. Shareholders wishing to participate in the meeting still need to confirm their attendance for the AGM online at <https://digital.candr.africa> or via a link to the AGM Platform that will be sent to them via SMS and/or Email by dialing USSD short code number *384*043# and following the various registration prompts. In order to complete the registration process, shareholders who are not using the pre-registration link will need to have their ID/ Passport Numbers which were used to purchase their shares and their shares account number at hand. For assistance shareholders should dial the following helpline number +254 20 8690360 from 8:00 a.m to 4:30 p.m from Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register or send an email to digital@candr.africa.
5. Registration for the AGM opens on 12th June 2026 at 08:00AM and will close on 19th June 2026 at 12.00 Noon.

6. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
 - a) Sending their written questions by email to digital@candr.africa; or
 - b) Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialing the USSD code *384*043# and selecting the option (ask Question) on the prompts; or
 - c) Shareholders who will have registered to participate in the meeting shall be able to ask questions online at <https://digital.candr.africa> or via a link to the AGM platform; Select Attend Event; Select “Credit Bank PLC AGM”; Select “Q&A” option tab and submit questions in text box provided; or
 - d) To the extent possible, physically delivering their written questions by 4th July, 2025 12:00 Noon with a return physical address or email address to the Company Registrars address: Custody & Registrars, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue.
7. Shareholders wishing to vote may do so by:
 - a) Accessing Virtual AGM via online at <https://digital.candr.africa> or via a link to the AGM platform; Select Attend Event; Select “Credit Bank PLC AGM”; Select “Voting” option tab and vote; or
 - b) Accessing Virtual AGM via USSD platform *384*043#; Use the menu prompts menu option for “Voting” and follow the various prompts regarding the voting process.
8. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf.
 - A proxy need not be a member of the Company. If the Proxy appointed is not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone or an internet enabled device.
 - A proxy form is included in this Annual Report and is also available on the Company’s website via this link: www.creditbank.co.ke. Physical copies of the proxy form are also available at the Company Registrars address: Custody & Registrars, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi.
 - A proxy form must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate.
 - A completed form of proxy should be emailed to proxy@candr.africa or delivered to Custody & Registrars, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi so as to be received not later than Thursday 18th June 2026 at 10.00AM. Any person appointed as a proxy should submit his/her email or mobile telephone number to the Company no later than Thursday 18th June 2026 at 10.00AM.
 - Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Friday 19th June 2026 to allow time to address any issues.
9. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service SMS/ and/or an email prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS and/or an email prompt shall be sent two hours ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in two hours’ time and providing a link to the live stream.
10. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD *384*043# or *Voting Matters* tab on the live stream display screen
11. A poll shall be conducted for all the resolutions put forward in the notice.
12. Results of the AGM shall be published within 24 hours following the conclusion of the AGM
13. All shareholders of the Company are hereby notified that pursuant to the provisions of the Unclaimed Financial Assets Act No 40 of 2011 Parts II and III, dividends and shares which have not been claimed for a period of three (3) years or more are required to be delivered to the Unclaimed Financial Assets Authority (‘the Authority’) as abandoned assets on the appointed date. Therefore, all shareholders with previous unpaid dividends are requested to urgently contact the Share Registrar, Custody & Registrars Services Limited at the address indicated below:

Custody & Registrars Services Ltd

IKM Place, Tower B, 1st Floor | 5th Ngong Avenue, Nairobi

Mobile: +254 20 7608216 | Email: info@candr.africa

Remittances

Credit Bank, IFAD expand financial access for rural communities through remittances.

Credit Bank PLC strengthened its leadership in financial inclusion through the successful completion of a two-year initiative that expanded access to affordable remittance services and financial literacy for rural communities across Kenya. Implemented in partnership with the International Fund for Agricultural Development (IFAD) through its Financing Facility for Remittances (FFR), together with RIA Money Transfer and Interswitch East Africa, the programme positioned Credit Bank at the forefront of efforts to connect underserved communities to formal financial services.

Since the project was launched in 2023, Credit Bank has played a central role in extending international remittance services to communities that previously had limited access while equipping families with the knowledge and tools needed to improve their financial wellbeing. One of the programme's major achievements was the delivery of financial literacy training to more than 112,000 people, empowering individuals and households with practical skills in budgeting, saving and investing. The initiative also exceeded its target for new account openings, with more than 1,800 remittance recipients opening bank accounts for the first time, surpassing the initial target of 1,500 accounts. Women accounted for 44 per cent of participants, underscoring their important role in household financial management.

Credit Bank also successfully integrated rural SACCOs into the Credit Bank-RIA remittance network, enabling communities to access international money transfer services closer to home. Through the partnership, customers could receive funds through both account transfers and cash pick-up services at their local SACCOs, reducing the need to travel long distances to access remittances.

In 2025, Skyline SACCO introduced its own Remittance and Diaspora Policy, reflecting growing confidence in remittance services and their role in supporting rural development. The programme further encouraged stronger savings habits among SACCO members, with monitoring showing that more than 400 members from one SACCO increased their savings within six months of participating in the financial literacy training.

In addition, the initiative strengthened Credit Bank's ability to extend global financial services to previously underserved communities, supporting greater economic participation and improving access to opportunities for rural households.

As part of its broader growth strategy, Credit Bank continued to strengthen its capital base during the year, enhancing its capacity to support small and medium-sized enterprises while providing reliable and accessible remittance solutions.

Building on the success of the programme, Credit Bank and its partners are exploring opportunities to further expand remittance services, including the introduction of a Germany corridor to connect more diaspora communities with rural SACCOs.

The initiative demonstrates Credit Bank's commitment to advancing financial inclusion through strategic partnerships and innovative solutions. By bridging the gap between international remittances and underserved communities, the Bank continues to empower households, strengthen local economies and contribute to sustainable economic growth across Kenya.



Credit Bank PLC At A Glance



16 Branches
Across Kenya

Nairobi
Koinange
Westlands
Lavington
Industrial
Area
Ngong Road
Kitengela
Rongai
Thika
One Africa

Mombasa
Nkurumah
Nakuru
Giddo Plaza

Machakos
Meru
Kisii
Kisumu
Eldoret

Credit Bank PLC At A Glance



Since 1986



Over 45,000 Customers



Fully Digital Bank



216 Employees

At Credit Bank, we take pride in our qualified Human Capital capable of delivering personalised financial solutions to customers. Our focus on the Trade Finance Space has enabled us provide a unique value proposition to SMEs. We are a friend your business can bank on.



R17 Version of T24



Select Awards 2022/2023
Think Business
First Runner Up, Best Bank in Digital Banking
CSR 100 Award
Best in Entrepreneurship Skills Development Initiatives
Gender Mainstreaming Awards
Fourth Finalist, Economic Empowerment
Kenya ESG Awards 2024 - Credit Bank PLC emerged as the winner (No.1) at the Kenya ESG Awards 2023-2024, Ethical Finance Institution category, hosted by KENCTAD.
Credit Bank PLC has officially onboarded Shorecap III, LP as a shareholder



Over 10,200
Shareholders



- Kenya ESG Awards 2024
- The Global Economics
- KE Digitally Fit Awards 2024
- Sustainable Finance Catalyst Awards
- Banking on Women Awards 2024
- Ecosystem Collaboration Champion at the Pesalink Bank Awards 2025
- Best in Financial Inclusion Award
- Women's Tabloids Awards 2025

Board of Directors' Profiles



Moses M. Mwendwa . Chairman of the Board of Directors

Mr. Moses Mwendwa is a Kenyan national with vast qualifications in the accounting field. He is an experienced financial and tax advisor with specialist knowledge in sourcing credit finance for corporate, groups and individuals. He has worked as a director in firms of professional accountants and management consultants for more than 35 years advising clients on capital investment appraisals.



Mrs. Grace Nyachae . Director

Mrs. Grace is a founding director of Credit Bank PLC. She worked in the Civil Service for 11 years and has vast experience in managing businesses especially in the agricultural sector. She sits on various boards including H.C.D.A, Sotik Tea Company Limited Sansora Group of Companies, among others.

Board of Directors' Profiles



Suleiman Kiggundu . Director

Educated as an engineer and economist at Yale University, over the past 30 years, Suleiman has served in senior leadership roles at various leading institutions, including Equator Bank, HSBC Bank PLC and CDC Group plc (now British International Investment).

He is currently the Chief Investment Officer at Equator Capital Partners LLC, a fund management firm overseeing the ShoreCap family of funds. Suleiman also serves as a non-executive director at various organisations including GA Insurance Uganda, Kampala Hospital and Red Sea Energy.

Robinson Gachogu . Director

Mr Robinson Gachogu is a Bachelor of Commerce graduate and a qualified Chartered Accountant with extensive experience in financial management. He has over 40 years of experience in the financial sector. He serves in various boards including Kenya Commercial bank.



Dr. James James Mathenge . Director

Dr. James Mathenge is a former long-servicing permanent secretary and career administrator. He has served as Chairman of Public Service Commission, Kirinyaga University College and Kenya Freedom from Hunger Council. He is on several boards in the Anglican Church of Kenya and has also served as board member of several private and public companies.



Board of Directors' Profiles



Leon Nyachae . Director

Leon Nyachae an architect and entrepreneur with more than 20 years of experience in various Kenyan businesses, he is currently the Managing Director of Sansora Group. Mr Nyachae is a qualified architect with a particular interest in sustainable and affordable housing development. He currently manages a diversified conglomerate with interests in real estate, farming and financial services. He also serves as a Non-executive director of Kenindia Assurance Company, Paper House of Kenya and Sotik Tea Company.

Jack Ngare . Director

Jack Ngare has more than 20 years' experience in technology and is currently a Technical Director at Google. He brings in-depth knowledge around topics like telecommunications, financial services and emerging technology. He holds a Master's Degree in Advanced Computer Science and a Bachelor's Degree in Computer Science from the University of Leicester.



CPA Elizabeth Mueni Musyoka . Director

CPA Elizabeth Mueni Musyoka is a Finance, Accounting, and Strategic Management Specialist with over 30 years of experience. She has worked with The Tourism Trust Fund(TTF), The Nile Basin Initiative, OXFAM, The Riara Group, Agricultural Finance Corporation (AFC), Forum for African Women Educationalists (FAWE) and the County Council of Masaku. She holds a Bachelor's Degree in International Business Administration, an MBA in Strategic Management, and a MIBA in Finance from USIU-A. She is a member of the Institute of Certified Public Accountants Kenya (ICPAK).



Board of Directors' Profiles

Mrs. Betty C. M. Korir . Chief Executive Officer

Mrs. Betty Korir is a career banker and a leadership coach with over 30 years' experience obtained several local banks as well as international exposure obtained from Triodos Bank. She holds the 2023 11th Gender Mainstreaming Awards as the Overall Winner, Inclusive Leader, East Africa Category. She is a transformational leader at the helm of Credit Bank PLC and senior executive keen on driving social impact.



Robert Ndung'u . Company Secretary

Robert is a holder of a BA from University of Nairobi, a Certified Public Secretary, CPS (K), and a member of the Institute of Certified Public Secretaries with over 25 years' experience in providing corporate secretarial services. He also helped in setting up of the Uganda Securities Exchange. Robert has been affiliated with BDO since 2009 and is in charge of providing corporate secretarial services to the firm.

Chairman's Report



Reflections by the Group Chairman Mr Moses Mwendwa

As we reflect on 2025, I am proud of the resilience demonstrated by Credit Bank as we navigated a challenging operating environment while laying the foundation for long-term growth and sustainability.

The year was marked by decisive actions aimed at strengthening the Bank's capital position, improving liquidity, and accelerating our transformation agenda. One of the most significant milestones was shareholder approval of a capital-raising programme designed to support the Bank's growth ambitions and regulatory requirements. As a result, paid-up capital increased from KES 3.64 billion in March 2025 to KES 4.85 billion by the end of the year, providing a stronger platform for future expansion.

We also maintained a strong focus on liquidity and financial stability. By the close of 2025, the Bank's liquidity ratio stood at 21.5 per cent, above the statutory minimum of 20 per cent, reflecting prudent balance sheet management and our commitment to safeguarding customer interests.

Mr Moses Mwendwa, *Chairman*

2025 was a year of resilience, progress, and strategic transformation for Credit Bank. In a challenging economic environment, the Bank remained focused on strengthening its foundations, supporting customers, and positioning itself for sustainable growth.

During the year, we strengthened our capital base, improved liquidity, and maintained the confidence of our customers and shareholders. These achievements reflect prudent management, the dedication of our employees, and the trust placed in the Bank by individuals, businesses, and institutions across the country.

We also continued to advance our commitment to financial inclusion. Through our partnership with IFAD, RIA Money Transfer, and Interswitch East Africa, we expanded access to affordable remittance services and financial literacy programmes for underserved communities in Kenya.

Innovation remained central to our strategy. We accelerated our digital transformation agenda through customer-focused solutions that improve convenience, speed, and accessibility. From the launch of our Online Bid Bonds platform to the continued enhancement of our digital banking ecosystem, we are investing in technologies that enable customers and businesses to thrive in an increasingly digital economy.

Our participation in the London Fintech Global Event further demonstrated Credit Bank's growing reputation as an innovation-led institution. The event provided an opportunity to showcase our digital banking solutions, diaspora banking proposition, and continued support for SMEs, which remain at the heart of Kenya's economic growth.

Looking ahead, we remain committed to deepening customer relationships, enhancing our product offering, and delivering long-term value for all stakeholders. We are confident that the investments we are making today will position the Bank for greater growth and competitiveness in the years ahead.

This journey is particularly meaningful as we prepare to celebrate Credit Bank's 40th anniversary in November later this year. For four decades, Credit Bank has remained guided by the values of Community, Commitment, and Consistency, supporting individuals, businesses, and communities through every stage of their growth.

Our 40-year milestone is not simply a celebration of the Bank, but a celebration of the customers whose journeys we have been privileged to support. Guided by the theme "40 Years of Powering Your Progress" and "Here for Every Chapter," we look forward to building on our legacy while embracing the opportunities of the future.

On behalf of the Board, I thank our customers, shareholders, employees, regulators, and partners for their continued trust and support. Together, we look forward to the next chapter of Credit Bank's journey.



Moses M. Mwendwa

Chairman

Credit Bank PLC

Management Teams' Profiles



Mrs. Betty C. M. Korir . Chief Executive Officer

Mrs. Betty Korir has over 30 years of Banking Experience spanning across several banks. She holds 2 Bachelors' Degrees (Hons), Post Graduate Master's Degree in Business Administration and is currently pursuing a PhD in public policy at the University of Nairobi.

On the professional front, she is an accredited Risk Expert. She is an Associate of Kenya Institute of Bankers and a finalist in ACIB. She is a Member of the Global Association of Finance and Management (GAFM) and a certified Chartered Credit Analyst (CCA).



Eric Nyachae . Executive Officer, Business and Strategy

Eric Nyachae has more than 20 years in the banking industry. He has vast working experience in Credit, Banking Operations, Marketing, Corporate Banking and Business Development. He currently holds a Bachelor of Arts in Business Administration from King Alfred's College of Higher Education and a HND in Business Studies from the Salisbury College of Technology.

Management Teams' Profiles



Jackson Njenga . Chief Manager . Risk and Compliance

Jackson Njenga has over 23 years' experience in the finance field. He is a Certified Public Accountant – CPA(K), Certified Public Secretary – CPS(K) and member of both the Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Certified Public Secretaries of Kenya (ICPSK). He holds an MBA degree from the University of Nairobi (Strategic Management).

Daniel Lesirma . Chief Finance Officer

Mr. Daniel Lesirma has over 20 years' experience in finance. He is a Certified Public Accountant of Kenya. He holds a Master's Degree in Business Administration (Finance Option), from the University of Nairobi. He is a Member of the Institute of Certified Public Accountants of Kenya and also holds a Certificate in Business Analytics from the Harvard Business School.



Isaac Nduvi . Chief Manager Internal Audit

Mr. Nduvi's has over 17 years of experience in the banking industry. His educational credentials include a Degree in Bachelor of Commerce (Accounting Option) from Kenyatta University, a Master's in Economics (Policy Analysis) at the University of Nairobi. He has attended various professional courses including Computer Crimes and Security Systems, Fraud Detection, Investigation and Management.

Charles Kibara . Chief Manager . Operations & Branches

Mr. Kibara has over 18 years' experience in finance, internal and external audit. He is CPA (K), member of the Institute of Certified Public Accountants (ICPAK) and holds a Master's of Business Administration (MBA) Degree from the University of Nairobi. He has attended numerous professional development and leadership courses in internal control.



Management Teams' Profiles



Francis Ngaruiya . Head of Legal

Francis is a legal expert with over 20 years' experience. He is a Certified Public Secretary (CPSK), a Notary Public, Commissioner for Oaths, and a Qualified HR Practitioner. He has a Bachelor of Law Degree from Moi University, a Post Graduate Diploma in Law from the Kenya School of Law and a Post Graduate Diploma in Human Resource Management from the Institute of Human Resource Management.

Patience Munene . Head of Human Resources

Patience is a seasoned HR professional with over 13 years' experience in HR consulting and practice across the Big 4 and banking sectors. She has held senior roles at DIB Bank Kenya and Access Bank Kenya, leading key transformation and change initiatives. Patience holds a BCom in Operations Management, a Higher Diploma in HR, and is pursuing an MBA from Liverpool John Moores University. She is also ACCA Level 2 certified and working toward CHRP certification. Her expertise includes talent management, performance management, organizational development, and employee engagement. She is a full member of IHRM with a valid practicing certificate.



Edward Osoro . Head of Business

Edward is a seasoned professional with 14 years of experience in credit analysis, administration, recoveries, and business development. With a strong track record at Credit Bank, where he spent 12 years driving growth and client relationships, he is recognized as an SME expert. He holds a BCom in Finance from the Catholic University of Eastern Africa and an AKIB certification. Edward is known for his strategic insights, exceptional interpersonal skills, and ability to build lasting client partnerships. He also brings prior experience from KRep Bank (now Sidian Bank), adding to his broad industry expertise.

Michael Gitari . Chief Credit Officer

Michael is a credit risk professional with over 16 years' experience across retail, business, corporate, and investment banking. He has held senior roles including Regional Chief Credit Officer at UBA and Head of Credit Risk at African Banking Corporation. His expertise spans credit administration, portfolio and remedial management. He holds a BSc in Mathematics & Computer Science, an MBA in Finance, and is a certified Associate of the Kenya Institute of Bankers.



Management Teams' Profiles

Onesmus King'ola . Chief Digital & IT Officer

Onesmus Kingola has over 19 years' experience in digital transformation and technology leadership within East Africa's financial services sector and is currently the Chief Digital & IT Officer at Credit Bank PLC. He brings deep expertise in enterprise technology strategy, digital innovation, cybersecurity, and large-scale transformation, having previously held senior roles at NCBA Group, National Bank of Kenya, and Absa/Barclays Africa. He holds a Master's Degree in Project Planning & Management from the University of Nairobi, a Bachelor's in Business IT, and is a CISA and ITIL-certified professional with multiple certifications in cloud, cybersecurity, and data analytics.



John Mwika . Chief Treasury & Trade

John Muli Mwika has over 15 years' experience in treasury, global markets, liquidity management, and structured trade finance across Kenya and the wider region, and is currently the Chief Treasury & Trade Officer at Credit Bank Plc. He brings deep expertise in building resilient balance sheets, optimizing liquidity, and driving risk adjusted returns, having previously held senior roles at ABC Bank and Guardian Bank. He holds an MBA (Finance) from University Canada West, an MSc in Finance & Investment, and a Bachelor of Commerce (Accounting) from the University of Nairobi, and is a CIFA, ACI Dealing Certificate holder, and Associate of the Kenya Institute of Bankers.

Credit Bank has advanced its digital transformation agenda with the rollout of a new wave of customer-focused innovations, strengthening its position as one of Kenya's most digitally forward financial institutions. The innovations are aimed at improving speed, efficiency, and accessibility of financial services across key segments of the economy.

At the centre of this push is the launch of online platform that enables businesses to access bid bonds in as little as five minutes. The solution allows customers to generate bank-compliant bid bonds directly through the Bank's website, removing the need for branch visits, manual paperwork, and lengthy approval processes that previously took several hours or even days. The Online Bid Bonds platform is integrated with Kenya's electronic Government

Procurement (e-GP) system and includes QR code verification for instant authentication of issued guarantees. This strengthens transparency in the procurement process, improves trust among stakeholders, and reduces the risk of fraud and duplication.

To further enhance accessibility, the solution supports seamless M-Pesa payments, provides clear upfront pricing, and accommodates bid bonds of up to KES 20 million. This makes it suitable for a wide range of customers, from SMEs competing for local tenders to large corporates engaged in complex procurement contracts.

This innovation sits within a wider ecosystem of digital solutions developed by the Bank in recent years. These include enhanced mobile banking services that allow customers to transact and access services on the move, USSD platforms that extend financial access to basic mobile users, and internet banking solutions that support self-service and reduce dependency on physical branches.

The Bank has also strengthened its Konnect API platform, which enables seamless integration with fintechs, corporates, and third-party service providers. This has opened up opportunities for embedded finance and improved service delivery across partner networks, supporting the Bank's ambition to build a more connected financial ecosystem.

Credit Bank continues to refine its digital lending processes, improving credit assessment efficiency and reducing turnaround times for customers through greater use of data and automation. The Bank has also enhanced paperless onboarding, reducing documentation requirements and making account opening faster and more convenient.

Agency banking partnerships further complement these efforts by extending financial services to underserved and remote communities. Through these networks, customers are able to access basic banking services closer to where they live and work, supporting the Bank's financial inclusion agenda. As the Bank continues to scale its digital capabilities, the overarching objective remains to build a seamless, integrated banking ecosystem where customers can access services anytime, anywhere, with speed, simplicity, and trust at the core of the experience.



Chief Executive Officer's Report



Reflections from the Chief Executive Officer

Dear Shareholders,

As we reflect on 2025, I am proud of the resilience demonstrated by Credit Bank as we navigated a challenging operating environment while laying the foundation for long-term growth and sustainability.

The year was marked by decisive actions aimed at strengthening the Bank's capital position, improving liquidity, and accelerating our transformation agenda. One of the most significant milestones was shareholder approval of a capital-raising programme designed to support the Bank's growth ambitions and regulatory requirements. As a result, paid-up capital increased from KES 3.64 billion in March 2025 to KES 4.85 billion by the end of the year, providing a stronger platform for future expansion.

We also maintained a strong focus on liquidity and financial stability. By the close of 2025, the Bank's liquidity ratio stood at 21.5 per cent, above the statutory minimum of 20 per cent, reflecting prudent balance sheet management and our commitment to safeguarding customer interests.

Betty Korir, Chief Executive Officer

Despite the economic headwinds experienced across the market, customer confidence in the Bank remained strong. Customer deposits stood at KSh 22.3 billion at the end of 2025, demonstrating the continued trust placed in us by individuals, businesses, and institutions.

Encouragingly, the positive momentum has continued into 2026. During the first quarter, customer deposits increased further to KES 23.0 billion, while shareholders' funds grew from KES 2.86 billion at the end of 2025 to KSh 3.03 billion by March 2026. Liquidity also improved to 22.74 per cent, strengthening our ability to support customers and pursue growth opportunities.

Another encouraging sign has been the growth in our trade and transaction banking business. Total contingent liabilities, which include trade finance instruments such as letters of credit and guarantees, increased from KES 4.8 billion at the end of 2025 to KES 6.2 billion in the first quarter of 2026. This reflects growing customer activity and reinforces our role as a trusted banking partner for businesses.

Looking ahead, Credit Bank is undertaking a comprehensive product portfolio revamp aimed at strengthening our customer value proposition, improving profitability, and ensuring long-term market relevance. We are redesigning our products and services to align more closely with customers' evolving needs, lifestyles, and aspirations.

A key part of this transformation is the implementation of a data-led and value-based customer segmentation model. This initiative will enhance customer experience, improve targeted offerings, strengthen reporting capabilities, and unlock new growth opportunities across the youth, SME, corporate, affluent, and high-net-worth segments.

Our strategy reflects a deeper shift towards relationship banking. We are committed to building lasting relationships with our customers by providing solutions that not only meet their financial needs but also support their ambitions and long-term financial wellbeing.

While challenges remain, the progress made during 2025 and the encouraging performance in the first quarter of 2026 give us confidence that we are moving in the right direction. With a stronger capital base, improved liquidity, growing customer confidence, and a clear transformation roadmap, Credit Bank is well positioned to build a stronger, more resilient, and future-ready institution.

I would like to thank our customers, shareholders, regulators, partners, and employees for their continued trust and support as we continue this journey together.



Betty Korir
Chief Executive Officer

Credit Bank PLC

Protection You Can Rely On

Through strategic partnerships, **Credit Bank PLC** provides comprehensive insurance solutions that safeguard your health, assets, and financial future.

Our Business Solutions include:

- **Health & Medical Cover (Individual & SME)**
Comprehensive medical protection designed to safeguard you, your family, and your employees.
- **Motor & Asset Insurance**
Reliable cover to protect your vehicles, property, and valuable assets against unexpected loss.
- **Business & Professional Covers**
Tailored insurance solutions that shield your enterprise from operational and professional risks.
- **Business & Professional Covers**
Tailored insurance solutions that shield your enterprise from operational and professional risks.
- **Life & Last Expense Solutions**
Financial protection that secures your loved ones and provides peace of mind for the future.



**Secure today.
Protect tomorrow.**



**POWERING YOUR
PROGRESS**

#YourFriendYourBank

www.creditbank.co.ke | 0709072000 | customerservice@creditbank.co.ke

Non-Financial Highlights

Customer Interactions



2024	35,468
2025	49,080

Customer Satisfaction



2024	90%
2025	89%

Total Number of Staff



M F

2024	115	102
2025	112	104

Net Promoter Score



2024	33
2025	35.7

Total Number of Branch Transactions



2024	8.4%
2025	6%

Total Number of Transactions on our channels



2024	91.6%
2025	94%

Transactions Branch(Volume)



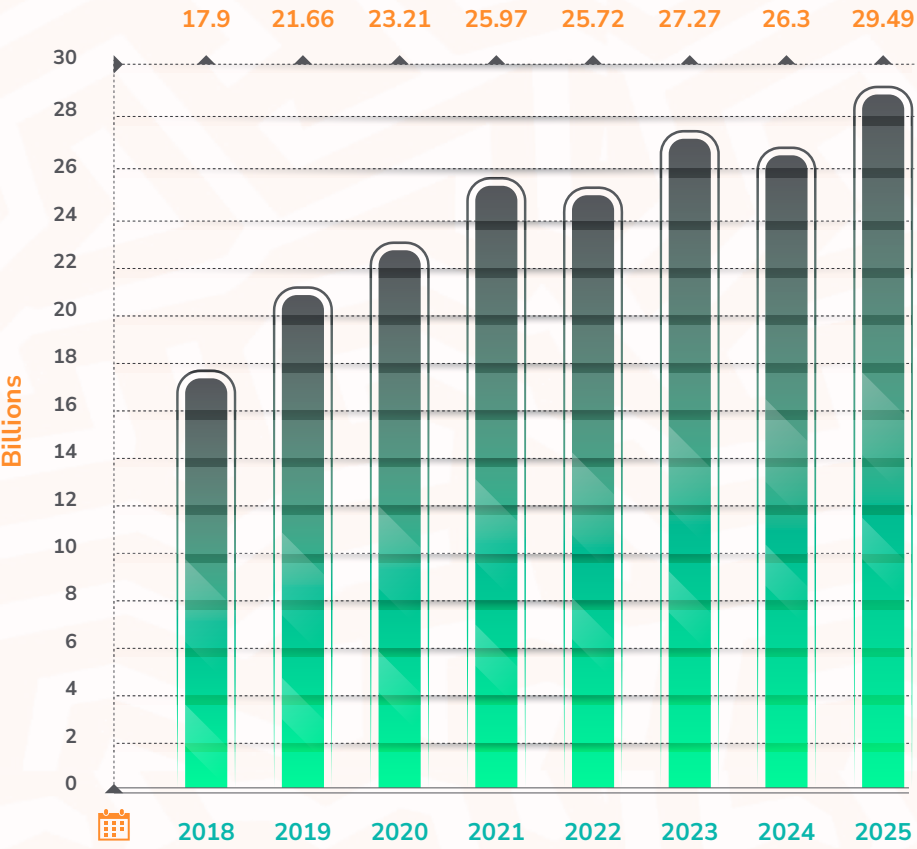
2024	56%
2025	53%

Transactions Digital(Volume)



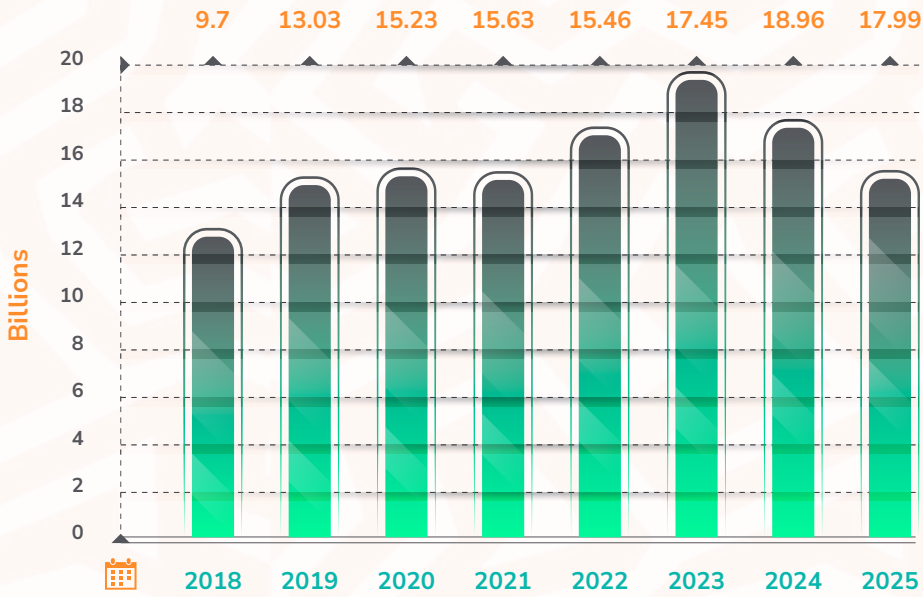
2024	44%
2025	47%

Group Financial Highlights

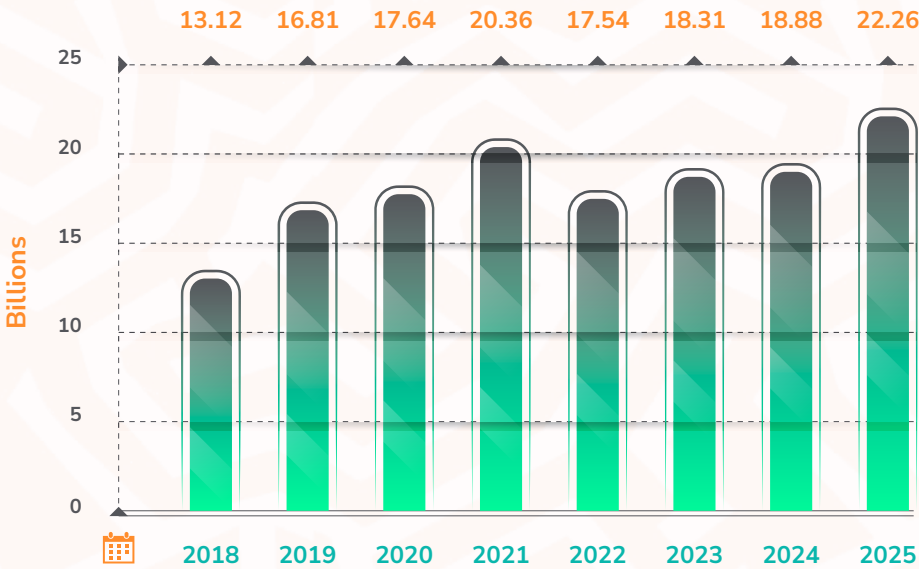
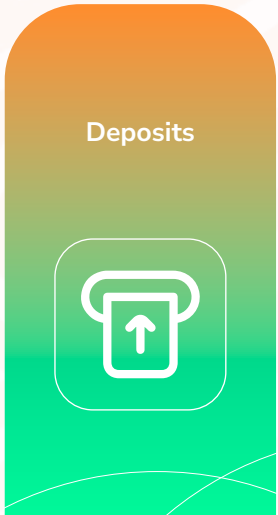
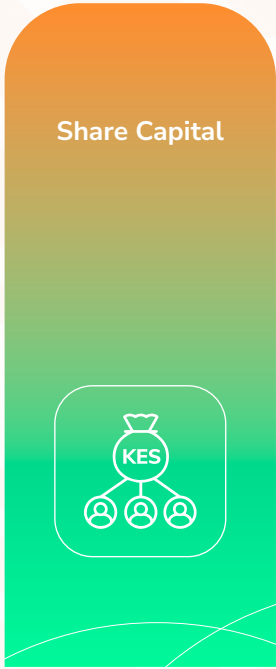
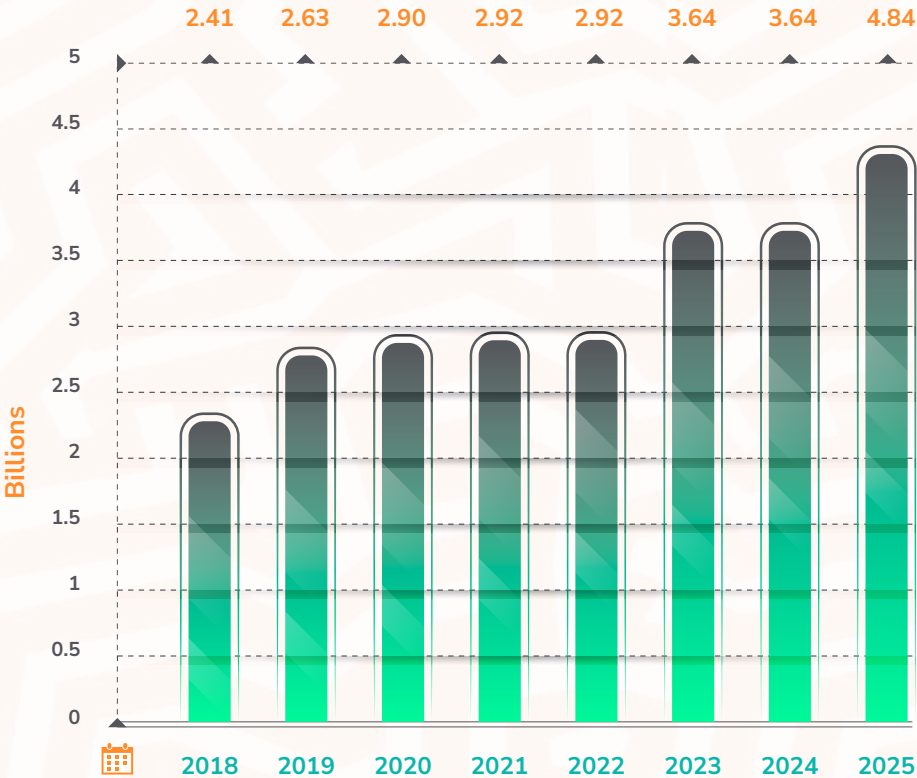


Total Assets

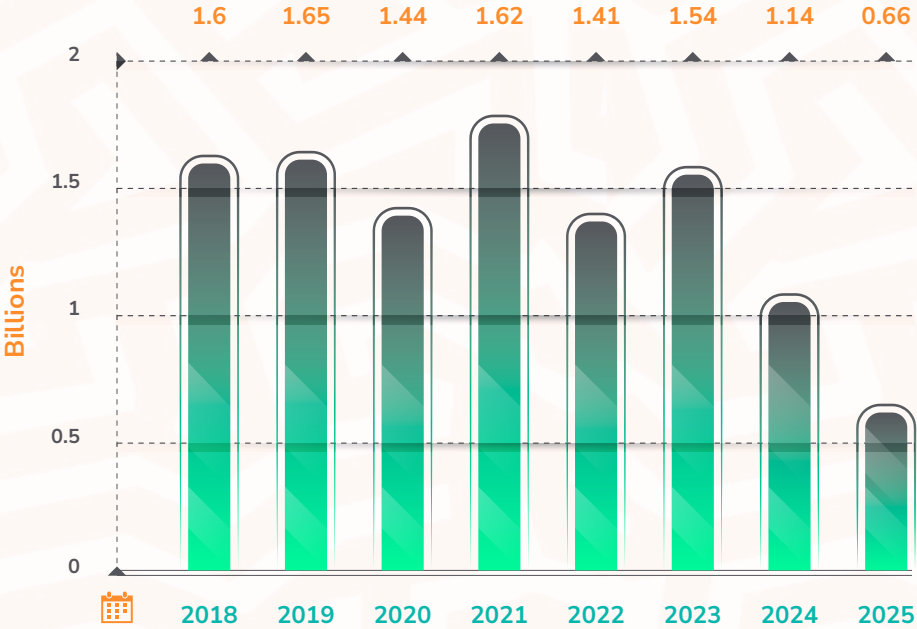
Loan Book (Net)



Group Financial Highlights (Continued)

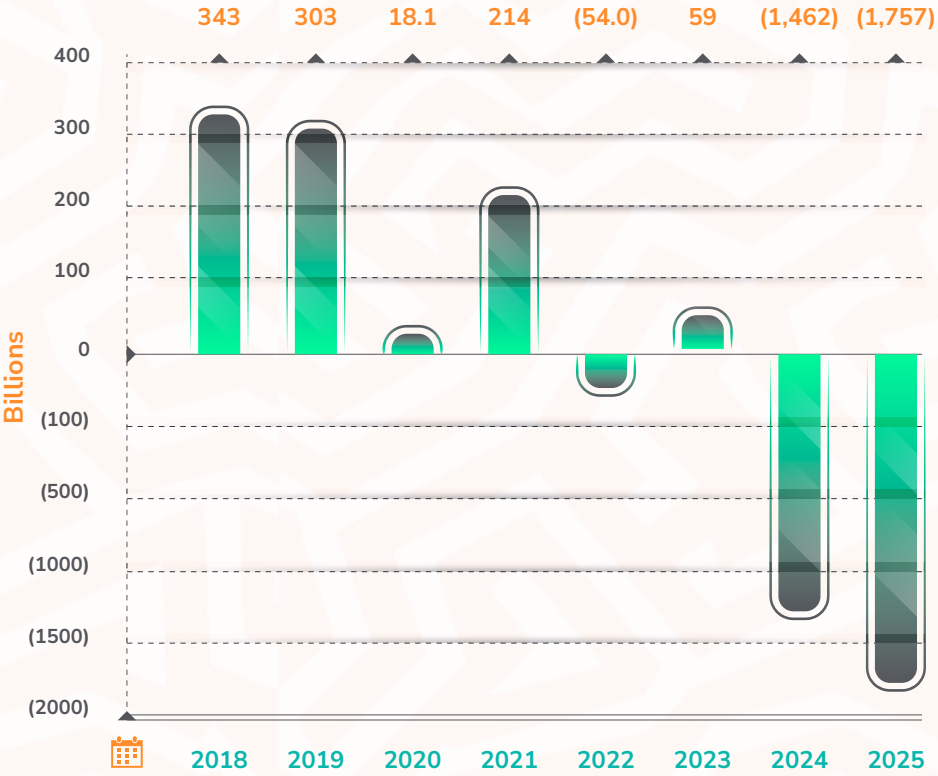


Group Financial Highlights (Continued)

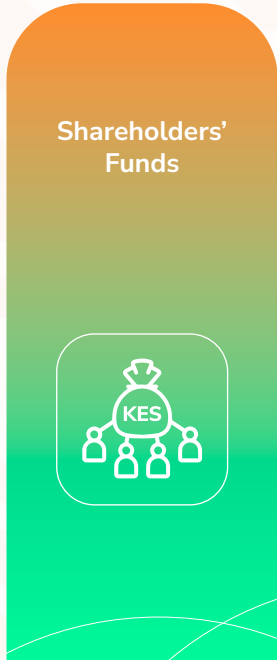
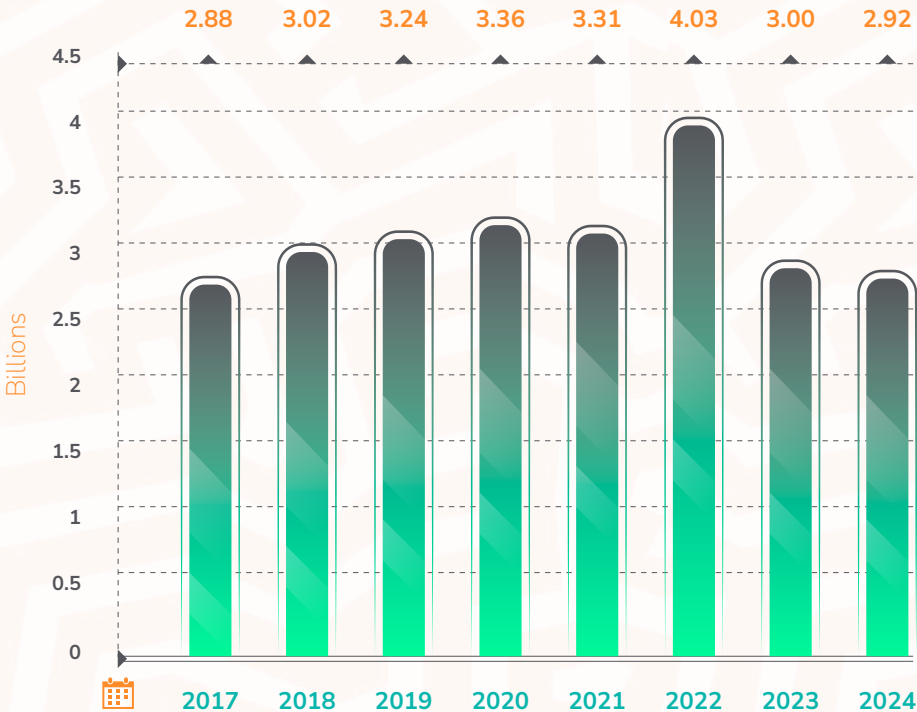


Operating Income

Profit Before Tax



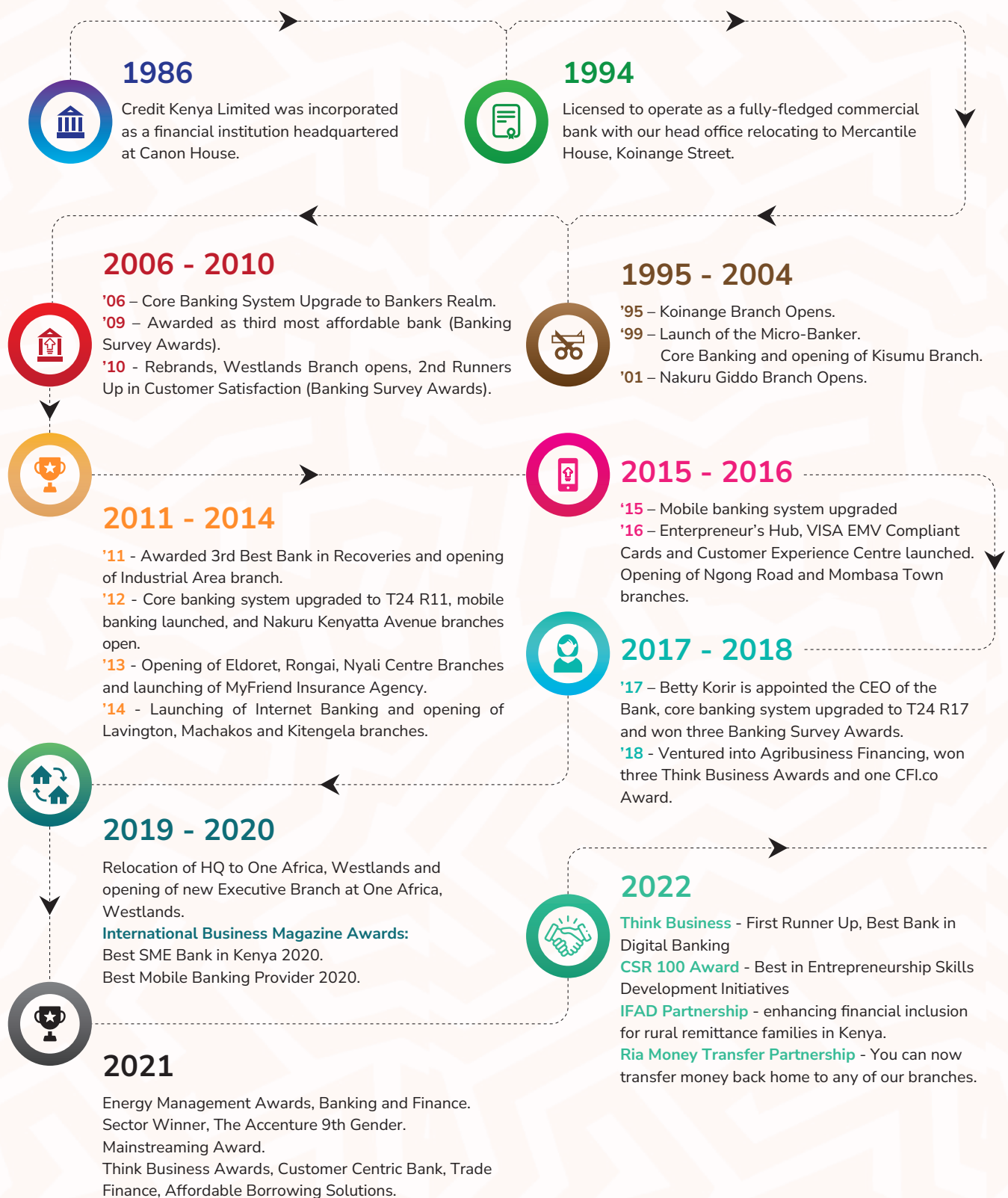
Group Financial Highlights (Continued)



Powering Your Progress



Our Journey



Our Journey



2023 - 2024

CSR 100 AWARD 2023 - Credit Bank scooped the Silver Mark Award in recognition of Excellence in Enterprise Information Technology Adoption, Entrepreneurship & Skills Development Initiatives in 2023 at the CSR 100 Awards.

11th Gender Mainstreaming Awards 2023 - Credit Bank won at The Accenture 11th Gender Mainstreaming Awards.

Financial Access - Credit Bank launches cash pickup portal remittance service to boost financial access in rural Kenya.

Kenya ESG Awards 2024 - Credit Bank PLC emerged as the winner (No.1) at the Kenya ESG Awards 2023-2024, Ethical Finance Institution category, hosted by KENCTAD.

The Global Economics - Credit Bank won The Annual Global Economics Awards 2024, London, UK as the best bank for SME's.

KE Digitally Fit Awards 2024 - Credit Bank won at the Digitally Fit Awards 2024, BUSINESS OF THE YEAR, CREATING AN IMPACT ONLINE Category.

Sustainable Finance Catalyst Awards - Credit Bank was named the Most Improved bank at the 2024 Sustainable Finance catalyst Awards by the Kenya Bankers Association.

Banking on Women Awards 2024 - Credit Bank was named the Overall Best Institution in the Customer Financial Literacy Category, organised by KENCTAD.

12th East Africa Gender Mainstreaming Awards - Credit Bank won in two categories;

- Finalist in the Economic Empowerment category.
- Our CEO, Betty Korir was recognized as a finalist in the Inclusive Leader Category.

Diversity and Inclusion - Credit Bank PLC officially onboarded Shorecap III, LP as a shareholder on June 15 2023. Credit Bank emphasized that the collaboration would enhance capital ratios and competitiveness in Kenya's banking sector.



2025

PesaLink Bank Awards 2025

Think Business Awards 2025 - Credit Bank has received two major accolades at this year's Think Business Awards 2025:

- Special Judges Award for Product Innovation - Overall Winner.
- Best Bank in Product Innovation - 1st Runners-Up.

Ecosystem Collaboration Champion.

World Business Outlook Awards - Best Trade Finance Bank and Most Innovative Banking Solution Provider in Kenya 2026.

Women's Tabloids Awards 2025 - Best Women CEO in Corporate Transformation - Banking, Betty Korir.

Fintech Leadership

*Credit Bank PLC
Showcases Kenya's
Fintech Leadership at
London Global Event*

Credit Bank PLC represented Kenya at the London Fintech Global Event hosted at the British High Commission, reinforcing the Bank's growing position as an innovation-led financial institution driving digital transformation, financial inclusion, and customercentred banking solutions.

The global forum brought together fintech leaders, investors, policymakers, and innovators from across the world to discuss the future of financial services, crossborder collaboration, digital banking, and technology-driven inclusion. The engagement also aligned closely with the Bank's broader 2025 growth strategy anchored on four core pillars – Pay, Borrow, Grow, and Protect – which continue to shape product innovation, customer engagement, and business expansion across key market segments.

Among the solutions showcased was the Nyumbani Diaspora Account, a specialised cross-border banking solution designed for Kenyans living and working abroad. The account allows customers to transact seamlessly in multiple currencies including Kenya Shillings, US Dollars, Euros, and British Pounds while enjoying flexible features such as salary advance options and no minimum operating balance requirements.

As diaspora remittances continue to play an increasingly important role in Kenya's economy, the product positions Credit Bank PLC to capture emerging opportunities within diaspora banking by providing secure, seamless, and borderless financial solutions tailored to the evolving needs of globally connected customers.

The Bank also highlighted its growing digital banking ecosystem, including CB Konnect and Konnect Cards, which continue to support customers seeking convenient, mobilefirst banking experiences. The digital platforms enable individuals and businesses to manage accounts, access financing, process transactions, and make payments efficiently while on the move.

Credit Bank PLC further showcased its expanding SME banking proposition, which remains central to its long-term growth agenda. Through relationship-led banking models, the Bank continues to move beyond traditional lending approaches by offering flexible and tailored financial support for entrepreneurs and growing enterprises.

Innovative trade finance solutions such as invoice discounting, overdraft facilities, bid bonds, and tender guarantees continue to empower SMEs by improving cash flow and enabling businesses to execute contracts without the burden of excessive collateral requirements. This approach has strengthened the Bank's positioning as a trusted growth partner for ambitious enterprises.

The Entrepreneurs Hub (eHub) also continues to play an important role in nurturing enterprise development through mentorship, business training, and capacity-building programmes designed to help SMEs scale sustainably. In addition, the Bank's awardwinning elev8Her proposition continues to strengthen support for women-led enterprises through tailored financing, insurance solutions, and long-term business support.

Participation in the London Fintech Global Event reaffirmed Credit Bank PLC's commitment to building strategic international partnerships while contributing to conversations shaping the future of fintech in Africa. With growing investments in digital transformation, customer-centric innovation, and SME empowerment, the Bank continues to position itself as a modern, agile, and globally connected financial institution prepared to capture emerging opportunities within Kenya and beyond.



London Fintech

Activities



CSR Activities –
Janris Foundation, Kibera



Environmental Sustainability –
Nairobi County Clean Up

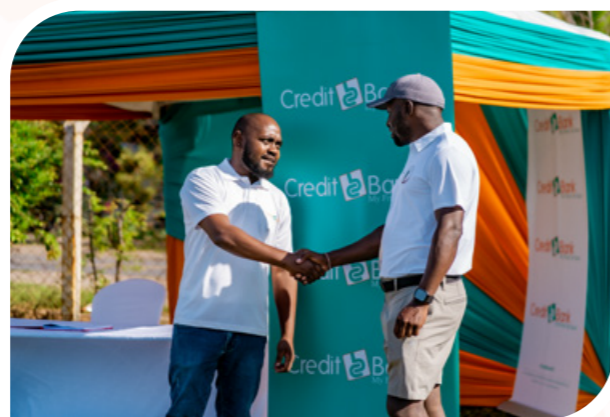


Gender Equality (SDG) – Banking on Women



Banking on the Future –
Chacho Kids

Banking on SMEs –
Sotet Sponsorship



Some of Our Awards



Best in Financial Inclusion Awards
KENCTAD Awards

Ecosystem Collaboration Champion
Pesalink Awards



➤ Best Bank in Product Innovation – 1st Runner Up.
➤ Special Judges Award for Product Innovation.
Think Business Awards



Squash Men – 1st Runners-Up, Best Tier 3 Bank – 1st Runners-Up, and CEO's Run – 2nd Runners-Up
Interbank Games Awards

Other Awards

- Private Sector Procurement Awards
- World Business Outlook Awards
- Women's Tabloids Awards 2025
- Best in Financial Inclusion Award (Banking on Women Awards) at the KENCTAD

eCitizen payments are now Easy.

Pay for government services via
USSD *669#, the CB Konnect
App or login to the iKonnect
Portal.



#YourFriendYourBank

www.creditbank.co.ke | 0709072000 | customerservice@creditbank.co.ke

Group & Bank Information

Board of Directors

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

Mr Moses M. Mwendwa	Chairman
Mrs Betty Korir	Chief Executive Officer
Mrs. Grace Nyachae	
Robinson N. Gachogu	
Dr James S Mathenge	
Mr Leon Nyachae	
Mr Jack Ngare	
Mrs Elizabeth Musyoki	
Mr Suleiman Ibrahim Kiggundu Jr	
Mr Edward Gisemba Momanyi	Appointed on 06 March 2026

Company Secretary

Robert Ndungu
Plot No LR No. 1870/X/45,
One Africa Place Waiyaki Way, Westlands
P.O Box 61064 00200
Nairobi, Kenya

Registered Address and Headquarters

Plot No LR No. 1870/X/45,
One Africa Place Waiyaki Way, Westlands
P.O. Box 61064 00200
Nairobi, Kenya

Independent Auditor

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

Principal Banker

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000 – 00200
Nairobi, Kenya

Principal Lawyers

Mboya Wangong'u & Waiyaki
P. O. Box 74041 – 00200
Nairobi, Kenya

The full list of the Bank's lawyers is available at the Bank premises.

Directors' Report

The directors submit their report together with the audited financial statements of Credit Bank Plc (the "Bank") and its subsidiary Credit Bancassurance Intermediary Limited (together the "group") for the year ended 31 December 2025.

Incorporation

The Company is domiciled in Kenya where it is incorporated as a private company limited by shares under the Companies Act, 2015. The address of the registered office is set out on page 34.

Directorate

The directors who held office during the year and to date of this report are set out on page 34.

Principal Activities

The Group is engaged in the business of banking and provision of related services as well as provision of Bancassurance services.

Financial Results and Dividend

The Group Loss for the year of KShs 1.29 billion (2024: loss of KShs 1.05 billion) has been added to the accumulated loss position. The directors do not recommend payment of dividends. (2024: Nil)

Business Review

The group's interest income declined by 8% from KShs 3.54 billion in 2024 to KShs 3.27 billion in 2025. This is mainly due to continued pressure on Loan book quality.

Forex income decreased by 34% from KShs 142 million to KShs 93 million due to reduced volumes of foreign exchange forward spots and sales volume. The decrease can further be attributed to thin margins arising from the stability of shilling against the US Dollar in the financial year under review.

Allowance of expected credit losses grew by 7% to KShs 1.46 billion (2024: KShs 1.368 billion) mainly due to growth in Non-Performing Loans.

During the year, the Group's balance sheet grew by 11% from KShs 26.5 billion to KShs 29.5 billion in 2025. The growth in total assets is largely attributed to a significant growth in liquid assets funded by 18 percent growth in customer deposits. The Group realized return on assets of -4.4% (2024: -3.94%), Return on equity of -44.2% (2024: -34.9%) and the cost to income ratio before Provisions of 120% (2024:106%).

Global Economic Outlook

According to Central Bank of Kenya, Global growth has remained resilient and is estimated at 3.3 percent in 2025, reflecting lower than expected tariff rates on imports into the United States, improved financial conditions, strong consumer spending, and a surge in investment in Artificial Intelligence led technology, particularly in the United States. The outlook for global growth for 2026 has been revised upwards, and is expected to remain steady at 3.3 percent, mainly due to improved growth prospects in the United States, Euro area, and China. Nevertheless, weak global demand, elevated trade policy uncertainty, and heightened geopolitical tensions particularly in the Middle East, and the Russia-Ukraine conflict, US-Israel, Iran Conflict remain key risks to growth.

International Monetary Fund (IMF), Similarly Projects Global growth at 3.3 percent in 2026 and 3.2 percent in 2027, revised slightly up since October 2025 World Economic Outlook which projected a 3.1% Global economic growth. IMF further notes that, technology investment, fiscal and monetary support, accommodative financial conditions, and private sector adaptability offset trade policy shifts, hence the projections above.

Global inflation is expected to fall, but US inflation, which currently averages 2.4%, is expected to return to target (estimated at 2%) more gradually. Key downside risks are re-evaluation of technology expectations and escalation of geopolitical tensions. Policymakers should restore fiscal buffers, preserve price and financial stability, reduce uncertainty, and implement structural reforms.

Local Economic Outlook

According to the Central Bank of Kenya, the performance of the Kenyan economy remained resilient in the third quarter of 2025, with real GDP growing by 4.9 percent, supported by a rebound of the industrial sector, and resilience of services sector. Leading indicators of economic activity point to improved performance in the fourth quarter. The growth of the economy is estimated at 5.0 percent in 2025 compared to the previous projection of 5.2 percent, mainly reflecting a slowdown in agriculture sector's performance in the third quarter. The economy is expected to remain resilient, with real GDP growth projected to pick up to 5.5 percent in 2026 and 5.6 percent in 2027, supported by the resilience of the services sector. IMF however projects a conservative Kenya's GDP growth at 4.9% in 2026, observing that debt distress & Tight Financing, External Shocks & Trade Tensions, Internal fragility & Climate Change (Droughts & floods), Structural & Political Challenges, Reduced Development Assistance remain key challenges to this region and continues to recommend and support actions on Fiscal Consolidation, revenue mobilization through taxes and structural reforms to foster economic diversification.

Interest Rates

Central Bank of Kenya in December 2025 observed that growth in commercial banks' lending to the private sector continued to improve and stood at 6.3 percent in November 2025 compared to 5.9 percent in October 2025 and -2.9 percent in January 2025. Growth in credit to key sectors of the economy, particularly manufacturing, building and construction, trade and consumer durables, remained strong in November 2025. CBK notes that this development mainly reflects improved demand for credit in line with the declining lending interest rates disclosing that average commercial banks' lending rates declined to 14.9 percent in November 2025 from 15.0 percent in October, and 17.2 percent in November 2024.

The trajectory of reduced lending is expected to sustain as the revised banking sector Risk-Based Credit Pricing Model (RBCPM, now anchored on KSHSONIA, is expected to be fully operational by March 2026, and the CBK is confident that full implementation will improve the transmission of monetary policy decisions to commercial banks' lending interest rates, and enhance transparency in the pricing of loans by banks

Principal Risks and Uncertainties

The Banks principal risks and uncertainties together with processes that are in place to monitor and mitigate those risks where applicable can be found under Note 2 to the financial statements.

Statement as to Disclosure to the Company's Auditor

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

- a) there is, so far as the director is aware, no relevant audit information of which the Company's auditor is unaware; and
- b) 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 Company's auditor is aware of that information.

Terms of Appointment of Auditors

PricewaterhouseCoopers LLP serve as auditors of the Bank until the next Annual General Meeting. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

Events After Year End

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

By order of the Board



CPS Robert Ndungu (DCDM Registrars)
Secretary

Secretary
28th April 2026

Statement of Corporate Governance

The Board of Directors of Credit Bank Plc (or the “Board”) is committed to ensuring compliance with all guidelines on corporate governance issued by the Centre for Corporate Governance and the Central Bank of Kenya (“CBK”).

The Bank conducts business ensuring compliance with the code of conduct for Directors and senior management as per the CBK prudential guidelines, best practice and professional ethics.

The Bank has a Board Charter which outlines the principal role of the Board, the demarcation of the roles, functions, responsibilities and powers of the Board, various Board committees of the Bank and matters reserved for final decision-making or pre-approval by the Board; and the policies and practices of the Board in conducting its business.

Shareholders

The shareholders appoint the Directors of the Bank and hold the Board accountable and responsible for efficient and effective governance of the Bank. It is also their role to appoint the statutory auditors of the Bank.

The Chairperson

The Chairperson of the Board plays a critical role in ensuring the effective functioning of the Board and the discharge of its governance responsibilities. As a non-executive director, the Chair provides leadership to the Board, promotes high standards of governance, and ensures that decisions are taken on a sound and well-informed basis. The Chair fosters an open and constructive board culture by encouraging robust debate, ensuring that diverse and dissenting views are expressed and duly considered. In addition, the Chair oversees the smooth operation of the Board and its committees by ensuring appropriate governance policies, procedures, and structures are in place, that relevant matters are included in meeting agendas, and that Directors receive timely and adequate information to support effective participation. The Chairperson also facilitates focused discussion on strategic and key matters and supports the ongoing development and effectiveness of the Board.

Board Evaluation

Evaluation of the directors of the Board and the Board committees was done during the year and found to be effective. The Board is fully aware of the latest developments in the regulatory environment, risk management and market conditions. The directors maintained excellent communication amongst themselves and with the senior management.

Attendance of Board meetings during the year is summarized below:

Name	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Moses M. Mwendwa	P	P	P	P
Grace Nyachae	P	P	P	P
Robinson N. Gachogu	P	P	P	P
Leon Nyachae	P	P	P	P
James S Mathenge	P	P	P	P
Jack Mugo Ngare	P	P	P	AP
Elizabeth Musyoki	P	P	P	P
Suleiman Ibrahim Kiggundu Jr	P	P	P	P
Betty Korir	P	P	P	P
Edward Momanyi Gisemba	NA	NA	NA	NA

P = Present, A = Absent, AP=Apology, NA=Not Appointed, N/A=Not Applicable

Board of Directors

The Board consists of Chief Executive Officer and seven non-executive directors as listed on page 34 of the annual report. The directors have diverse professional and business background and experience and have provided valuable stewardship for the Bank. The Board meets at quarterly intervals in the year or as and when need arises. During the year, the Board held four meetings.

To ensure that the Board remains efficient and effective while discharging its responsibilities, annual Board assessment and peer review on performance is undertaken.

The Board has delegated the authority of day-to-day management to the Chief Executive Officer but retains the overall responsibility for financial and operating decisions as indicated in the 'Statement of directors' responsibilities. The Board has access to the Company Secretary who attends Board meetings on a regular

basis and has set up various sub-Board committees which operate in accordance with clearly set terms of reference. These sub committees report to the Board on periodic intervals and on circulation basis. They include the Board Credit Committee, the Board Audit Committee, the Board Risk Committee, the Board Executive Committee, the Board Operations Committee and Board Nominations & Remuneration Committee. All Board committees consist of at least two non-executive directors one of whom is the Chair.

Board Credit Committee

The Board Credit Committee reviews and oversees the overall lending of the Bank by ensuring compliance to Bank's lending policy guidelines and limit structures. The committee also ensures adequate credit impairment provisions are held in line with the CBK prudential guidelines and oversees reviews of overall lending policies and limit structures of the Bank.

The Committee consists of 5 Independent Non-Executive Directors. The membership of the Committee together with attendance is as follows:

Name	Role	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Robinson N. Gachogu	Chairman	P	P	P	P
Moses Mwendwa	Member	P	P	P	P
Grace Nyachae	Member	P	P	P	P
Leon Nyachae	Member	P	P	P	P
Suleiman Ibrahim Kiggundu Jr	Member	P	P	P	P

Board Audit Committee

The role of the Board Audit Committee is to enhance effectiveness of internal and external audit functions, monitoring management's compliance with relevant legislations and regulatory requirements. It also monitors the effectiveness and compliance of the Bank's approved policies and procedures with the objective of strengthening the management information systems and internal controls. The committee meets at quarterly intervals.

Name	Role	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Elizabeth Musyoki	Chairperson	P	P	P	P
Jack Mugo Ngare	Member	P	P	P	P
Robinson N. Gachogu	Member	P	P	P	P

Board Risk Committee

The committee is responsible for devising policies and procedures for identification, measurement, monitoring and control of all risk categories. The committee ensures that the Bank has clear, comprehensive and well-documented policies and procedure guidelines relating to all areas of operation and the relevant staff fully understand those policies. The committee identifies, analyses and evaluates risks, formulates appropriate responses, ensures tracking and reporting of risks to provide assurance regarding the achievement of objectives within the risk levels accepted by the Board. The committee meets at quarterly intervals.

Name	Role	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Robinson N. Gachogu	Chairman	P	P	P	P
Jack Mugo Ngare	Member	P	P	P	P
Elizabeth Musyoki	Member	P	P	P	P
Moses Mwendwa	Member	P	P	P	P
Suleiman I. Kiggundu Jr	Member	P	P	P	P

Board Executive Committee

The Board Executive Committee has an oversight role on Management committees over execution of Board's policy directives and strategy. The Committee reviews and monitors progress on the bank's strategic plans, operational initiatives, marketing and Business development as approved by the Board and ensures that the Bank adheres to CBK prudential guidelines on capital adequacy, liquidity and market risk management.

Name	Role	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Grace Nyachae	Chairperson	P	P	P	P
Robinson N. Gachogu	Member	P	P	P	P
Leon Nyachae	Member	P	P	P	P
Moses Mwendwa	Member	P	P	P	P
James S Mathenge	Member	P	P	P	P

Board Nominations & Remuneration Committee

The Board Nominations & Remuneration committee responsible for all aspects of appointment of the Bank's directors and Senior Management. It also oversees the compensation system's design and operation on behalf of the Board of Directors. The committee is constituted to enable it exercise competent and independent judgment on compensation policies and practices with majority of its members being independent non-executive directors with substantial knowledge about compensation arrangements. The Committee strategizes on the Bank's human resources development and optimisation in line with the Board's objectives and human capital management.

Name	Role	Q1 2025	Q2 2025	Q3 2025	Q4 2025
James S Mathenge	Chairperson	NA	P	NA	P
Grace Nyachae	Member	NA	P	NA	P
Robinson N. Gachogu	Member	NA	P	NA	P
Moses Mwendwa	Member	NA	P	NA	P

For effective delegation, the Chief Executive Officer has also set up various committees made up of senior officers of the Bank entrusted with different responsibilities which operate within prescribed terms of reference duly approved by the Board. These committees include Management Executive Committee (EXCO), Assets & Liabilities Committee (ALCO), Management Credit Committee, Procurement Committee, IT Steering Committee, Risk Management Committee and Product Development Committee. Open and clear communication channels between management and the Board is maintained through the office of the Chief Executive Officer.

Board Operations Committee

Board Operations committee is a board committee that has been mandated with the oversight role over operations of the bank. The committee's main role is to recommend operational strategies and policies to the main board and there after overseeing the implementation of the same to ensure a sound, effective and efficient operational environment.

Name	Role	Q1 2025		Q2 2025		Q3 2025		Q4 2025	
Jack Mugo Ngare	Chairman	P	P		P		P		
Robinson N. Gachogu	Member	P		P		P		P	
Moses Mwendwa	Member	P		P		P		P	
Leon Nyachae	Member	P		P		P		P	
Suleiman I. K. Jr	Member	P		P		P		P	

The Bank fully complies with the Banking Act, CBK's prudential guidelines and the Companies Act, 2015. The Bank ensures that the shareholders and other stakeholders are fully informed of the Bank's performance and activities by distributing its annual report and financial statements and publishing quarterly reports and notices in the national dailies.



Moses M. Mwendwa

Chairman

28th April 2026

Statement of Directors' Responsibilities

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their profit or loss for that year. The directors are responsible for ensuring that the Group and Company keep proper accounting records that are sufficient to show and explain the transactions of the Group and the Company; disclose with reasonable accuracy at any time the financial position of the Group and the Company; and that enables them to prepare financial statements of the Group and of the Company that comply with prescribed financial reporting standards and the requirements of the Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and the Company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Having made an assessment of the Group's and Company's ability to continue as a going concern, the directors have disclosed matters relating to the use of going concern basis of preparation under note 2(c) of the financial statements.

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

Approved by the board of directors on 28 April 2026 and signed on its behalf by:



Moses M. Mwendwa

Chairman



Betty Korir

Chief Executive Officer



Independent Auditor's Report to the Shareholders of Credit Bank PLC

Report on the Audit of the Group and Bank Financial Statements

Opinion

We have audited the accompanying financial statements of Credit Bank Plc (the "Bank") and its subsidiary (together, the "Group") set out on pages 47 to 133, which comprise the consolidated statement of financial position at 31 December 2025 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Bank statement of financial position at 31 December 2025, Bank statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the Bank for the year then ended, and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw your attention to Note 2(c) in the financial statements which discloses the directors' assessment of the Bank's ability to continue as a going concern and the matters relating to the going concern basis of preparation.

The note indicates that for the year ended 31 December 2025, the Group and Company incurred a loss after tax of KShs 1,292,573,000 (2024: KShs. 1,047,310,000) and KShs 1,297,182,000 (2024: KShs 1,055,619,000) respectively. The accumulated losses for the Group and Company as at 31 December 2025 was KShs 3,502,554,000 (2024: 2,176,628,000) and KShs 3,564,110,000 (2024: KShs. 2,233,575,000) respectively. In addition, as at 31 December 2025, the Bank's level of core and total capital was significantly below the minimum regulatory requirements.

These events or conditions, along with other matters as set forth in the note indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Independent Auditor's Report to the Shareholders of Credit Bank PLC (Continued)

Other Information

The other information comprises Corporate information, Report of the Directors, Statement of Corporate Governance and Statement of directors' responsibilities, which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report 2025 which is expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information we have received 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.

When we read the rest of the other information in the Annual Report 2025 and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Independent Auditor's Report to the Shareholders of Credit Bank PLC (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 and Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, safeguards applied.

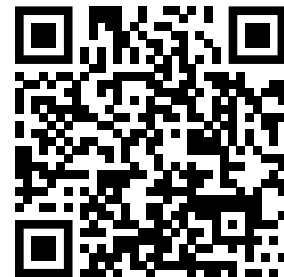
Report on Other Matters Prescribed by the Companies Act, 2015

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

FCPA Richard Njoroge, Practising Certificate Number 1244
Engagement partner responsible for the independent audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

30 April 2026



UNIQUE CODE: 66842260430

Financial Statements



Consolidated Statement of Profit or Loss and Other Comprehensive Income	Notes	2025 Shs '000	2024 Shs '000
Interest income	5	3,271,476	3,540,524
Interest expense	6	(2,209,877)	(2,443,882)
Net interest income		1,061,599	1,096,642
Fees and commission income	7(c)	191,088	197,833
Trading income	7(b)	93,239	142,289
Other income	7(a)	113,529	76,600
Allowance of expected credit losses	8	(1,461,597)	(1,368,590)
		(1,063,741)	(951,868)
Net operating (loss)/income		(2,142)	144,774
Employee benefits	9	(817,079)	(798,172)
Other operating expenses	10	(686,013)	(552,624)
Directors' expenses	36(c)	(82,293)	(78,865)
Depreciation of property and equipment	21	(50,947)	(54,720)
Amortisation of right-of-use asset	27	(92,405)	(96,377)
Amortisation of intangible assets	22	(25,803)	(25,542)
Operating expenses		(1,754,540)	(1,606,300)
Loss before income tax		(1,756,682)	(1,461,526)
Income tax credit	11	464,109	414,216
Loss for the year		(1,292,573)	(1,047,310)
Other comprehensive income, net of income tax			
<i>Items that will be reclassified to profit or loss</i>			
Fair value movements on FVOCI financial assets, net of tax	32	11,748	22,838
Total comprehensive loss for the year, net of tax		(1,280,825)	(1,024,472)

Bank Statement of Profit or Loss and Other Comprehensive Income	Notes	2025 Shs '000	2024 Shs '000
Interest income	5	3,271,476	3,540,524
Interest expense	6	(2,217,552)	(2,450,033)
Net interest income		1,053,924	1,090,491
Fees and commission income	7(c)	169,743	180,663
Trading income	7(b)	93,239	142,289
Other income	7(a)	113,529	76,600
Allowance of expected credit losses	8	(1,461,597)	(1,368,590)
		(1,085,086)	(969,038)
Net operating (loss)/income		(31,162)	121,453
Employee benefits	9	(802,797)	(786,161)
Other operating expenses	10	(677,252)	(547,159)
Directors' expenses	36(c)	(82,293)	(78,865)
Depreciation of property and equipment	21	(50,938)	(54,711)
Amortisation of right-of-use asset	27	(92,405)	(96,377)
Amortisation of intangible assets	22	(25,803)	(25,542)
Operating expenses		(1,731,488)	(1,588,815)
Loss before income tax		(1,762,650)	(1,467,362)
Income tax credit	11	465,468	411,743
Loss for the year		(1,297,182)	(1,055,619)
Other comprehensive income, net of income tax			
<i>Items that will be reclassified to profit or loss</i>			
Fair value movements on FVOCI financial assets, net of tax	32	11,748	22,838
Total comprehensive income/(loss) for the year, net of tax		(1,285,434)	(1,032,781)

Consolidated Statement of Financial Position	Notes	2025 Shs '000	2024 Shs '000
Assets			
Cash and balances with Central Bank of Kenya	13	1,977,229	1,088,626
Financial assets at FVOCI	14	391,903	272,831
Financial assets at amortised cost	15	4,301,996	4,585,536
Deposits and balances due from banking institutions	16	1,594,479	545,850
Loans and advances to customers	17	15,856,826	17,997,492
Other assets and prepaid expenses	18	2,461,995	843,397
Investment property	19	1,200,000	-
Property and equipment	21	119,267	162,325
Intangible assets	22	115,679	89,378
Right-of-use assets	27	187,045	142,654
Deferred income tax	20	1,139,077	678,859
Current income tax		144,062	143,010
Total assets		29,489,558	26,549,958
Liabilities			
Deposits and balances due to banking institutions	24	3,682,138	3,910,325
Customer deposits	25	22,255,165	18,878,442
Other liabilities	26	382,148	357,532
Lease liabilities	28	203,469	176,687
Borrowings	29	42,242	224,807
Total liabilities		26,565,162	23,547,793
Shareholders' equity			
Share capital	30	4,848,316	3,644,964
Share premium	30	60,115	60,411
Statutory Credit Risk Reserve	31	1,575,868	1,542,515
Accumulated losses		(3,502,554)	(2,176,628)
Fair value reserve	32	(57,349)	(69,097)
Shareholders' equity		2,924,396	3,002,165
Total equity and liabilities		29,489,558	26,549,958

The financial statements on pages 47 to 133 were approved for issue by the Board of Directors on 28 April 2026 and signed on its behalf by:


Moses M. Mwendwa

Chairman


Betty Korir
Chief Executive Officer


Dr. James Stanley Mathenge

Director


CPS Robert Ndungu (DCDM Registrars)
Secretary

Bank Statement of Financial Position	Notes	2025 Shs '000	2024 Shs '000
Assets			
Cash and balances with Central Bank of Kenya	13	1,977,229	1,088,626
Financial assets at FVOCI	14	391,903	272,831
Financial assets at amortised cost	15	4,290,829	4,574,295
Deposits and balances due from banking institutions	16	1,594,479	545,850
Loans and advances to customers	17	15,856,826	17,997,492
Other assets and prepaid expenses	18	2,414,748	780,078
Investment property	19	1,200,000	-
Property and equipment	21	119,227	162,306
Intangible assets	22	115,679	89,378
Right-of-use assets	27	187,045	142,654
Deferred income tax	20	1,134,672	676,556
Investment in subsidiary	23	5,000	5,000
Current income tax		136,961	136,032
Total assets		29,424,598	26,471,098
Liabilities			
Deposits and balances due to banking institutions	24	3,682,138	3,910,325
Customer deposits	25	22,305,264	18,913,935
Other liabilities	26	328,645	300,126
Lease liabilities	28	203,469	176,687
Borrowings	29	42,242	224,807
Total liabilities		26,561,758	23,525,880
Shareholders' Equity			
Share capital	30	4,848,316	3,644,964
Share premium	30	60,115	60,411
Statutory Credit Risk Reserve	31	1,575,868	1,542,515
Accumulated losses		(3,564,110)	(2,233,575)
Fair value reserve	32	(57,349)	(69,097)
Shareholders' equity		2,862,840	2,945,218
Total equity and liabilities		29,424,598	26,471,098

The financial statements on pages 47 to 133 were approved for issue by the Board of Directors on 28 April 2026 and signed on its behalf by:


Moses M. Mwendwa

Chairman


Betty Korir
Chief Executive Officer


Dr. James Stanley Mathenge

Director


CPS Robert Ndungu (DCDM Registrars)
Secretary

Consolidated Statement of Changes in Equity	Notes	Share Capital Shs '000	Share Premium Shs '000	Accumulated Losses Shs '000	Statutory Credit Risk Reserve Shs '000	Fair value Reserve Shs '000	Total Shs '000
Year ended 31 December 2024							
At start of year		3,644,964	60,411	(1,129,318))	1,542,515	(91,935)	4,026,637
Total comprehensive income for the year							
Loss for the year		-	-	(1,047,310)		-	(1,047,310)
Other comprehensive income		-	-	-	-	22,838	22,838
Total comprehensive loss for the year		-	-	(1,047,310)	-	22,838	(1,024,472)
At end of year		3,644,964	60,411	(2,176,628)	1,542,515	(69,097)	3,002,165
Year ended 31 December 2025							
At start of year		3,644,964	60,411	(2,176,628)	1,542,515	(69,097))	3,002,165
Total comprehensive income for the year							
Loss for the year		-	-	(1,292,573)	-	-	(1,292,573)
Other comprehensive income		-	-	-	-	11,748	11,748
Total comprehensive loss for the year		-	-	(1,292,573)	-	11,748	(1,280,825)
Transfer to Statutory Credit Risk Reserve		-		(33,353)	-	(33,353)	
Transactions with owners							
Issue of share capital		1,203,352					1,203,352
Share Issue costs			(296)				(296)
At end of year		4,848,316	60,115	(3,502,554)	1,575,868	(57,349)	2,924,396

Bank Statement of Changes in Equity	Notes	Share Capital Shs '000	Share Premium Shs '000	Accumulated Losses Shs '000	Statutory Credit Risk Reserve Shs '000	Fair value Reserve Shs '000	Total Shs '000
Year ended 31 December 2024							
At start of year		3,644,964	60,411	(1,177,956)	1,542,515	(91,935)	3,977,999
Total comprehensive income for the year							
Loss for the year		-	-	(1,055,619)	-	-	(1,055,619)
Other comprehensive income		-	-	-	-	22,838	22,838
Total comprehensive loss for the year		-	-	(1,055,619)	-	22,838	(1,032,781)
At end of year		3,644,964	60,411	(2,233,575)	1,542,515	(69,097)	2,945,218
Year ended 31 December 2025							
At start of year		3,644,964	60,411	(2,233,575)	1,542,515	(69,097)	2,945,218
Total comprehensive income for the year							
Loss for the year		-	-	(1,297,182)	-	-	(1,297,182)
Other comprehensive income		-	-	-	-	11,748	11,748
Transactions with owners							
Issue of share capital		1,203,352					1,203,352
Share issue costs		-	(296)	-	-	-	(296)
At end of year		4,848,316	60,115	(3,564,110)	1,575,868	(57,349)	2,862,840

Consolidated Statement of Cash Flows	Notes	2025 KShs'000	2024 *Restated KShs'000
OPERATING ACTIVITIES			
Loss before income tax		(1,756,682)	(1,461,526)
Adjustments for:			
Depreciation and amortisation		169,155	176,639
Interest expense on lease liability	6	34,967	63,789
Interest expense on term borrowings	29	4,943	57,202
Forex revaluation of borrowings	29	(707)	(106,640)
ECL on financial assets at amortised cost	15	21,089	-
Accrued interest on financial assets at amortised cost	15	4,637	17,317
Amortisation of discount/premiums for financial assets at amortised cost	15	6,667	10,086
Modification gains on leases	28	(4,294)	(9,391)
Operating profit before changes in operating assets and liabilities		(1,520,225)	(1,252,524)
Movements in:			
Loans and advances		2,140,666	963,909
Other assets and prepaid expenses		(1,618,598)	(136,127)
Customer and bank deposits		3,148,536	921,785
Other liabilities and accrued expenses		24,616	(91,368)
Cash generated from operations		2,174,995	405,675
Income taxes paid	11	(4,513)	(6,711)
Net cash from operating activities		2,170,482	398,964
INVESTING ACTIVITIES			
Purchase of property and equipment	21	(7,889)	(32,197)
Purchase of intangible assets	22	(52,104)	(28,624)
Purchase of financial assets at amortised cost		-	(11,241)
Maturities of financial assets at amortised cost	15	251,147	-
Net movement of investment securities - FVOCI	15	(119,072)	(24,693)
Net cash from investing activities		72,082	(96,755)
FINANCING ACTIVITIES			
Proceeds from issue of shares		3,056	-
Repayment of borrowed funds	29	(175,587)	(368,707)
Interest paid on borrowed funds	29	(11,214)	(52,072)
Principal and interest paid on lease liability	28	(140,687)	(141,661)
Net cash from financing activities		(324,432)	(562,440)
Net increase in cash and cash equivalents		1,918,132	(260,231)
Effects of foreign exchange difference		19,100	3,087
At start of year		1,634,476	1,891,620
At end of year	34(a)	3,571,708	1,634,476

*The comparatives have been restated. See Note 34(b).

Bank Statement of Cash Flows	Notes	2025 Shs '000	2024 *Restated Shs '000
OPERATING ACTIVITIES			
Profit before income tax		(1,762,650)	(1,467,362)
Adjustments for:			
Depreciation and amortisation		169,146	176,630
Interest expense on lease liability	6	34,967	63,789
Interest expense on term borrowings	29	4,943	57,202
Forex revaluation of borrowings	29	(707)	(106,640)
ECL on financial assets at amortised cost	15	21,089	-
Accrued interest on financial assets at amortised cost	15	4,562	17,317
Amortisation of discount/premiums for financial assets at amortised cost	15	6,667	10,086
Modification gains/losses on leases	28	(4,294)	(9,391)
Operating profit before changes in operating assets and liabilities		(1,526,276)	(1,258,369)
Movements in:			
Loans and advances		2,140,666	963,909
Other assets and prepaid expenses		(1,634,670)	(132,102)
Customer and bank deposits		3,163,142	908,304
Other liabilities and accrued expenses		28,519	(93,004)
Cash generated from operations		2,171,381	388,738
Income taxes paid	11	(929)	(1,017)
Net cash from operating activities		2,170,452	387,721
INVESTING ACTIVITIES			
Purchase of property and equipment	21	(7,859)	(32,197)
Purchase of intangible assets	22	(52,104)	(28,624)
Purchase of financial assets at amortised cost			
Maturities of financial assets at amortised cost	15	251,147	-
Net movement of investment securities - FVOCI	15	(119,072)	(24,693)
Net cash from investing activities		72,112	(85,514)
FINANCING ACTIVITIES			
Proceeds from issue of shares		3,056	-
Repayment of borrowed funds	29	(175,587)	(368,707)
Interest paid on borrowed funds	29	(11,214)	(52,072)
Principal and interest paid on lease liability	29	(140,687)	(141,661)
Net cash from financing activities		(324,432)	(562,440)
Net (decrease)/increase in cash and cash equivalents		1,918,132	(260,233)
Effects of foreign exchange difference		19,100	3,089
At start of year		1,634,476	1,891,620
At end of year	34(a)	3,571,708	1,634,476

*The comparatives have been restated. See Note 34(b).

Notes to the Financial Statements

1. General Information

Credit Bank Plc (the “Bank”) is incorporated and domiciled in Kenya as a limited liability company. The address of its registered office is set out on page 1

2. Summary of Material Accounting Policies

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

a) Basis of Preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

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

The financial statements have been prepared on a historical cost basis except for financial assets held at fair value through other comprehensive income

b) Use of Estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3

c) Going Concern

There has been deterioration in the performance of the Group and Bank in the year ended 31 December 2025. The Group recorded a loss before tax of KShs 1.757 billion (2024: KShs 1.46 billion). Further, the Group was in an accumulated loss position of KShs 3.5 billion (2024: KShs.2.18 billion).

The Bank recorded a loss before tax of KShs 1.76 billion (2024: KShs 1.47 billion) and is also in an accumulated loss position of KShs 3.56 billion (2024: KShs 2.23 billion). Nevertheless, the Bank and the Group were in a net asset position of KShs 2.86 billion and KShs 2.92 billion respectively.

As at 31 December 2025, the Bank was not compliant with the minimum regulatory capital ratios as below:

Details	Required Minimum	31 Dec 2025	31 Dec 2024	31 Dec 2023
Core capital to total deposit liabilities	8.00%	5.4%	6.9%	13.7%
Core capital to total risk weighted assets	10.50%	5.5%	6.2%	11.8%
Total capital to total risk weighted assets	14.50%	6.8%	8.3%	16.3%

At 31 December 2025, the bank’s liquidity ratio was at 21.9% (2024:15.7%) against the minimum statutory ratio of 20%. However, during the year, the average liquidity was 17.5% (2024:15.2%) which was below the minimum statutory ratio.

The Bank’s gross non-performing loans ratio grew from 64% as at 31 December 2024 to 72% as at 31 December 2025.

These matters indicate that a material uncertainty exists that may cast doubt on the bank's ability to continue as a going concern.

Cognisance of this, the directors have put in place a number of measures to remedy the situation and improve the financial performance and position of the Group.

The strategies discussed and adopted include:

Deposit Mobilization

The group is driving aggressive pursuit of cheap deposits and improvement of the current and savings to fixed deposits ratio. To drive up current and savings deposits, management will leverage digitization in deposit mobilization. In order to increase outreach, the agency banking model will be revamped to allow customers to access credit bank services across the entire country. Further, the bank shall continue to leverage on trade finance activities to drive its profitability

Capital Mobilization

The Bank's capital position improved after year end following the allotment of KShs 200 million from private placement in the first quarter of 2026. The Bank continues to pursue this capital raising initiative in line with shareholder approval granted at the Extraordinary General Meeting held on 19 December 2025.

Further, management has conducted a comprehensive assessment in line with applicable accounting and regulatory requirements, including forward-looking financial projections (covering both base case and stress scenarios) as well as capital adequacy forecasts under the relevant regulatory frameworks and the approved capital mobilization plan.

The projections indicate that capital ratios are expected to remain above regulatory thresholds throughout the forecast period. The directors also expect that planned capital injections from shareholders and/or strategic investors will play a critical role in maintaining regulatory compliance. In addition, the Group will continue to focus on recoveries, with amounts received expected to further strengthen the Bank's and Group's capital position.

Management has finalized its submissions and presentation to the Board, outlining key mitigating actions to support the projections. These include capital-raising initiatives such as a rights issue, convertible notes, and subordinated debt, as well as the planned listing of the Bank's shares, which would create an opportunity to raise additional capital through a public offering. The proposals also contemplate measures to preserve capital, including the suspension or restriction of dividend payments and, where necessary, a freeze on capital expenditure.

Non-Performing Loans (NPLs) Resolution

The Bank continues to make progress in the recovery of non-performing loans and concerted efforts have been deployed on the NPL recovery efforts. There is some progress in the resolution of matters under litigation, completion of stalled projects, (and aggressive sale of the collateral), negotiated settlements, and realisation of collateral either vide private treaty or auction.

Management has defined recovery strategies for the most significant non-performing accounts. Since these accounts are already supported by substantial provisioning coverage, any successful recoveries are expected to generate write-back of provisions to the income statement, thereby strengthening the Bank's reserves and capital position.

Liquidity Ratio

Throughout the financial year under review, the bank's liquidity position remained stable, averaging 18% net of Central Bank of Kenya (CBK) short-term repo facilities. In Q4 2025, the bank's deposit base improved significantly, with total deposit mobilization increasing by KShs. 2.5 billion. This growth substantially strengthened the bank's liquidity position, resulting in a year end liquidity ratio of 21.5% (net of CBK repo) for 2025.

Subsequent to the year end, the bank sustained strong momentum in deposit mobilization, successfully attracting KShs. 3.4 billion from large corporate clients, many of whom were new to the bank. In addition, the top ten existing customers increased their deposit holdings by KShs. 74 million by February 2026, signalling strong and growing customer confidence. As a result, the bank recorded an improved liquidity ratio of 24% (net of CBK repo) by the end of February 2026.

With the strengthening and stable deposit base, the bank was able to reduce its reliance of the CBK repo by 47% repaying KShs 1.5 billion out of the total KShs 3.2 billion CBK repo obligations upon maturity on 3rd March 2026. The remaining balance of KShs 1.7 billion was rolled over for an additional 91 days. Management has committed to fully exiting the CBK repo window by the end of September 2026.

Liquidity outlook, in line with the forecasts, is solid and the bank continues to focus on diversifying its funding base through retail deposits, wholesale funding, and interbank lines to further stabilize its liquidity position. While deposits remain the primary source of funding for the bank's assets, a well-established Contingency Funding Plan (CFP) is in place and can be activated in times of financial stress.

Based on the above, the directors believe that the going concern assumption is appropriate in the preparation of the financial statements. The directors expect the business to generate enough funds internally to finance its operations and any external funding will be invested in retaining the business.

Notwithstanding the positive outlook described above, the Directors acknowledge that should the underlying assumptions and management plans not materialise as anticipated, there could be a material impact on the Bank's liquidity position and overall financial performance. Accordingly, these conditions give rise to a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. Nevertheless, the financial statements have been prepared on a going concern basis, which assumes that the Bank will continue in operational existence and will be able to meet its obligations as they fall due for the foreseeable future.

d) Changes in Accounting Policies and Disclosures

i) International Financial Reporting Standards and Amendments Effective for the First Time for December 2025 Year-Ends

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

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

ii) International Financial Reporting Standards, Interpretations and Amendments Issued but not Effective

The following standards and interpretations had been issued but were not mandatory for annual reporting period ending 31 December 2025 and have not been early adopted by the Group. They are not expected to have a significant impact on the financial statements except for IFRS 18 which will be effective in 2027.

Title	Effective date	Key requirements
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (early adoption is available (Published May 2024))	<p>These amendments:</p> <ul style="list-style-type: none"> clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency	Annual periods beginning on or after 1 January 2027, but can be early adopted subject to local endorsement where required. (Published November 2025)	<p>These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:</p> <ul style="list-style-type: none"> its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy. <p>The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.</p>

2. Summary of Material Accounting Policies (Continued)
 d) Changes in Accounting Policies and Disclosures (Continued)
 ii) International Financial Reporting Standards, Interpretations and Amendments Issued but not Effective (Continued)



<p>Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity</p>	<p>Annual periods beginning on or after 1 January 2026, but can be early adopted subject to local endorsement where required.</p> <p>(Published December 2024)</p>	<p>These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.</p>
<p>Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments</p>	<p>Annual periods beginning on or after 1 January 2026 (early adoption is available)</p> <p>(Published May 2024)</p>	<p>These amendments:</p> <ul style="list-style-type: none"> clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
<p>Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency</p>	<p>Annual periods beginning on or after 1 January 2027, but can be early adopted subject to local endorsement where required.</p> <p>(Published November 2025)</p>	<p>These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:</p> <ul style="list-style-type: none"> its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy. <p>The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.</p>

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	Annual periods beginning on or after 1 January 2026, but can be early adopted subject to local endorsement where required. (Published December 2024)	These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.
The directors are currently assessing the impact of the above standards to the Group financial statements.		

e) Consolidation

The consolidated financial statements incorporate the financial statements of Credit Bank Plc and its subsidiary; Credit Bank Bancassurance Intermediary Limited. The financial statements have been made up to 31 December 2025.

i) Subsidiaries

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

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

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

Any contingent consideration to be transferred by the Group is recognised at its fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as a financial liability are recognised in profit or loss. Contingent consideration classified as a financial asset is subsequently measured in accordance with IFRS 9 and changes in fair value are recognised in profit or loss or other comprehensive income depending on the classification of the asset. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss. Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.



ii) Changes in Ownership Interests in Subsidiaries Without Change of Control

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

iii) Disposal of Subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss.

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

f) Foreign Currency Translation

i) Functional and Presentation Currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the Group operates (the "Functional Currency"). The financial statements are presented in Kenya shillings (KSh's'000), which is the presentation currency.

ii) Transactions and Balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. If several exchange rates are available, the forward rate is used at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Changes in the fair value of monetary assets denominated in foreign currency classified as at-fair-value are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, are recognised in other comprehensive income.

g) Sales and Repurchase Agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

h) Financial Assets and Liabilities

i) Classification and Subsequent Measurement

Financial Assets

Except for receivables that do not have a significant financing component, at initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Receivables that do not have a significant financing component are measured at their transaction price.

The Group classifies its financial assets into three principal classification categories based on the cash flow characteristics of the asset and the business model assessment:

- Measured at amortised cost;
- FVOCI; and
- FVTPL.

Amortised Cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Group recognises cash, deposits and balances due from financial institutions including items in the course of collection, amounts due from related parties, loans and advances to customers, certain investment securities, and other assets at amortised cost.

The carrying amount of these assets is measured at amortised cost using the effective interest rate method and is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Fair Value Through other Comprehensive Income (FVOCI) – Debt

A financial asset which is a debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Bank classifies certain investments it has in government securities at FVOCI.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- 2. Summary of Material Accounting Policies (Continued)
- h) Financial Assets and Liabilities (Continued)
- i) **Classification and Subsequent Measurement (Continued)**



Fair Value through Other Comprehensive Income (FVOCI) – Equity

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Fair Value through Profit or Loss (FVTPL)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group currently has no equity investments held at FVTPL.

A financial asset is classified into one of these categories on initial recognition. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)

To determine whether a financial asset should be classified as measured at amortised cost or FVOCI, an entity assesses whether the cash flows from the financial asset represent, on specified dates, solely payments of principal and interest on the principal amount outstanding - i.e. the SPPI criterion. A financial asset that does not meet the SPPI criterion is always measured at FVTPL, unless it is an equity instrument for which an entity may apply the OCI election.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. The definition of principal reflects the economics of the financial asset from the perspective of the current holder. This means that an entity assesses the asset's contractual cash flow characteristics by comparing the contractual cash flows to the amount that it actually invested.

'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considered the contractual terms of its financial assets. The Group, through the Credit, Finance and Treasury departments, will from time to time review the contractual terms of existing instruments and also review contractual terms of new products the Group develops or invests in going forward. This includes assessing whether the financial asset contained a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition

In making the assessment, the Group shall consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Groups' claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

Contractual features that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, give rise to contractual cash flows that do not meet the SPPI criterion.

Interest rates on loans made by the Group are based on the prevailing interest rate which currently are referenced to the Central Bank Rate. The prevailing rates are generally based on a Central Bank rate and also include a discretionary spread (Margin). In these cases, the Group has assessed whether the discretionary feature is consistent with the SPPI criterion by considering a number of factors, including whether:



- the borrowers are able to prepay the loans without significant penalties;
- the market competition ensures that interest rates are consistent between banks; and
- any regulatory or customer protection framework is in place that requires banks to treat customers fairly.

Some of the Group's loans may contain prepayment features. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

In addition, a prepayment feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its contractual par amount, the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant on initial recognition.

De Minimis

A contractual cash flow characteristic may not affect the classification of a financial asset if it could have only a de minimis effect on the financial asset's contractual cash flows. To make this determination, the Group considers the possible effect of the contractual cash flow characteristic in each reporting period and cumulatively over the life of the financial asset.

Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis have been measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The table below summarises the key features of each type of business model and the resultant measurement category:

2. Summary of Material Accounting Policies (Continued)
 h) Financial Assets and Liabilities (Continued)
 i) Classification and Subsequent Measurement (Continued)
Business Model Assessment (Continued)



Business Model	Key Features	Category
Held to collect	<p>The objective of the business model is to hold assets to collect contractual cash flows.</p> <p>Sales are incidental to the objective of the model.</p> <p>This model typically involves the lowest level of sales in comparison with other business models (in frequency and volume).</p>	Amortised cost (1)
Both held to collect and for sale	<p>Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.</p> <p>This model typically has more sales (in frequency and volume) than the held-to-collect business model.</p>	FVOCI (1)
Other business models, including: trading managing assets on a fair value basis maximising cash flows through sale	<p>The business model is neither held-to-collect nor held to collect and for sale.</p> <p>The collection of contractual cash flows is incidental to the objective of the model.</p>	FVTPL (2)

Financial Liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value. Deposits from customers, borrowed funds and other liabilities are also classified at amortised cost.

Reclassification

The Group only reclassifies financial assets when management changes the business model for managing the financial assets. In that instance all affected financial assets are reclassified. Such changes are expected to be very infrequent and are determined by the Bank's senior management as a result of external or internal changes.

Derecognition and Contract Modification

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. However, when the modification of a financial instrument not measured at FVTPL does not result in derecognition, the Group has recalculated the gross carrying amount of the financial asset (or the amortised cost of the financial liability) by discounting the modified contractual cash flows at the original effective interest rate and recognise any resulting adjustment as a modification gain or loss in profit or loss.

1. Subject to meeting the SPPI criterion.

2. The SPPI criterion is irrelevant - i.e. assets in all business models are measured at FVTPL.



The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

Write-off

The Group writes off financial assets, in whole or part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- Ceasing enforcement activity
- Where the Group's recovery method is foreclosing on collateral and the value of the collateral is such there is no reasonable expectation of recovering in full.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

Interest Income Recognition

According to IFRS 9 paragraph 5.4.1 interest revenue shall be calculated by using the effective interest method (Refer to the Effective Interest Rate (EIR) policy for information on determination of the EIR). This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- Purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.
- Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

According to IFRS 9 paragraph 5.4.2 an entity that, in a reporting period, calculates interest revenue by applying the effective interest method to the amortised cost of a financial asset in accordance with paragraph 5.4.1(b) (see (b) above), shall, in subsequent reporting periods, calculate the interest revenue by applying the effective interest rate to the gross carrying amount if the credit risk on the financial instrument improves so that the financial asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the requirements in paragraph 5.4.1(b) were applied (such as an improvement in the borrower's credit rating). In the context of the Central Bank regulations, credit impaired accounts would refer to the substandard, doubtful and loss risk classifications.

Assets that are Credit-Impaired on Initial Recognition

According to IFRS 9 (7A.8.340) Purchased or Originated Credit Impaired (POCI) assets are assets that are credit-impaired on initial recognition. An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract - e.g. a default or past-due event;
- A lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider.

2. Summary of Material Accounting Policies (Continued)
h) Financial Assets and Liabilities (Continued)
i) Classification and Subsequent Measurement (Continued)
Assets that are Credit-Impaired on Initial Recognition (Continued)



- It becoming probable that the borrower will enter bankruptcy or another financial reorganisation.
- The disappearance of an active market for that financial asset because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event that caused the asset to be credit impaired. Instead, the combined effect of several events may cause financial assets to become credit impaired.

Measurement on Initial Recognition

On initial recognition, POCL assets do not carry an impairment allowance. Instead, lifetime ECLs are incorporated into the calculation of the effective interest rate.

Subsequent Measurement

The ECLs for POCL assets are always measured at an amount equal to lifetime ECLs. However, the amount recognised as a loss allowance for these assets is not the total amount of lifetime ECLs, but instead the changes in lifetime ECLs since initial recognition of the asset. Favourable changes in lifetime ECLs are recognised as an impairment gain, even if the favourable changes are more than the amount, if any, previously recognised in profit or loss as impairment losses.

Modifications

When the contractual cash flows of a POCL asset are modified and the modification does not result in derecognition, the calculation of the modification gain or loss is the difference between:

- the gross carrying amount of the asset before the modification; and
- the recalculated gross carrying amount

The recalculated gross carrying amount is the present value of the estimated future cash payments or receipts through the expected life of the modified financial asset discounted using the credit-adjusted effective interest rate before the modification

ii) Impairment – Financial Assets, Loan Commitments and Financial Guarantee Contracts

The impairment model applies to the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments – this applies to the Group's loans and advances to customers, Investment in Government securities measured at amortised cost and FVOCI, balances due to group companies and other assets;
- lease and trade receivables – this applies to the Group's finance lease and trade receivables; and
- loan commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets) – this applies to the Group's off-balance sheet exposures where credit intervention is not required for the counterparty to access the credit facility.

No impairment loss is recognised on equity investments and financial assets measured at FVTPL.

The Group recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Group has recognised loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- debt investment securities that are determined to have low credit risk at the reporting date. The Bank has considered a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in Government securities; and
- other financial instruments (other than trade and lease receivables) for which credit risk has not increased significantly since initial recognition.



Loss allowances for trade and lease receivables will always be measured at an amount equal to lifetime ECLs. The impairment requirements of IFRS 9 are complex and require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- Incorporating forward-looking information into the measurement of ECLs.

Measurement of Expected Credit Losses

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Bank expects to recover

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract - e.g. a default or past-due event;
- a lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

For purposes of IFRS 9 there will be no difference between credit impaired and non-performing financial loans as defined by the CBK

Expected Credit Losses

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

$$\text{ECL} = \text{PD} \times \text{LGD} \times \text{EAD}$$

In applying the IFRS 9 impairment requirements, an entity needs to follow one of the approaches below:

- The general approach
- The simplified approach

The simplified approach is applied for trade receivables or contract assets resulting from transactions in the scope of IFRS 15 Revenue from customer contracts or lease receivables resulting from transactions in the scope of IAS 17 Leases. The Bank has therefore applied the general approach.

2. Summary of Material Accounting Policies (Continued)
 h) Financial Assets and Liabilities (Continued)
 ii) Impairment – Financial Assets, Loan Commitments and Financial Guarantee Contracts (Continued)



The General Approach

Under the general approach, at each reporting date, an entity recognises a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss. Essentially, an entity must make the following assessment at each reporting date:

Stage 1 - For credit exposures where there have not been significant increases in credit risk since initial recognition, an entity is required to provide for 12-month ECLs, i.e., the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date (12-month ECL as per formula below).

$$\text{ECL}_{12m} = \text{PD}_{12m} \times \text{LGD}_{12m} \times \text{EAD}_{12m} \times \text{D}_{12m}$$

Stage 2 - For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis, a loss allowance is required for lifetime (LT) ECLs, i.e., ECLs that result from all possible default events over the expected life of a financial instrument (ECL LT as per formula below).

$$\text{ECL}_{LT} = \sum_{t=1}^{T} \text{PD}_t \times \text{LGD}_t \times \text{EAD}_t \times \text{Dt}$$

Stage 3 – For credit exposures that are credit impaired and in default. Similar to stage 2 assets a loss allowance is required for lifetime ECLs however the probability of default for these assets is presumed to be 100% less any determined recovery and cure rate

The table below shows the link between the CBK risk classifications and the IFRS 9 stage allocation for assets.

CBK PG/04 Guidelines	Days Past Due	Stage Allocation
Normal	0-30	1
Watch	31-90	2
Substandard	91-180	3
Doubtful	181 - 365	3
Loss	Over 365 or considered uncollectible	3

Definition of Default

The Group has considered a financial asset to be in default when:

- the borrower is unlikely to pay their credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the borrower is more than 90 days past due on any material credit obligation to the Bank. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Bank; or
- if it meets the definition of the local regulator of default, if in the future the local regulator prescribe the criteria of default for IFRS 9 purposes

This definition is largely consistent with the Central Bank of Kenya definition that will be used for regulatory purposes. In assessing whether a borrower is in default, the Bank has considered indicators that are:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract - e.g. a default or past-due event;
- a lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses



Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The Group has not rebutted the 90 Days Past Due (DPD) rule for identifying defaults..

Significant Increase in Credit Risk (SIICR)

The Group in determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition considered reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forward-looking information.

The Group identifies a significant increase in credit risk where

- an exposure is greater than 30 days past due – this is in line with the IFRS 9 30 DPD rebuttable presumption;
- an exposure has been restructured in the past due to credit risk related factors or which was NPL and is now regular (subject to the regulatory cooling off period); or
- by comparing exposures:
 - credit risk quality at the date of reporting; with
 - the credit risk quality on initial recognition of the exposure.

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses

Credit Risk Classification

The Group allocates each exposure to a credit risk classification based on the regulatory requirements of the Central Bank which requires the prediction of the risk of default and applying experienced credit judgement. The Bank shall use these classifications in identifying significant increases in credit risk under IFRS 9. The risk classifications are defined using the regulator's guidance, days past due, management assessment, qualitative and quantitative factors that are indicative of the risk of default.

These factors may vary depending on the nature of the exposure and the type of borrower. The Bank shall undertake a thorough credit appraisal process and determine the credit quality of each exposure on initial recognition based on available information about the borrower. Exposures will be subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk classification.

Determining Whether Credit Risk has Increased Significantly

The Group shall establish a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework shall align with the Bank's internal credit risk management process. The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include a backstop based on delinquency (30 DPD presumption).

Quantitative Factors

The Group deems the credit risk of a particular exposure to have increased significantly since initial recognition based on a loan being in arrears for a period of 31 to 90 days in accordance with IFRS 9 paragraph 5.5.11. The Bank has developed an internal rating model going forward and movement in rating grades between the reporting period and initial recognition date/the date of initial application of IFRS 9 of the loan will form the basis of significant increase in credit risk.

Qualitative Factors

In certain instances, using its expert credit judgement and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis. The management view and judgement include the following assessments:

2. Summary of Material Accounting Policies (Continued)
h) Financial Assets and Liabilities (Continued)
ii) Impairment – Financial Assets, Loan Commitments and Financial Guarantee Contracts (Continued)
Qualitative Factors (Continued)



- Classification of exposures by any other Banks and Financial institutions or local Credit Reference Bureau (CRB);
- Unavailable/inadequate financial information/financial statements;
- Qualified report by external auditors;
- Significant contingent liabilities;
- Loss of key staff in the organization;
- Increase in operational risk and higher occurrence of fraudulent activities;
- Continued delay and non-cooperation by the borrower in providing key relevant documentation; and
- Deterioration in credit worthiness due to factors other than those listed above.

As a backstop, and as required by IFRS 9, the Group has presumptively considered that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Bank has determined days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Backward Transitions

Backward transitions define the criteria for moving a financial asset back from Stage 2 to Stage 1 or Stage 3 to Stage 2. The Group applies the considerations of the Central Bank prudential guidelines to determine whether a financial asset should be upgraded from Stage 3 to Stage 2 and then Stage 1. Where an account in Stage 3 is regularised (i.e. all past due principal and interest is repaid in full) it may be upgraded to Stage 2 subject to observation of the cooling off period as defined by the Prudential Guidelines. A facility which meets the above condition and has been classified as Stage 2 may be reclassified to Stage 1 if a sustained record of performance is maintained for a period of six (6) months.

Modified Financial Assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value. Under IFRS 9, when the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of the borrower's initial credit risk assessment and the current assessment at the point of modification.

Restructuring

The Group renegotiates loans to customers in financial difficulties (referred to as 'restructuring') to maximise collection opportunities and minimise the risk of default. Under the Bank's restructuring policy, loan restructuring is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. The Group's Credit Committee regularly reviews reports on restructuring activities.

Generally, restructuring is a qualitative indicator of default and credit impairment, and expectations of restructuring are relevant to assessing whether there is a significant increase in credit risk. Following restructuring, a customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be in default/credit-impaired or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECLs.

The Group applies the requirements of the Central Bank prudential guidelines where an account in Doubtful or Substandard category (Stage 3) will be upgraded to Watch if principal and interest payments are fully regularised at the point of restructure, the account is re-classified to Watch (Stage 2) and observed for six (6) months. Where the account continues to perform appropriately for an additional six (6) months the account is upgraded to normal and the Bank reverts to measuring 12-month ECLs. Where the account is restructured with the customer having not regularized overdue principal and interest, the account shall remain in Substandard for six (6) months or if in Doubtful category,



twelve (12) months for observation. If the restructured account performs as per the new contract during the observation period, the account can be then upgraded to Watch (stage 2) and observed for another six (6) months where it can be further upgraded to Normal (stage 1) if good performance is sustained. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for determining whether a significant increase in credit risk has occurred.

However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition. If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

The Bank restructured 5% of its loan book in the year with the restructure not resulting in derecognition.

The restructure of loans with loss allowance based on lifetime ECL did not result in a material modification gain or loss.

There were no financial assets whose loss allowance has changed in the period from lifetime to 12-month ECL basis after modification.

iii) Fair Value Measurement

The Group measures FVOCI investment securities at fair value at each reporting date. Fair value of financial instruments 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 Group

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets at the reporting date without any deduction for transaction costs.

Gains or losses on valuation of financial assets at FVOCI are recognised in other comprehensive income.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. The table below shows the various asset classes.

Category (as Defined by IFRS 9)		Class (as Determined by the Group)		Subclasses
Financial assets	Financial assets at fair value through other comprehensive income	Financial assets at fair value through other comprehensive income (FVOCI)	Debt securities	
	Measured at Amortised Cost	Loans and advances to banks		
		Loans and advances to customers	Loans to individuals (retail)	Overdrafts
			Loans to corporate entities	Term loans
		Investment securities - debt instruments	Debt securities	Personal Loans
	Overdrafts			
	Financial liabilities at amortised cost	Deposits from banks	Term loans	
SMEs				
Others				
Off-balance sheet financial Instruments	Loan commitments	Debt securities	Listed	
			Deposits from customers	Overdrafts
			Retail customers	Term loans
			SMEs	
	Guarantees, acceptances and other financial facilities			

Impairment of Financial Assets

The Group's impairment approach is based on expected credit losses and the Group uses the general approach in determining the impairment of financial assets. Therefore, it is not necessary for a loss event to have occurred before credit losses are recognised; instead, a loss allowance is always recognized for expected credit losses and is re-measured at each reporting date for changes in those expected credit losses.

Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk ("SICR") of the financial asset since initial recognition.

The Group recognises loss allowances for Expected Credit Losses ("ECL") on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments
- Loan and advances to customers
- Financial guarantee contracts issued
- Loan and advances to Banks

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

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- 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

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with i) changes in market conditions, ii) expected cash flows and iii) the passage of time.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

i) Offsetting Financial Instruments

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

j) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, including: cash and balances with Central Bank of Kenya, treasury and other eligible bills, and amounts due from other banks. Cash and cash equivalents excludes the cash reserve requirement held with the Central Bank of Kenya.

k) Property and Equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets. Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the

2. Summary of Material Accounting Policies (Continued)
 k) Property and Equipment (Continued)



replaced part is derecognized. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis to write down the costs of the property, plant and equipment to their residual value over their estimated useful lives as follows:

Leasehold improvements	12.5 years
Motor vehicles	4 years
Office equipment	8 years
Computers and electronic equipment	3.33 years
Furniture and fittings	8 years

l) Intangible Assets

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

m) Repossessed Properties

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

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

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

n) Impairment of Non-Financial Assets

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

o) Provisions for liabilities

Provisions for restructuring costs and legal claims are recognised when: the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

p) Income tax

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

i) Current Income Tax

The current income tax charge is calculated on the basis of tax laws and rates enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities where there is an intention to settle the balances on a net basis.

q) Employee benefits

i) Post-Employment Benefits

The Group operates a defined contribution post-employment benefit scheme for all its employees. The scheme is administered by an insurance company and is funded by contributions from both the Bank and employees. The Group and its employees also contribute to the statutory National Social Security Fund, which is a defined contribution scheme.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to both these defined contribution schemes are charged to profit or loss in the year to which they fall due. The Group has no further obligation once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available

ii) Other Entitlements

The estimated monetary liability for employees' including annual leave entitlement at the balance sheet date is recognised as an expense accrual.

r) Interest Income and Expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within 'interest income' or 'interest expense' in the profit and loss account using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss

s) Fees and Commission Income

Fees and commission income is generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

Fees and commissions expense are generally recognised on an accrual basis when incurred.

t) Dividend income

Dividends are recognised in the profit or loss account when the Bank's right to receive payment is established.

u) Dividends payable

Dividends on ordinary shares are charged to equity in the period in which they are declared.

v) 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.

w) Statutory Credit Risk Reserve

Where impairment losses required by Central Bank of Kenya Prudential guidelines exceed those computed under IFRS, the excess is recognised as a Statutory Credit Risk Reserve and is accounted for as an appropriation of retained earnings. The Statutory Credit Risk Reserve is non-distributable.

x) Financial guarantee contracts and Loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of the debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15

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

y) Accounting for Leases**Leases Under Which the Group is the lessee**

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Group recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the group is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the group's incremental borrowing rate is used. For leases that contain non-lease components, the company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

All right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liabilities. Depreciation is calculated using the straight-line method to write-down the cost of each asset to its residual value over its estimated useful life. If the ownership of the underlying asset is expected to pass to the group at the end of the lease term, the estimated useful life would not exceed the lease term.

Notes to the Financial Statements (Continued)

2. Summary of Material Accounting Policies (Continued)

y) Accounting for Leases (Continued)

Leases Under Which the Group is the Lessee (Continued)

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

Leases under which the Group is the lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in the profit or loss account on a straight-line basis over the lease term.

3. Financial Risk Management

The Bank's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk management is carried out by different departments under policies approved by the Board of Directors. Departmental heads identify and evaluate risks in close cooperation with the operating units. The Board provides guidance on overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

3.1 Credit Risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Bank by failing to pay amounts in full when due. Credit risk is the most important risk for the Bank's business: management therefore carefully manages the exposure to credit risk. Credit risk arises mainly from commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsements and acceptances. The Bank is also exposed to other credit risks arising from investments in debt securities.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate in light with the changing market and economic conditions.

3.1.1 Risk Limit Control and Mitigation Policies

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of credit risk by product, and industry sector are approved annually by the Board of Directors. The Board of Directors also approves individual borrower limits above specified amounts. The exposure to any one borrower including groups is further restricted by sub-limits covering on- and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts.

Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.



Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Longer-term finance and lending to corporate entities are generally secured. In addition, in order to minimize the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

3.1.2 Credit Risk Measurement

Loans and Advances (Including Loan Commitments and Guarantees)

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. In measuring credit risk of loans and advances at a counterparty level, the Bank considers three components: (i) the 'Probability of Default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Bank derive the 'Exposure at Default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'Loss Given Default') (LGD).

Credit Risk Grading

The Bank has developed an internal credit risk grading system that reflect its assessment of the probability of defaults of individual counterparties. The Bank uses internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, the level of collateral for retail exposures, and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgment from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for the considerations which may not be captured as part of the other data input into the model.

The following are additional considerations for other types of portfolio held by the Group:

Retail

After the date of initial recognition, for retail business, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. Any other know information about the borrower, which impacts their creditworthiness – such as unemployment and previous delinquency history – is also incorporated into the behavioural score. This score is mapped to a PD.

Corporate

For wholesale business, the rating is determined at the borrower level. A relationship manager will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, the relationship manager will also update information about the creditworthiness of the borrower every year from sources such as public financial statements. This will determine the updated internal credit rating and PD

Debt Securities and Placements with Banks

For debt securities in the treasury portfolio and placements with banks, external rating agency credit grades will be used where available. These published grades will be continuously monitored and updated. The PDs associated with each grade will be determined based on realised default rates over the prior 12 months, as published by the rating agency.



The assessment of SICR incorporates forward-looking information and is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent credit team.

b) Definition of Default and Credit-Impaired Assets

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

Qualitative Criteria

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

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

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

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

c) Measuring Expected Credit Loss - Explanation of Inputs, Assumptions and Estimation Techniques

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Group's expectations of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is calculated on a 12-month or lifetime basis, where 12 month LGD is the percentage of loss expected to be made if the default occurs over the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

ECL is formula driven, i.e. $ECL = PD \times LGD \times EAD$



d) Forward-Looking Information Incorporated in the ECL Models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for the loan portfolio. These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument.

The Bank has incorporated forward-looking information in its measurement of ECLs. The Group has formulated a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

Noting the wide range of possible scenarios and macroeconomic outcomes, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.

Sensitivity Analysis

There are no significant changes to the ECL at 31 December 2025 that would result from reasonably possible changes in the Bank's macroeconomic overlays and the probability weightings from actual assumptions used in the Bank's economic variable assumptions.

3.1.4 Credit Risk Exposure

The below table represents a worst-case scenario of credit risk exposure to the Bank at 31 December 2025 and 2024, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on carrying amounts as reported in the statement of financial position.

3. Financial Risk Management (Continued)
 3.1 Credit Risk (Continued)
 3.1.4 Credit Risk Exposure (Continued)



Maximum Exposure to Credit Risk Before Collateral Held	2025 KShs '000	2024 KShs '000
Group		
Balances with Central Bank of Kenya (Note 13)	1,646,664	705,730
Deposits and balances due from banking institutions (Note 16)	1,594,479	545,850
Financial assets at amortised cost (Note 15)	4,301,996	4,585,536
Financial assets at FVOCI (Note 14)	391,903	272,831
Other assets (Note 18)	1,184,504	747,450
Loans and advances to customers (Note 17)	15,856,826	17,997,492
	24,976,372	24,854,889
Credit risk exposures relating to off-balance sheet items:		
- Acceptances and letters of credit	54,825	669,347
- Guarantee and performance bonds	2,339,776	2,501,830
- Commitments to lend	401,034	248,169
- Unutilised guarantees	5,045,789	3,961,855
- Forwards, swaps & options	2,005,517	103,202
	9,846,941	7,484,403
	34,823,313	32,339,292
Bank		
Balances with Central Bank of Kenya (Note 13)	1,646,664	705,730
Deposits and balances due from banking institutions (Note 16)	1,594,479	545,850
Financial assets at amortised cost (Note 15)	4,290,829	4,574,295
Financial assets at FVOCI (Note 14)	391,903	272,831
Other assets (Note 18)	1,137,257	691,604
Loans and advances to customers (Note 17)	15,856,826	17,997,492
	24,917,958	24,787,802
Credit risk exposures relating to off-balance sheet items:		
- Acceptances and letters of credit	54,825	669,347
- Guarantee and performance bonds	2,339,776	2,501,830
- Commitments to lend	401,034	248,169
- Unutilised Guarantees	7,028,979	3,961,855
- Forwards, Swaps & Options	2,005,517	103,202
	11,830,131	7,484,403
	36,748,089	32,272,205



As shown above 46% of the total maximum exposure is derived from loans and advances to customers (2024: 56%); 13.5% (2024:15%) represents investments at amortised cost and fair value through OCI financial assets.

Loans and advances to customers and off-balance sheet items are secured by collateral in the form of charges over land and buildings and/or plant and machineries. No collateral is held for 'other assets'

3.1.5 Financial Assets that are Past Due or Impaired

The Bank aligns the classification of assets that are past due or impaired in line with the Central Bank of Kenya prudential guidelines. In determining the classification of an account, performance is the primary consideration. Classification of an account reflects judgement about the risk of default and loss associated with the credit facility.

Accounts are classified into the following categories:

CBK PG/04 Guidelines	Days Past Due	Stage Allocation
Normal	0-30	1
Watch	31-90	2
Substandard	91-180	3
Doubtful	181 - 365	3
Loss	Over 365 or considered uncollectible	3

Analysis of Loans and Advances Group and Bank	2025 KShs '000	2024 KShs '000
Neither past due nor impaired (Stage 1)	4,185,342	4,508,332
Past due but not impaired (Stage 2)	2,063,029	3,729,024
Impaired (Stage 3)	12,757,946	12,422,717
Gross loans and advances	19,006,317	20,660,073
Stage 1 and 2	(165,066)	(108,320)
Stage 3	(2,984,425)	(2,554,261)
Expected credit loss	(3,149,491)	(2,662,581)
Net loans and advances	15,856,826	17,997,492

Breakdown of Portfolio Group and Bank	Secured KShs'000	Unsecured KShs '000	Total KShs '000
31 December 2025			
Loans (Note 17)	11,274,297	1,017,793	12,292,090
Overdrafts (Note 17)	5,651,549	1,062,678	6,714,227
Total	16,925,846	2,080,471	19,006,317

3. Financial Risk Management (Continued)
 3.1 Credit Risk (Continued)
 3.1.5 Financial Assets that are Past Due or Impaired (Continued)

Breakdown of Portfolio Group and Bank	Secured KShs'000	Unsecured KShs '000	Total KShs '000
31 December 2024			
Loans	11,099,233	2,627,029	13,726,262
Overdrafts	6,288,253	645,558	6,933,811
Total	17,387,486	3,272,587	20,660,073

i) *Loans Advances Neither Past Due by up to 30 Days (Stage 1)*

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the classification adopted by the Bank in conformity with the prudential guidelines of Central Bank of Kenya:

Stage 1 Group and Bank	Individual (Retail Customers)			Corporate Entities			Total Loans & Advances to Customers KShs '000
	Overdrafts KShs '000	Term Loans KShs '000	Mortgage KShs '000	Large Corporate Customers KShs '000	SMEs KShs '000	Other KShs '000	
31 December 2025	92,388	732,640	559,363	1,244,191	1,556,760	-	4,185,342
Stage 1							
31 December 2024							
Stage 1	17,276	722,395	530,530	989,192	2,248,939	-	4,508,332

ii) *Loans and Advances Past Due by up to 90 Days (Stage 2)*

Late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

Stage 2 Group and Bank	Individual (Retail Customers)		Total KShs '000
	Overdrafts KShs '000	Term Loans KShs '000	
31 December 2025			
Past due 31 - 60 days	-	9,855	9,855
Past due 61 - 90 days	7,450	86,803	94,253
Total	7,450	96,658	104,108

3. Financial Risk Management (Continued)
 3.1 Credit Risk (Continued)
 3.1.5 Financial Assets that are Past Due or Impaired (Continued)
 ii) Loans and Advances Past Due by up to 90 Days (Stage 2)

	Corporate Entities		
Stage 2 Group and Bank	Large Corporate Customers KShs '000	SMEs KShs '000	Total KShs '000
31 December 2025			
Past due 31 - 60 days	1,225,115	82,162	1,307,277
Past due 61 - 90 days	484,066	167,578	651,644
Total	1,709,181	249,740	1,958,921

	Individual (Retail Customers)		
Stage 2 Group and Bank	Overdrafts KShs '000	Term Loans KShs '000	Total KShs '000
31 December 2024			
Past due 31 - 60 days	4,160	18,270	22,430
Past due 61 - 90 days	19,158	662,645	681,803
Total	23,318	680,915	704,233

	Corporate Entities		
Stage 2 Group and Bank	Large Corporate Customers KShs'000	SMEs KShs '000	Total KShs '000
31 December 2024			
Past due 31 - 60 days	882,053	582,826	1,464,879
Past due 61 - 90 days	361,816	1,198,096	1,559,912
Total	1,243,869	1,780,922	3,024,791

Notes to the Financial Statements (Continued)

3. Financial Risk Management (Continued)
 3.1 Credit Risk (Continued)
 3.1.5 Financial Assets that are Past Due or Impaired (Continued)

iii) Loans and Advances Individually Impaired (Stage 3) - Group and Bank

Of the total gross amount of impaired loans, the following amounts have been individually assessed net of interest in suspense:

Stage 3 Group and Bank	Individuals			Corporate Entities		Total Loans & Advances to Customers KShs '000
	Overdrafts KShs '000	Term Loans KShs '000	Mortgage KShs '000	Large Corporate Customers KShs '000	SMEs KShs '000	
31 December 2025	57,349	882,169	324,400	9,621,185	1,872,843	12,757,946
Stage 3 31 December 2024						
Stage 3	52,128	258,482	27,229	7,168,064	4,916,814	12,422,717

Collateral Held Against Stage 3 Loans Product	SME KShs '000	Corporate KShs '000	Personal KShs '000	Total Collateral Held KShs '000
Loans	1,571,889	4,602,121	857,936	7,031,946
Overdraft	25,844	3,449,634	17,433	3,492,911
Total	1,597,733	8,051,755	875,369	10,524,857

3.2 Concentration of Risk

Economic sector risk concentrations within the loan portfolios were as follows:

Risk Concentration on Loan Portfolios	Loans and Advances %	Credit Commitments %
At 31 December 2025		
Financial institutions	2.70%	100.0%
Manufacturing	0.06%	0.0%
Real estate	9.29%	0.0%
Wholesale and retail trade	30.81%	0.0%
Building and construction	22.43%	0.0%
Other industries	21.50%	0.0%
Individuals	13.20%	0.0%
	100%	100%
At 31 December 2024		
Financial institutions	2.4%	99.4%
Manufacturing	0.1%	0%
Real estate	12.3%	0.6%
Wholesale and retail trade	32.6%	0%
Building and construction	21.8%	0%
Other industries	19.5%	0%
Individuals	11.2%	0%
	100%	100%

3.3 Market Risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk. Overall responsibility for managing market risk rests with the Assets and Liabilities Committee (ALCO). The Treasury department is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day implementation of those policies. Market risk measurement and monitoring technique adopted by the bank includes use of various stress tests in its day-to-day operations.

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Bank Treasury include interest rates stress test, liquidity stress test and adhoc stress testing, which includes applying possible stress events to specific positions or regions – for example, the stress outcome to a region following a currency peg break.

The results of the stress tests are reviewed by senior management and the Assets and liabilities committee and by the Board of Directors. The stress testing is tailored to the business and typically uses scenario analysis.

i) Foreign Exchange Risk

The Bank takes on exposure to the effects of fluctuations in the prevailing currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

At December 31, 2025, if the shilling had weakened/strengthened by 10% against the foreign currencies in which the Bank had exposures, with all other variables held constant, pre-tax profit would have been KShs 5.4 million (2024: KShs 15.9 million) higher/lower.

The table below summarises the Group and Bank's exposure to foreign exchange risk at 31 December 2025. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency (all amounts expressed in thousands of Kenya Shillings)

Collateral Held Against Stage 3 Loans	USD	GBP	Euro	Other	Total
At 31 December 2025					
Assets					
Cash and balances with Central Bank of Kenya	34,975	5,455	52,108	16	92,554
Deposits and balances due from banking institutions	372,698	69,098	51,457	954	494,207
Loans and advances to customers	5,082,894	-	-	-	5,082,894
Other assets	36,455	-	-	-	36,455
Total assets	5,527,022	74,553	103,565	970	5,706,110
Liabilities					
Customer deposits	3,378,675	346,104	104,142	499	3,829,420
Deposits and balances due to banking institutions	154,884	-	-	-	154,884
Other liabilities	313	-	-	-	313
Total liabilities	3,533,872	346,104	104,142	499	3,984,617
Net on-balance sheet position	1,993,150	(271,551)	(577)	471	1,721,493
Net off-balance sheet position	(1,983,190)	260,472	-	-	(1,722,718)
Overall net position	9,960	(11,079)	(577)	471	(1,225)
As at 31 December 2024					
Total assets	4,570,157	81,712	114,334	1,271	4,767,474
Total liabilities	4,241,598	243,759	122,461	526	4,608,344
Net on-balance sheet position	328,559	(162,047)	(8,127)	745	159,130
Net off-balance sheet position	(150,380)	162,677	47,178	-	59,475
Overall net position	178,179	630	39,051	745	218,605

iii) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Bank's interest-bearing financial assets and liabilities are loans and advances to customers and customer deposits, which are at variable rate, and on which it is therefore exposed to cash flow interest rate risk. The Bank regularly monitors financing options available to ensure optimum interest rates are obtained.

The table below summarises the exposure of financial assets and liabilities to interest rate risk. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity date. The Bank does not bear an interest rate risk on off balance sheet items. All figures are in thousands of Kenya shillings.

Notes to the Financial Statements (Continued)

3. Financial Risk Management (Continued)
 3.3 Market Risk (Continued)
 iii) Interest Rate Risk (Continued)

Interest Rate Risk Group	Up to 1 Month KShs '000	1-3 Months KShs '000	4-12 Months KShs '000	Over 1 Year KShs '000	Non-Interest Bearing KShs '000	Total KShs '000
As at 31 December 2025						
Assets						
Cash and balances with Central Bank of Kenya	-	-	-	-	1,977,229	1,977,229
Financial assets at amortised cost	-	-	-	4,301,996	-	4,301,996
Deposits and balances due from banking institutions	1,594,479	-	-	-	-	1,594,479
Financial assets at FVOCI	391,903	-	-	-	-	391,903
Other assets and prepaid expenses	-	-	-	-	1,184,504	1,184,504
Loans and advances to customers (net)	15,856,826	-	-	-	-	15,856,826
Total Assets	17,843,208	-	-	4,301,996	3,161,733	25,306,937
Liabilities and Shareholders' Funds						
Customer deposits	1,913,881	6,750,116	6,925,571	1,357,832	5,307,765	22,255,165
Deposits and balances due to banking institutions	3,682,138	-	-	-	-	3,682,138
Lease liability	7,212	18,955	61,700	115,602	-	203,469
Other liabilities	-	-	-	-	382,148	382,148
Borrowings	239	722	3926	37,355	-	42,242
Total Financial Liabilities	5,603,470	6,769,793	6,991,197	1,510,789	5,689,913	26,565,162
Interest sensitivity gap	12,239,738	(6,769,793)	(6,991,197)	2,791,207	(2,528,180)	(1,258,225)
As at 31 December 2024						
Total financial assets	9,406,858	2,317,779	2,422,447	9,254,626	1,836,076	25,237,786
Total financial liabilities	5,727,021	3,613,390	5,752,452	3,318,198	5,136,731	23,547,792
Interest sensitivity gap	3,679,837	(1,295,611)	(3,330,005)	5,936,428	(3,300,655)	1,689,994

Interest Rate Risk Bank	Up to 1 Month KShs '000	1-3 Months KShs '000	4-12 Months KShs '000	Over 1 Year KShs '000	Non-Interest Bearing KShs '000	Total KShs '000
As at 31 December 2025						
Assets						
Cash and balances with Central Bank of Kenya	-	-	-	-	1,977,229	1,977,229
Financial assets at amortized cost	-	-	-	4,290,829	-	4,290,829
Deposits and balances due from banking institutions	1,594,479	-	-	-	-	1,594,479
Financial assets at FVOCI	391,903	-	-	-	-	391,903
Other assets	-	-	-	-	1,137,257	1,137,257
Loans and advances to customers	15,856,826	-	-	-	-	15,856,826
Total assets	17,843,208	-	-	4,290,829	3,114,486	25,248,523
As at 31 December 2025						
Liabilities						
Customer deposits	1,963,980	6,750,116	6,925,571	1,357,832	5,307,765	22,305,264
Deposits and balances due to banking institutions	3,682,138	-	-	-	-	3,682,138
Other liabilities	-	-	-	-	328,645	328,645
Lease liability	7,212	18,955	61,700	115,602	-	203,469
Borrowings	239	722	3926	37,355	-	42,242
Total liabilities	5,653,569	6,769,793	6,991,197	1,510,789	5,636,410	26,561,758
Interest Sensitivity gap	12,189,639	(6,769,793)	(6,991,197)	2,780,040	(2,521,924)	(1,313,235)
As at 31 December 2024						
Total financial assets	9,406,858	2,317,779	2,422,447	9,243,385	1,780,232	25,170,701
Total financial liabilities	5,762,514	3,613,390	5,752,452	3,318,199	5,079,325	23,525,880
Interest Sensitivity gap	3,644,344	(1,295,611)	(3,330,005)	5,925,186	(3,299,093)	1,644,821

3.4 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due because of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

The Bank's liquidity management process, as carried out within the Bank and monitored by a separate team in Bank Treasury, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Bank Treasury also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

The table below presents the undiscounted cash flows payable by the Bank under financial liabilities by remaining contractual maturities at the balance sheet date. All figures are in Thousands of Kenya Shillings.

Payable Undiscounted Cash Flows	Up to 1 Month KShs '000	1-3 Months KShs '000	4-12 Months KShs '000	Over 1-5 Years KShs '000	Over 5 years KShs'000	Total KShs '000
Group						
Liabilities						
As at 31 December 2025						
Customer deposits	7,250,150	6,838,755	7,137,984	1,236,519	330,196	22,793,604
Deposits and balances due from banking institutions	3,733,295	-	-	-	-	3,733,295
Other liabilities	275,289	7,059	46,587	53,213	-	382,148
Long term borrowings	411	1,232	4,928	24,641	22,415	53,627
Lease liability	13,439	31,601	86,228	307,628	-	438,896
Total liabilities	11,272,584	6,878,647	7,275,727	1,622,001	352,607	27,401,570
As at 31 December 2024						
Customer deposits	5,714,916	3,544,735	6,250,998	3,362,761	1,754,397	20,627,807
Deposits and balances due from banking institutions	4,418,667	-	-	-	-	4,418,667
Other liabilities	295,818	6,627	1,873	53,214	-	357,532
Borrowings	-	183,061	-	-	58,039	241,100
Lease liability	-	-	63,789	304,265	-	368,054
Total liabilities	10,429,402	3,734,423	6,316,660	3,720,239	1,812,436	26,013,160
Bank						
Liabilities						
As at 31 December 2025						
Customer deposits	7,300,249	6,838,755	7,137,984	1,236,519	330,196	22,843,703
Deposits and balances due from banking institutions	3,733,295	-	-	-	-	3,733,295
Other liabilities	263,449	7,059	4,924	53,213	-	328,645
Long term borrowings	411	1,232	4,928	24,641	22,415	53,627
Lease liability	13,439	31,601	86,228	307,628	-	438,896
Total liabilities	11,310,843	6,878,647	7,234,064	1,622,001	352,611	27,398,166
As at 31 December 2024						
Customer deposits	5,714,916	3,544,735	6,250,998	3,362,761	1,754,397	20,627,807
Deposits and balances due from banking institutions	4,418,667	-	-	-	-	4,418,667
Other liabilities	240,286	6,627	-	53,213	-	300,126
Long term borrowings	-	183,061	-	-	58,039	241,100
Lease liability	-	-	63,789	304,265	-	368,054
Total liabilities	10,373,869	3,734,423	6,314,787	3,720,239	1,812,436	25,955,754

The Bank holds a diversified portfolio of cash and high-quality highly liquid securities to manage liquidity risk and support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise of cash and balances with Central Bank of Kenya, certificates of deposit, government securities and other securities that are readily acceptable in repurchase agreements with the Central Bank of Kenya.

Assets Measured at Fair Value Group and Bank	Level 1 Quoted Prices in Active Markets KShs'000	Level 2 Significant Observable Input KShs'000	Level 3 Significant Unobservable Inputs KShs'000	Total Balance KShs '000
Assets				
At 31 December 2025				
Fair value through OCI				
- Debt investments	391,903	-	-	391,903
At 31 December 2024				
Fair value through OCI				
- Debt investments	272,831	-	-	272,831

3.5 Fair Value Hierarchy

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Bank, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

- The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily foreign corporate bonds and Nairobi Securities Exchange ("NSE") equity investments classified as available for sale.
- The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

-Quoted market prices or dealer quotes for similar instruments

-The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

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

Fair Value Group	Carrying Amount KShs' 000	Fair Value KShs' 000	Level 1 KShs' 000	Level 2 KShs' 000	Level 3 KShs' 000
At 31 December 2025					
Cash and balances with Central Bank of Kenya	1,977,229	1,977,229	1,977,229	-	-
Financial assets at amortised cost	4,301,996	4,351,900	4,351,900	-	-
Deposits and balances due from banking institutions	1,594,479	1,594,479	-	1,594,479	-
Loans and advances to customers	15,856,826	15,856,826	-	15,856,826	-
Other assets and prepaid expenses	1,184,504	1,184,504	-	1,184,504	-
Total financial assets	24,915,034	24,964,938	6,329,129	18,635,809	-
At 31 December 2025					
Deposits and balances due to banking institutions	3,682,138	3,682,138	-	3,682,138	-
Customer deposits	22,255,165	22,255,165	-	22,255,165	-
Other liabilities	382,148	382,148	-	382,148	-
Borrowings	42,242	42,242	-	42,242	-
Lease liabilities	203,469	203,469	-	203,469	-
Total Liabilities	26,565,162	26,565,162	-	26,565,162	-
At 31 December 2024					
Cash and balances with Central Bank of Kenya	1,088,626	1,088,626	1,088,626	1,088,626	-
Financial assets at amortised cost	4,585,536	4,525,201	4,525,201	-	-
Deposits and balances due from banking institutions	545,850	545,850	-	545,850	-
Loans and advances to customers	17,997,492	17,997,492	-	17,997,492	-
Other assets less prepaid expenses	843,397	843,397	-	843,397	-
Total financial assets	25,060,901	25,000,566	5,613,827	20,475,365	-
At 31 December 2024					
Deposits and balances due to banking institutions	3,910,325	3,910,325	-	3,910,325	-
Customer deposits	18,878,442	18,878,442	-	18,878,442	-
Other liabilities	357,532	357,532	-	357,532	-
Borrowings	224,807	224,807	-	224,807	-
Lease liabilities	176,687	176,687	-	176,687	-
Total liabilities	23,547,793	23,547,793	-	23,547,793	-

Notes to the Financial Statements (Continued)

3. Financial Risk Management (Continued) 3.5 Fair Value Hierarchy (Continued)

Fair Value Bank	Carrying amount KShs' 000	Fair Value KShs' 000	Level 1 KShs' 000	Level 2 KShs' 000	Level 3 KShs' 000
At 31 December 2025					
Cash and balances with Central Bank of Kenya	1,977,229	1,977,229	1,977,229	-	-
Financial assets at amortised cost	4,290,829	4,351,900	4,351,900	-	-
Deposits and balances due from banking institutions	1,594,479	1,594,479	-	1,594,479	-
Loans and advances to customers	15,856,826	15,856,826	-	15,856,826	-
Other assets less prepaid expenses	1,137,257	1,137,257	-	1,137,257	-
Total financial assets	24,856,620	24,917,691	6,329,129	18,588,562	-
Deposits and balances due to banking institutions	3,682,138	3,682,138	-	3,682,138	-
Customer deposits	22,305,264	22,305,264	-	22,305,264	-
Other liabilities	328,645	328,645	-	328,645	-
Borrowings	42,242	42,242	-	42,242	-
Lease liabilities	203,469	203,469	-	203,469	-
Total Liabilities	26,561,758	26,561,758	-	26,561,758	-
At 31 December 2024					
Cash and balances with Central Bank of Kenya	1,088,626	1,088,626	1,088,626	-	-
Financial assets at amortised cost	4,574,295	4,525,201	4,525,201	-	-
Deposits and balances due from banking institutions	545,850	545,850	-	545,850	-
Loans and advances to customers	17,997,492	17,997,492	-	17,997,492	-
Other assets less prepaid expenses	780,078	780,078	-	780,078	-
Total financial assets	24,986,341	24,937,247	5,613,827	19,323,420	-
Deposits and balances due to banking institutions	3,910,325	3,910,325	-	3,910,325	-
Customer deposits	18,827,755	18,827,755	-	18,827,755	-
Other liabilities	339,589	339,589	-	339,589	-
Borrowings	224,807	224,807	-	224,807	-
Lease liabilities	176,687	176,687	-	176,687	-
Total liabilities	23,479,163	23,479,163	-	23,479,163	-

3.6 Capital Management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the balance sheets, are:

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

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

The Central Bank of Kenya requires each bank to:

- hold the minimum level of regulatory capital of KShs 3 billion; (2024: KShs 1 billion)
- maintain a ratio of core regulatory capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 10.5% (2024: 10.5%)
- maintain core capital of not less than 8% of total deposit liabilities; and
- maintain total capital of not less than 14.5% (2024: 14.5%) of risk-weighted assets plus risk-weighted off-balance sheet items.

The Bank's total regulatory capital is divided into two tiers:

- Tier 1 capital (core capital): share capital, share premium, plus retained earnings.)
- Tier 2 capital (supplementary capital): 25% (subject to prior approval) of revaluation reserves, subordinated debt not exceeding 50% of Tier 1 capital and hybrid capital instruments. Qualifying Tier 2 capital is limited to 100% of Tier 1 capital.

The risk weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of – and reflecting an estimate of the credit risk associated with – each asset and counterparty. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Bank as at 31 December:

Notes to the Financial Statements (Continued)

3. Financial Risk Management (Continued) 3.6 Capital Management (Continued)

Composition of Regulatory Capital	2025 KShs '000	2024 KShs '000
Tier 1 capital	1,209,888	1,471,800
Tier 1 + Tier 2 capital	1,483,660	1,770,861
Risk-weighted assets		
On-balance sheet	21,724,414	20,442,072
Off-balance sheet	177,375	838,569
Total risk-weighted assets	21,901,789	21,280,641
Basel ratio		
Core capital to total risk weighted assets (CBK minimum – 10.5% (2022: 10.5%))	5.5%	6.2%
Total capital to total risk weighted assets (CBK minimum – 14.5% (2022: 14.5%))	6.8%	8.3%
Core capital to total deposit (CBK minimum – 8.0% (2023: 8.0))	5.4%	6.9%

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Expected Credit Losses

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Bank.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

5. Interest Income

Group and Bank	2025 KShs '000	2024 KShs '000
Loans and advances	2,646,925	2,814,568
Credit related fees and commissions	16,315	143,788
Financial assets at amortised cost	526,529	542,921
Financial assets at FVOCI	46,496	34,734
Deposits and balances due from banking institutions	35,211	4,513
	3,271,476	3,540,524

6. Interest Expense

	Group		Bank	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
Customer deposits	1,820,424	1,800,444	1,828,099	1,806,595
Deposits and balances due to banking institutions	354,486	579,649	354,486	579,649
Lease liability	34,967	63,789	34,967	63,789
	2,209,877	2,443,882	2,217,552	2,450,033

7. a) Other Income

	2025 KShs '000	2024 KShs '000
Group and Bank		
Gain on sale of financial assets held at FVOCI	6,620	59
Other income	106,909	76,541
	113,529	76,600

7. b) Trading Income

	2025 KShs '000	2024 KShs '000
Group and Bank		
Foreign exchange income	93,239	142,289

7. c) Fees and Commission Income

	Group		Bank	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
Service fees and commissions - transactional	55,986	52,173	55,986	52,173
Other fees	113,757	128,490	113,757	128,490
Bancassurance commissions earned	21,345	17,170	-	-
	191,088	197,833	169,743	180,663

8. Credit Impairment Losses

	2025 KShs '000	2024 KShs '000
Group and Bank		
Increase in stage 1 ECL	2,706	(53,951)
Increase in stage 2 ECL	17,214	27,237
Increase in stage 3 ECL	1,441,677	1,395,304
Impairment charge on loans to customers (Note 17)	1,461,597	1,368,590

The ECL movements in other financial instruments were assessed and determined to be immaterial in the year and therefore have not been recognised (2024: Nil)

9. Employee Benefits

	Group		Bank	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
Salaries and allowances	617,739	605,957	606,154	595,861
Medical insurance	62,427	61,137	61,557	60,324
Training and development	2,486	1,856	2,486	1,856
Travelling and accommodation	1,270	983	1,270	983
Retirement benefits costs				
- Defined contribution scheme	26,653	24,561	26,091	24,114
- National Social Security Fund	10,049	5,266	9,850	5,167
Other costs	96,455	98,412	95,389	97,856
	817,079	798,172	802,797	786,161

The number of persons employed by the Group as at 31 December 2025 was 216 (2024: 217). The number of persons employed by bank as at 31 December 2025 was 212 (2024:210).

10. Other Operating Expenses

	Group		Bank	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2025 KShs '000
The following items are included with other operating expenses:				
Software licensing and other information technology costs	179,740	153,088	179,589	152,937
Auditors' remuneration	30,850	6,405	30,221	6,372
Rental expenses	27,736	24,804	27,736	24,804
Security guards alarms	45,848	43,428	45,848	43,428
Visa expenses	59,214	55,122	59,214	55,122
Deposit protection fund	35,579	32,475	35,579	32,475
Data communication costs	22,653	23,208	22,653	23,208
Membership subscription	14,277	11,059	14,177	11,009
Other costs	270,116	203,035	262,235	197,804
	686,013	552,624	677,252	547,159



11. Income Tax Credit

	Group		Bank	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
Current income tax	3,461	2,697	-	-
Deferred income tax (Note 19)	(467,570)	(426,659)	(465,468)	(425,466)
Over/Under provision of deferred tax in the prior years (Note 19)	-	14,787	-	14,787
Overr provision of current tax in the prior years	-	(5,041)	-	(1,064)
Income tax credit	(464,109)	(414,216)	(465,468)	(411,743)

The tax on the Group and Bank's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Loss before income tax	(1,756,682)	(1,461,525)	(1,762,650)	(1,467,362)
Tax calculated at a tax rate of 30% (2024: 30%)	(527,005)	(438,458)	(528,795)	(440,209)
Tax effect of:				
- income not subject to tax	(58,525)	(61,143)	(57,972)	(60,803)
- expenses not deductible for tax purposes	116,138	75,639	116,016	75,546
- under/(over)/ provision of deferred tax in prior years	5,283	14,787	5,283	14,787
- (over)/ under provision of current tax in prior years	-	(5,041)	-	(1,064)
Income tax expense	(464,109)	(414,216)	(465,468)	(411,743)
Current income tax asset/(liability)				
At start of year	143,010	133,955	136,032	133,951
Income tax credit/(expense)	(3,461)	2,344	-	1,064
Tax paid	4,513	6,711	929	1,017
At end of year	144,062	143,010	136,961	136,032

12. Proposed Dividends

Proposed dividends are provided for when declared and ratified at the annual general meeting.

Payment of dividends is subject to withholding tax at a rate of either 5% or 10% depending on the residence status of the respective shareholders.

The directors do not recommend payment of a cash dividend (2024: Nil).

13. Cash and Balances with Central Bank of Kenya

Group and Bank	2025 KShs '000	2024 KShs '000
Cash in hand	330,565	382,896
Balances with Central Bank of Kenya	1,646,664	705,730
	1,977,229	1,088,626

The ECL for cash and bank balances was assessed and deemed immaterial to the financial statements and has not been recognised. (2024: Nil)

14. Financial Assets Held at FVOCI

Group and Bank	2025 KShs '000	2024 KShs '000
Infrastructure bond	75,000	73,795
Treasury bonds	316,903	199,036
	391,903	272,831

The securities are traded on the Nairobi Securities Exchange. The ECL was not material to the financial statements and has not been booked. (2024: Not material)

15. Financial Assets at Amortised Cost

	2025 KShs '000	2024 KShs '000
Group		
Maturing after 90 days of the date of acquisition	4,301,996	4,485,536
Maturing within 90 days of the date of acquisition	-	100,000
	4,301,996	4,585,536
Bank		
Maturing after 90 days of the date of acquisition	4,290,829	4,474,295
Maturing within 90 days of the date of acquisition	-	100,000
	4,290,829	4,574,295

The ECL on financial assets at amortised cost was assessed and has been recognised at KShs 21.09 million (2024: Nil)

	Group		Bank	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
At start of year	4,585,536	4,601,699	4,574,295	4,601,699
Purchases of securities	-	11,241	-	-
Accrued interest in the year	534,885	536,777	533,196	536,777
Maturities of securities	(251,147)	-	(251,147)	-
Interest received in the year	(539,522)	(554,095)	(537,759)	(554,095)
Amortisation of discount/premium	(6,667)	(10,086)	(6,667)	(10,086)
At end of year	4,323,085	4,585,536	4,311,918	4,574,295
12-month ECL:				
At start of year	-	-	-	-
Re-measurement in the year	(21,089)	-	(21,089)	-
At end of year	(21,089)	-	(21,089)	-
Net carrying amount	4,301,996	4,585,536	4,290,829	4,574,295

16. Deposits and Balances From Banking Institutions

Group and Bank	2025 KShs '000	2024 KShs '000
Overnight lending	1,100,271	351,196
Balances with banks abroad	494,208	194,654
	1,594,479	545,850

The ECL on deposits was assessed and deemed immaterial to the financial statements and has not been recognised. (2024: Nil)

17. Loans and Advances to Customers

	2025 KShs '000	2024 KShs '000
Retail customers		
Mortgage lending	949,728	753,834
Personal unsecured	559,010	260,146
Personal secured Loans	1,243,679	1,298,293
Corporate customers		
Commercial term loans	9,728,053	11,506,711
Overdraft facilities	6,557,005	6,841,089
Modification losses	(31,158)	-
Gross loans and advances	19,006,317	20,660,073
Less: Provision for ECL on loans and advances		
- Stage 1	(11,275)	(8,790)
- Stage 2	(153,791)	(99,530)
- Stage 3	(2,984,425)	(2,554,261)
	(3,149,491)	(2,662,581)
Net loans and advances	15,856,826	17,997,492

(a) Gross Carrying Amount of Loans and Advances

The following table shows a reconciliation from the opening to the closing balance of the gross loan balance.

	Stage 1 12-Month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	Total KShs '000
Year ended 31 December 2024				
At start of the year	7,870,471	3,506,981	8,877,940	20,255,392
Transfer from stage 1 to stage 2	(985,427)	985,427	-	-
Transfer from stage 1 to stage 3	(1,332,379)	-	1,332,379	-
Transfer from stage 2 to stage 1	34,049	(34,049)	-	-
Transfer from stage 2 to stage 3	-	(1,388,391)	1,388,391	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	8,324	(8,324)	-
Financial assets derecognised	(2,115,727)	(97,578)	(876,690)	(3,089,995)
New financial assets originated	1,037,345	748,310	1,709,021	3,494,676
At end of year	4,508,332	3,729,024	12,422,717	20,660,073
Year ended 31 December 2025				
At start of year	4,508,332	3,729,024	12,422,717	20,660,073
Transfer from stage 1 to stage 2	(168,579)	168,579	-	-
Transfer from stage 1 to stage 3	(16,559)	-	16,559	-
Transfer from stage 2 to stage 1	404,404	(404,404)	-	-
Transfer from stage 2 to stage 3	-	(1,857,024)	1,857,024	-
Transfer from stage 3 to stage 1	16,894	-	(16,894)	-
Transfer from stage 3 to stage 2	-	625,708	(625,708)	-
Other remeasurements of gross balances*	-	-	776,316	776,316
Financial assets derecognised	(885,434)	(204,757)	(1,730,904)	(2,821,095)
New financial assets originated	326,284	5,903	58,836	391,023
At end of year	4,185,342	2,063,029	12,757,946	19,006,317

*Other remeasurements of gross balances include accrued interest and modifications gains and losses.

The following table shows a reconciliation from the opening to the closing balance of the gross loan balance by class of financial instruments in retail book.

	Stage 1 12-Month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	Total KShs '000
Corporate – Term Loans				
Year ended 31 December 2025				
At start of the year	2,270,232	2,524,691	6,011,788	10,806,712
Transfer from stage 1 to stage 2	(130,201)	130,201	-	-
Transfer from stage 1 to stage 3	(568)	-	568	-
Transfer from stage 2 to stage 1	246,862	(246,862)	-	-
Transfer from stage 2 to stage 3	-	(1,045,533)	1,045,533	-
Transfer from stage 3 to stage 1	1,098	-	(1,098)	-
Transfer from stage 3 to stage 2	-	423,488	(423,488)	-
Other remeasurements of gross balances	-	-	776,316	776,316
New financial assets originated	165,942	219	27,288	193,449
Financial assets derecognised	(289,481)	(64,175)	(1,725,927)	(2,079,582)
At end of year	2,263,885	1,722,029	5,710,980	9,696,895
Corporate – Overdrafts				
Year ended 31 December 2025				
At start of year	988,389	449,690	6,103,009	7,541,089
Transfer from stage 1 to stage 2	(2,274)	2,274	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	58,842	(58,842)	-	-
Transfer from stage 2 to stage 3	-	(237,624)	237,624	-
Transfer from stage 3 to stage 1	1,012	-	(1,012)	-
Transfer from stage 3 to stage 2	-	202,221	(202,221)	-
Other remeasurements of gross balances	-	-	-	-
New financial assets originated	41,729	1,105	2,112	44,946
Financial assets derecognised	(908,472)	(115,638)	(4,920)	(1,029,030)
At end of year	179,226.43	243,185.76	6,134,593.	6,557,005

Notes to the Financial Statements (Continued)

17. Loans and Advances to Customers(Continued) (a) Gross Carrying Amount of Loans and Advances (Continued)

The following table shows a reconciliation from the opening to the closing balance of the gross loan balance by class of financial instruments in retail book.

	Stage 1 12-Month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	Total KShs '000
Retail – Mortgage				
Year ended 31 December 2025				
At start of the year	515,426	200,698	37,710	753,834
Transfer from stage 1 to stage 2	(18,619)	18,619	-	-
Transfer from stage 1 to stage 3	(15,078)	-	15,078	-
Transfer from stage 2 to stage 1	22,443	(22,443)	-	-
Transfer from stage 2 to stage 3	-	(170,501)	170,501	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Other remeasurements of gross balances	-	-	-	-
New financial assets originated	185,685	2,152	8,058	195,894
Financial assets derecognised	(18,619)	18,619	-	-
At end of year	671,238	47,144	231,347	949,728
Retail – Personal Secured				
Year ended 31 December 2025				
At start of year	643,638	443,276	211,379	1,298,293
Transfer from stage 1 to stage 2	(17,217)	17,217	-	-
Transfer from stage 1 to stage 3	(533)	-	533	-
Transfer from stage 2 to stage 1	71,763	(71,763)	-	-
Transfer from stage 2 to stage 3	-	(276,167)	276,167	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Other remeasurements of gross balances	-	-	-	-
New financial assets originated	63,434	1,715	2,279	67,428
Financial assets derecognised	(98,193)	(23,800)	(50)	(122,043)
At end of year	662,892	90,478	490,308	1,243,678

Notes to the Financial Statements (Continued)

17. Loans and Advances to Customers (Continued)
(a) Gross Carrying Amount of Loans and Advances (Continued)

	Stage 1 12-Month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	Total KShs '000
Retail – Personal Unsecured				
Year ended 31 December 2025				
At start of the year	90,647	110,669	58,830	260,146
Transfer from stage 1 to stage 2	(268)	268	-	-
Transfer from stage 1 to stage 3	(419)	-	419	-
Transfer from stage 2 to stage 1	4,494	(4,494)	-	-
Transfer from stage 2 to stage 3		(127,199)	127,199	-
Transfer from stage 3 to stage 1	14,784	-	(14,784)	-
Transfer from stage 3 to stage 2	-	-	-	-
Other remeasurements of gross balances	-	-	-	-
New financial assets originated	322,571	712	19,099	342,382
Financial assets derecognised	(42,366)	(1,145)	(6)	(43,517)
At end of year	389,443	(21,189)	190,757	559,011

(b) Provisions for Expected Credit Loss on Loans and Advances

The table below analyses the movement of loss allowance during the year

	Stage 1 12-Month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	Total KShs '000
Year ended 31 December 2025				
At start of year	8,790	99,530	2,554,261	2,662,581
Movements during the year				
Transfer to 12-month ECL	22,168	(22,168)	-	-
Transfer to lifetime ECL not credit impaired	(456)	171,133	(170,677)	-
Transfer to lifetime ECL credit impaired	(76)	(74,417)	74,493	-
Net remeasurement of loss allowance	2,706	17,214	1,441,677	1,461,597
Financial assets that have been derecognised	(21,857)	(37,501)	(915,329)	(974,687)
Other remeasurements of gross balances	2,485	54,261	430,164	486,910
At end of year	11,275	153,791	2,984,425	3,149,491
Year ended 31 December 2024				
At start of the year	72,173	51,781	1,170,037	1,293,991
Movements during the year				
Transfer to 12-month ECL	(9,498)	2,871	6,627	-
Transfer to lifetime ECL not credit impaired	66	(5,801)	5,735	-
Transfer to lifetime ECL credit impaired	-	23,442	(23,442)	-
Financial assets originated or purchased	(53,951)	27,237	1,395,304	1,368,590
	(63,383)	47,749	1,384,224	1,368,590
At end of year	8,790	99,530	2,554,261	2,662,581

The following table shows a reconciliation from the opening to the closing balance of the loss allowance by class of financial instruments in corporate book.

	Stage 1 12-Month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	Total KShs '000
Corporate – Term loans				
Year ended 31 December 2025				
At start of year	3,893	53,270	1,825,040	1,882,203
Movements during the year				
Transfer to 12-month ECL	7,463	(7,463)	-	-
Transfer to lifetime ECL not credit impaired	(348)	171,025	(170,677)	-
Transfer to lifetime ECL credit impaired	(3)	(47,825)	47,828	-
Net remeasurement of loss allowance	548	(1,911)	979,492	978,129
Financial assets that have been derecognised	(21,555)	(37,095)	(915,326)	(973,976)
	(13,895)	76,731	(58,683)	4,153
At end of year	(10,002)	130,001	1,766,357	1,886,356
Corporate – Overdrafts				
Year ended 31 December 2025				
At start of the year	1,154	2,918	586,306	590,378
Movements during the year				
Transfer to 12-month ECL	387	(387)	-	-
Transfer to lifetime ECL not credit impaired	(3)	3	-	-
Transfer to lifetime ECL credit impaired	-	(1,966)	1,966	-
Net remeasurement of loss allowance	6,306	19,762	186,100	212,168
Financial assets that have been derecognised	(124)	(404)	-	(528)
	6,566	17,008	188,066	211,640
At end of year	7,720	19,926	774,372	802,018

Notes to the Financial Statements (Continued)

17. Loans and Advances to Customers(Continued) (b) Provisions for Expected Credit Loss on Loans and Advances (Continued)

The following table shows a reconciliation from the opening to the closing balance of the loss allowance by class of financial instruments in retail book.

	Stage 1 12-Month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	Total KShs '000
Retail – Mortgage				
Year ended 31 December 2025				
At start of year	1,668	14,711	13,301	29,680
Movements during the year				
Transfer to 12-month ECL	653	(653)	-	-
Transfer to lifetime ECL not credit impaired	(87)	87	-	-
Transfer to lifetime ECL credit impaired	(72)	(12,940)	13,012	-
Net remeasurement of loss allowance	(536)	1,620	95,473	96,557
Financial assets that have been derecognised	-	-	-	-
	(42)	(11,886)	108,485	96,557
At end of year	1,626	2,825	121,786	126,237
Retail – Personal Secured				
Year ended 31 December 2025				
At start of the year	1,518	27,685	99,504	128,707
Movements during the year				
Transfer to 12-month ECL	13,603	(13,603)	-	-
Transfer to lifetime ECL not credit impaired	(17)	17	-	-
Transfer to lifetime ECL credit impaired	-	(11,684)	11,684	-
Net remeasurement of loss allowance	(3,191)	(2,012)	19,916	14,712
Financial assets that have been derecognised	(147)	(1)	-	(148)
	10,248	(27,283)	31,600	14,564
At end of year	11,766	402	131,104	143,271

17. Loans and Advances to Customers (Continued)
 (b) Provisions for Expected Credit Loss on Loans and Advances (Continued)

	Stage 1 12-Month ECL KShs '000	Stage 2 Lifetime ECL KShs '000	Stage 3 Lifetime ECL KShs '000	Total KShs '000
Retail – Personal Unsecured				
Year ended 31 December 2025				
At start of year	557	946	30,109	31,612
Movements during the year				
Transfer to 12-month ECL	61	(61)	-	-
Transfer to lifetime ECL not credit impaired	(1)	1	-	-
Transfer to lifetime ECL credit impaired	(2)	(1)	3	-
Net remeasurement of loss allowance	(421)	(245)	160,696	160,030
Financial assets that have been derecognised	(31)	(1)	(3)	(35)
	(394)	(307)	160,696	159,995
At end of year	163	639	190,805	191,607



18. Other Assets and Prepaid Expenses

	Group		Bank	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
Items in transit	732,747	221,235	755,932	221,235
Prepaid expenses	93,311	88,474	93,311	88,474
Stationery stocks	5,180	4,903	5,180	4,903
Repossessed collateral*	1,179,000	-	1,179,000	-
Others	451,757	528,785	381,325	465,466
	2,461,995	843,397	2,414,748	780,078

*Repossessed properties acquired in exchange for loans as part of an orderly realisation and are reported in 'other assets' as inventory as it is held for sale in the ordinary course of business. The repossessed properties are recognised when the risks and rewards of the properties have been transferred to the Bank. The properties acquired are initially recorded at cost, which is the lower of their fair value less costs to sell and the carrying amount of the loan (net of impairment allowance) at the date of exchange.

19. Investment Property

Group and Bank	2025 KShs '000	2024 KShs '000
At start of year	-	-
Additions	1,200,000	-
Fair value (loss)/gain	-	-
At end of year	1,200,000	-

(a) Measuring Investment Property at Fair Value

Investment property relates to the asset transferred to the Bank in settlement for newly issued shares as at 31 December 2025. (Note 30).

The carrying amount is based on an independent professional valuation for the property immediately before the transfer was executed. As at the date of this report, the legal transfer of title is awaiting finalization. The directors consider the transfer as substantially complete since all the agreements had been fully executed and shares issued by 31 December 2025, with the remaining actions deemed administrative in nature.

The investment property valuation is within the level 3 of fair value hierarchy

(b) Fair Value Hierarchy

Investment Properties	Level 1 KShs' 000	Level 2 KShs' 000	Level 3 KShs' 000	Total KShs'000
31 December 2025	-	-	1,200,000	1,200,00
31 December 2024	-	-	-	-

The table below summarizes the significant unobservable inputs used in the fair value measurement.

- Replacement cost rate: KShs. 5,075 per square ft. for Commercial block, KShs.1.5million per square ft for parking silo and KShs. 2,500 per square feet for gatehouse
- Depreciation Replacement cost rate: KShs. 4,060 per square ft. for Commercial block, KShs. 1.35million per square ft for parking silo and KShs. 2,000 per square feet for gatehouse

Sensitivity analysis

Changes in the above assumptions could affect the reported fair value of investment properties for the period ending 31 December 2025. We have summarized in the table below the increases/decreases in fair value arising from a reasonable shift for each of the below factors while holding all other factors constant;

2025	Base Assumption KShs' 000	Increase KShs' 000	Decrease KShs' 000
Change in Replacement cost rate; +/-5%	1,200,000	36,750	(36,750)
Change in Depreciation Replacement cost rate; +/-5%	1,200,000	(7,254)	7,254
Change in Site work percentage: +/-5%	1,200,000	6,125	(6,125)

20. Deferred Income Tax

Deferred income tax is calculated, in full, on all temporary differences under the liability method using the enacted income tax rate of 30% (2024: 30%). The movement on the deferred income tax account is as follows:

Deferred Income Tax Bank	2025 KShs '000	2024 KShs '000
At start of year	678,859	268,652
Charge to profit or loss	467,570	411,872
Charge to other comprehensive income	(7,352)	(1,665)
At end of year	1,139,077	678,859

The net deferred income tax asset in the statement of financial position, deferred income tax credit in the profit or loss and charge to other comprehensive income (OCI) are attributable to the following items:

20. Deferred Income Tax (Continued)

Attribution of Net Deferred Income Tax	At Start of Year KShs '000	Credit/ (Charge) to P&L KShs '000	Charge to OCI KShs '000	At End of Year KShs '000
Year ended 31 December 2025				
Property and equipment	3,307	(17,816)	-	(14,509)
General provisions	612,454	159,062	-	771,516
Right of use asset and lease liability	10,210	(5,283)	-	4,927
Unrealised exchange gains	(537)	8,283	-	7,746
Tax losses	46,076	319,087	-	365,163
Fair value gain/ (losses)	7,349	4,237	(7,352)	4,234
Net deferred income tax asset	678,859	467,570	(7,352)	1,139,077
Year ended 31 December 2024				
Property and equipment	15,703	(12,396)	-	3,307
General provisions	244,223	368,231	-	612,454
Right of use asset and lease liability	7,476	2,734	-	10,210
Unrealised exchange losses	(7,764)	7,227	-	(537)
Tax losses	-	46,076	-	46,076
Fair value gain	9,014	-	(1,665)	7,349
Net deferred income tax asset	268,652	411,872	(1,665)	678,859

Bank	2025 KShs '000	2024 KShs '000
At start of year	676,556	267,542
Credit profit or loss account (Note 11)	465,468	410,679
Charge to other comprehensive income	(7,352)	(1,665)
At end of year	1,134,672	676,556

The net deferred income tax asset in the statement of financial position and deferred income tax expense in the profit or loss are attributable to the following items:

Attribution of Net Deferred Income Tax Group	At Start of Year KShs '000	Credit/(Charge) to P&L KShs '000	Charge to OCI KShs '000	At End of Year KShs '000
Year ended 31 December 2025				
Property and equipment	3,266	(17,810)	-	(14,544)
General provisions	610,192	156,954	-	767,146
Right of use asset and lease liability	10,210	(5,283)	-	4,927
Unrealised exchange gains/ (losses)	(537)	8,283	-	7,746
Tax losses	46,076	319,087	-	365,163
Fair value gain/ (losses)	7,349	4,237	(7,352)	4,234
Net deferred income tax asset	676,556	465,468	(7,352)	1,134,672
Year ended 31 December 2024				
Property and equipment	15,655	(12,389)	-	3,266
General provisions	243,161	367,031	-	610,192
Right of use asset and lease liability	7,476	2,734	-	10,210
Unrealised exchange losses	(7,764)	7,227	-	(537)
Tax losses	-	46,076	-	46,076
Fair value gain/ losses	9,014	-	(1,665)	7,349
Net deferred income tax asset	267,542	410,679	(1,665)	676,556

21. Property and Equipment

Group	Leasehold Improvements KShs '000	Motor Vehicles KShs '000	Office Equipment KShs '000	Computer And Electronic Equipment KShs '000	Furniture and Fittings KShs '000	Total KShs '000
At January 2024						
Cost	287,271	30,830	361,892	167,501	50,093	897,587
Accumulated Depreciation	(207,979)	(30,959)	(267,410)	(164,566)	(41,825)	(712,739)
Net Book Value	79,292	(129)	94,482	2,935	8,268	184,848
Year ended 31 December 2024						
Opening net book amount	79,292	(129)	94,482	2,935	8,268	184,848
Additions	1,293	-	21,923	8,709	272	32,197
Adjustments	-	129	(129)	(26)	26	-
Depreciation charge	(21,500)	-	(28,537)	(2,419)	(2,264)	(54,720)
Closing net book amount	59,085	-	87,739	9,199	6,302	162,325
At 31 December 2024						
Cost	288,564	30,959	383,686	176,184	50,391	929,784
Accumulated depreciation	(229,479)	(30,959)	(295,947)	(166,985)	(44,089)	(767,459)
Net book value	59,085	-	87,739	9,199	6,302	162,325
Year ended 31 December 2025						
Opening net book amount	59,085	-	87,739	9,199	6,302	162,325
Additions	-	-	2,375	4,936	578	7,889
Depreciation charge	(20,358)	-	(24,537)	(4,209)	(1,843)	(50,947)
Closing net book amount	38,727	-	65,577	9,926	5,037	119,267
At 31 December 2025						
Cost	288,564	30,959	386,061	181,120	50,969	937,673
Accumulated depreciation	(249,837)	(30,959)	(320,484)	(171,194)	(45,932)	(818,406)
Net book value	38,727	-	65,557	9,926	5,037	119,267

21. Property and Equipment

Bank	Leasehold Improvements KShs '000	Motor Vehicles KShs '000	Office Equipment KShs '000	Computer And Electronic Equipment KShs '000	Furniture and Fittings KShs '000	Total KShs '000
At January 2024						
Cost	283,818	30,960	357,100	166,232	49,529	887,639
Accumulated Depreciation	(204,526)	(31,089)	(262,618)	(163,321)	(41,263)	(702,817)
Net Book Value	79,292	(129)	94,482	2,911	8,266	184,822
Year ended 31 December 2024						
Opening net book amount	79,292	(129)	94,482	2,911	8,266	184,822
Additions	1,292	-	21,922	8,709	272	32,195
Adjustments	-	129	(129)	(26)	26	-
Depreciation charge	(21,500)	-	(28,528)	(2,419)	(2,264)	(54,711)
Closing net book amount	59,084	-	87,747	9,175	6,300	162,306
At 31 December 2024						
Cost	285,110	31,089	378,893	174,915	49,827	919,834
Accumulated depreciation	(226,026)	(31,089)	(291,146)	(165,740)	(43,527)	(757,528)
Net book amount	59,084	-	87,747	9,175	6,300	162,306
Year ended 31 December 2025						
Opening net book amount	59,084	-	87,747	9,175	6,300	162,306
Additions	-	-	2,375	4,936	548	7,859
Depreciation charge	(20,358)	-	(24,537)	(4,209)	(1,834)	(50,938)
Closing net book amount	38,726	-	65,585	9,902	5,014	119,227
At 31 December 2025						
Cost	285,110	31,089	381,268	179,851	50,375	927,693
Accumulated depreciation	(246,384)	(31,089)	(315,683)	(169,949)	(45,361)	(808,466)
Net book amount	38,726	-	65,585	9,903	5,013	119,227



22. Intangible Assets

Group and Bank	Software Licences KShs '000	Work in Progress KShs '000	Total KShs '000
Year ended 31 December 2024			
Net book value at start of year	44,723	41,573	86,296
Additions	28,624	-	28,624
Transfer from work in progress	23,564	(23,564)	-
Amortisation for the year	(25,542)	-	(25,542)
Net book value at end of year	71,369	18,009	89,378
Year ended 31 December 2025			
Net book value at start of year	71,369	18,009	89,378
Additions	29,309	22,795	52,104
Amortisation for the year	(25,803)	-	(25,803)
Net book value at end of year	74,875	40,804	115,679

23. Investment in Subsidiary

The Bank has an investment in a wholly owned subsidiary called Credit Bank Insurance Agency Limited. The subsidiary provides bancassurance services.

24. Deposits and Balances Due to Banking Institutions

Group and Bank	2025 KShs '000	2024 KShs '000
Current accounts	84	84
Overnight borrowing (Including CBK Repos)	3,682,054	3,910,241
	3,682,138	3,910,325

25. Customer Deposits

	Group		Bank	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
Retail customers:				
Current and demand deposits	1,987,759	1,428,627	1,987,759	1,428,627
Fixed deposits	7,648,026	7,588,147	7,648,026	7,623,640
Savings accounts	315,743	328,978	315,743	328,978
Corporate customers:				
Current and demand deposits	3,264,600	2,408,262	3,314,699	2,408,262
Fixed deposits	9,001,306	7,080,939	9,001,306	7,080,940
Savings Accounts	37,731	43,489	37,731	43,488
	22,255,165	18,878,442	22,305,264	18,913,935

26. Other Liabilities

	Group		Bank	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
Items in transit	9,993	8,186	9,993	8,186
Bills payable	38,560	36,081	38,560	36,081
Unclaimed balances	364	398	364	398
Other payables	333,231	312,867	279,728	255,461
	382,148	357,532	328,645	300,126

27. Right-of-Use Assets

Group and Bank	2025 KShs '000	2024 KShs '000
At start of year	142,654	190,329
Lease modifications	138,526	48,702
Disposal/Modifications	(1,730)	-
Amortization charge	(92,405)	(96,377)
At end of year	187,045	142,654

28. Lease Liabilities

Group and Bank	2025 KShs '000	2024 KShs '000
At start of the year	176,687	215,248
Lease modifications	132,502	39,311
Interest expense on lease liabilities	34,967	63,789
Principal and interest payments	(140,687)	(141,661)
	203,469	176,687

Lease liabilities can be classified as current or non – current liabilities depending on the expected date of settlement/ cash outflow as per the table below :-

Group and Bank	2025 KShs '000	2024 KShs '000
Expected to be settled within 12 months after the year end	140,687	104,524
Expected to be settled more than 12 months after the year end	62,782	72,163
	203,469	176,687

29. Borrowings

Group and Bank	2025 KShs '000	2024 KShs '000
Movement during the year:		
At start of year	224,807	695,024
Repayment of borrowed funds	(175,587)	(368,707)
Interest charged on borrowed funds	4,943	57,202
Interest paid on borrowed funds	(11,214)	(52,072)
Foreign exchange gain	(707)	(106,640)
	42,242	224,807
Current	4,928	185,161
Non-current portion	37,314	39,646
	42,242	224,807

Lender	Type of loan	Loan Balance KShs '000	Currency	Interest Rate	Maturity Date	Finance Cost Recognised in the Year KShs '000
African Development Bank	Long term loan	-	USD	SOFR + 4.75%	1 February 2025	2,346
KMRC - AFDB Line	Long term loan	23,992	KES	5%	1/12/2036	1,613
KMRC - World Bank Line	Long term loan	18,250	KES	5%	1/11/2036	984
		42,242				4,943



30. Share Capital

Group and Bank	Number of Shares (thousands)	Ordinary Shares KShs '000	Share Premium KShs '000
Year ended 31 December 2024			
At start of the year	36,450	3,644,964	60,411
Issue of shares	-	-	-
Share issue costs	-	-	-
At end of year	36,450	3,644,964	60,411
Year ended 31 December 2025			
At start of year	36,450	3,644,964	60,411
Issue of shares	12,034	1,203,352	-
Share issue costs	-	-	(296)
At end of year	48,484	4,848,316	60,115

As at 31 December 2025, the Banks authorised share capital was 75,000,000 ordinary shares of KShs' 100 each (2024: 75,000,000). During the year 12,034,000 additional shares were issued (2024: Nil). 48,483,238 shares are issued and fully paid (2024: 36,449,639). As part of settlement for the shares issued, property was transferred to the bank at a fair value of KShs 1,200,000,000 (Note 19). The remaining issued shares were settled in cash.

31. Statutory Credit Risk Reserve

	2025 KShs '000	2024 KShs '000
At start of year	1,542,515	1,542,515
Transfer from statutory risk reserve	33,353	-
At end of year	1,575,868	1,542,515

The Statutory Credit Risk Reserve represents an appropriation from accumulated losses to comply with the CBK's Prudential guidelines. The balance in the reserve represents the excess of impairment provisions determined in accordance with the CBK's Prudential guidelines over the impairment provisions recognised in accordance with the International Financial Reporting Standards. This reserve is not distributable

32. Fair Value Reserve

Group and Bank	2025 KShs '000	2024 KShs '000
At start of year	(69,097)	(91,935)
Revaluation of FVOCI instruments net of tax	11,748	22,838
At end of year	(57,349)	(69,097)

Fair value reserve comprises the cumulative net change in the fair value of FVOCI investments until the investment is derecognised or impaired.

33. Off-Balance Sheet Financial Instruments, Contingent Liabilities and Commitments (Group and Bank)

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

In addition, there are other off-balance sheet financial instruments including forward contracts for the purchase and sale of foreign currencies, whose nominal amounts are not reflected in the statement of financial position. The notional amounts indicate the volume of transactions outstanding at the year-end and are indicative of neither the market risk nor the credit risk. The changes in fair values of the forwards and swaps are immaterial and included within other assets.

At the year end, the contingent items were as follows:

Contingent Liabilities

Group and Bank	2025 KShs '000	2024 KShs '000
Acceptances and letters of credit	54,825	669,347
Guarantees and performance bonds	2,339,776	2,501,830
Forwards & Swaps	2,005,517	103,202
	4,400,118	3,274,379
Clients' investments		
Clients' treasury bonds	57,700	57,700
Clients' treasury bills	-	-
	57,700	57,700



Nature of Contingent Liabilities

The Bank invests in Government of Kenya treasury bills and treasury bonds on behalf of its clients. These investments are held in Bank's clients account with the Central Bank of Kenya separate from the Bank's own investments. These investments are recognised as client investments and as off-balance sheet assets in the Bank's books.

An acceptance is an undertaking by a Bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate.

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

Guarantees are generally written by a 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.

Commitments

(a) Legal Proceedings

There were a few of legal proceedings outstanding against the Bank at 31 December 2024.

Claims and counter claims against the Bank regarding collaterals held by the Bank have been lodged. The Bank considers the cases as without merit and is defending them vigorously.

(b) Capital Commitments

At 31 December 2024, the Bank had capital commitments of KShs 399 million (2023: 330 million) in respect of software, buildings and equipment purchases.

(c) Other commitments

	2025 KShs '000	2024 KShs '000
Undrawn formal stand-by facilities, credit lines and other commitments to lend	7,430,013	4,210,024

Commitments to lend are agreements to advance to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The Bank may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer.

34. Assets Pledged as Security

As at 31 December 2025 treasury bonds valued at KShs Nil (2024: Nil) were pledged to secure trade finance lines with various banks. Treasury bonds with a carrying value of KShs 4,145 million (2024: KShs 3,845 million) were, however, pledged as collateral under repurchase agreements. The Bank retained ownership of these securities, which continued to be recognised in the statement of financial position.

The was no contingent liabilities outstanding under these facilities at 31 December 2025 (2024: Nil)

35 (a) Analysis of Cash and Cash Equivalents as Shown in the Cash Flow Statement

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 91 days maturity from the date of acquisition including: cash and balances with central banks, treasury bills and other eligible bills, and amounts due to and from other banks.

	Group		Bank	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
Cash and balances with Central Bank of Kenya (Note 13)	1,977,229	1,088,626	1,977,229	1,088,626
Deposits and balances due from banking institutions (Note16)	1,594,479	545,850	1,594,479	545,850
	3,571,708	1,634,476	3,571,708	1,634,476

35 (b) Restatement of presentation of cashflow on cash and cash equivalents

Commercial banks in Kenya are required to maintain a mandatory Cash Reserve Ratio (CRR) of 3.25% of a bank's total foreign and domestic currency deposit liabilities. The balance is maintained in the Bank's current account at the Central Bank of Kenya (CBK) and is used to facilitate interbank settlements and payment transactions. As of 31 December 2025, the Bank's CRR was KShs. 879 million (2024: KShs 717 million). The prevailing view in the Banking industry in Kenya has been that the CRR constitutes a restricted balance and is therefore excluded from cash and cash equivalents in the statement of cash flows.

IAS 7 and IAS 1 Presentation of Financial Statements indicate that amounts included in cash and cash equivalents may be subject to restrictions. IAS 7 requires an entity to disclose information about 'significant cash and cash equivalent balances held by the entity that are not available for use by the entity while IAS 1 requires an entity to classify as current an asset that is 'cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period'.

In line with this interpretation, the Institute of Certified Public Accountants of Kenya (ICPAK) through an advisory to commercial banks, concluded that restrictions on use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash and cash equivalents as per IAS 7. Under the current CBK operational framework, CRR balances are held within a bank's current account at the CBK, which can be freely accessed and utilized throughout the day for clearing and settlement transactions. Although banks are required to maintain a minimum end-of-day balance to comply with the CRR requirement, this represents a restriction on use, not a restriction on access. Therefore, the CRR meets the definition of cash and cash equivalents because it is accessible on demand, and should be included within cash and cash equivalents in the statement of cash flows.

The Bank reassessed the requirements of IAS 7: Statement of cash flows, and concluded that the CRR balances meet the definition of cash as they represent demand deposits that are accessible on demand. While the CBK imposes restrictions regarding the use of these funds for day-to-day operations, there are no restrictions regarding the Bank's access to these deposits for liquidity management.

Accordingly, the Bank has restated the cash and cash equivalents for prior period in line with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. The comparative information for the year ended 31 December 2024 has been restated to include CRR balances within cash and cash equivalents. The restatement has no impact on the Bank's statement of financial position or any key ratios.

Notes to the Financial Statements (Continued)

35 (a) Analysis of Cash and Cash Equivalents as Shown in the Cash Flow Statement) (Continued)

	2024 KShs' 000	Restatement KShs' 000	2024 Restated KShs' 000
Group			
Net cash from operating activities	360,853	10,708	371,561
Net cash from investing activities	(69,352)	-	(69,352)
Net cash from financing activities	(562,440)	-	(562,440)
Net increase in cash and cash equivalents	(270,939)	10,708	(260,231)
Effects of foreign exchange difference	3,087	-	3,087
At start of year	1,184,905	706,715	1,891,620
Cash and cash equivalents at the end of the year	917,053	717,423	1,634,476
Bank			
Net cash from operating activities	349,610	10,708	360,318
Net cash from investing activities	(58,111)	-	(58,111)
Net cash from financing activities	(562,440)	-	(562,440)
Net increase in cash and cash equivalents	(270,941)	10,708	(260,233)
Effects of foreign exchange difference	3,089	-	3,089
At start of year	1,184,905	706,715	1,891,620
Cash and cash equivalents at the end of the year	917,053	717,423	1,634,476

36. Related Party Transactions

(i) Transactions With Key Management Personnel

Key management personnel and their immediate relatives have transacted with the Bank during the year as follows:

Transactions With Key Management Personnel

Group and Bank	2025 KShs '000 Maximum Balance	2025 KShs '000 Closing Balance	2024 KShs '000 Maximum Balance	2024 KShs '000 Closing Balance
Mortgage lending and other secured loans	278,581	265,362	327,144	323,994
Other loans	8,101	10,734	10,275	9,587

Interest rate charged to staff is at preferential rate whereas rates to Directors and related parties are at arm's length transaction. The mortgages and secured loans granted are secured over property of the respective borrowers. Other balances are not secured and no guarantees have been obtained.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

Key management personnel compensation for the year comprised:

b) Key Management Compensation

	2025 KShs '000	2024 KShs '000
Salaries and other short-term employment benefits	237,568	289,312

c) Directors' Remuneration

	2025 KShs '000	2024 KShs '000
- fees for services as non executive directors	9,731	9,901
- other emoluments (included in key management compensation above)	72,562	68,964
	82,293	78,865

36. Related Party Transactions (Continued)

d) Loans and Advances to Directors and Their Associates (Group and Bank)

At 31 December 2025 advances to companies where the Bank's directors or their families exert significant influence amounted to KShs 580.7million (2024: KShs 606 million).

At 31 December 2025 advances to employees amounted to KShs 776.8 million (2024: KShs 819.7 million). The movement in advances to related parties is as shown below:

v) Loans and Advances to Staff

Group and Bank	2025 KShs '000	2024 KShs '000
At start of year	819,743	833,142
Issued during the year	216,443	197,865
Repaid during the year	(259,362)	(211,264)
At end of year	776,824	819,743

Interest earned on staff loans during the year amounted to KShs 76.23 million (2024: KShs 70.45 million).

The Bank has entered into loan transactions with its directors and associates as follows:

Loans and Advances to Staff

Group and Bank	2025 KShs '000	2024 KShs '000
At start of year	606,390	551,270
Interest charged	99,985	74,717
Loans disbursed	360,000	59,944
Repaid during the year	(435,569)	(78,171)
Net movement in overdraft balances	(50,125)	(1,370)
At end of year	580,681	606,390
Interest income earned on these advances	99,985	74,717

(e) Loans and Advances to Staff

Provisions amounting to KShs 10.955 million have been recognised in respect of loans given to related parties as at 31 December 2024 (2024: 24.25 KShs. million).

At 31 December 2025, customer deposits include deposits due to directors or their families and employees of KShs 1,768 million (2024: KShs 1,297 million)

(vi) Other Related Party Transactions

Rent expense payments to related parties during the year amounted to KShs 48.08 million (2024: KShs 47.09 million).

End of Report



Credit  Bank
My Friend, My Bank



Proxy Form

To: The Company Secretary
Credit Bank PLC
P O Box 61064 – 00200
Nairobi

Details

I/We:

ID No.:

Share Account No.:

Address:

Being a member/members of **Credit Bank PLC** (the Company) hereby appoint:

Name:

ID No.:

Proxy's Mobile No.:

Proxy's Email Address:

Or Failing Him/Her:

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 22nd June 2026, Nairobi and at any adjournment thereof. I/We authorize my/our Proxy to cast the votes as they wish/according to my/our intentions as follows*:

1. To receive and adopt the audited Balance Sheet and Financial Statements for the year ended 31 December 2025 together with the Directors' and Auditors' Reports thereon.

Approve Disapprove Abstain

2. To re-elect Directors in accordance with the Articles of Association:-

a. Dr. James Stanley Mathenge retires from office by rotation and, being eligible, offers himself for re-election.

Approve Disapprove Abstain

b. Mr. Leon Nyandusi Nyachae, retires from office by rotation and, being eligible, offers himself for re-election.

Approve Disapprove Abstain

c. Mrs. Elizabeth Mueni Musyoka, retires from office by rotation and, being eligible, offers himself for re-election.

Approve Disapprove Abstain

3. To approve the Directors' remuneration for the financial year 2026.

Approve Disapprove Abstain

Proxy Form

4. To authorise the directors to fix the Auditors' remuneration.

Approve

Disapprove

5. To note that PricewaterhouseCoopers will be rotating out as auditors of the Company in accordance with regulatory requirements, and to authorize the Board of Directors to source and appoint a replacement auditor, subject to approval by the Central Bank of Kenya.

Approve

Disapprove

Abstain

Dated this day of

Signature:

*Unless specifically indicated, the proxy will vote as they wish.

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not to be a member of the Company. A form of proxy may be obtained from the bank's website www.creditbank.co.ke or the bank's head office, One Africa Place, Westlands, Nairobi or our Company's Share Registrar, Custody and Registrars Services, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi. To be valid, a form of proxy must be duly completed by the member and must either be lodged with the Registrar of the Company at Custody and Registrars Services, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi or be posted to Custody and Registrars Services, P. O. Box 8484-00100 Nairobi, so as to reach the Registrar not later than 48 hours before the meeting or emailed to proxy@candr.africa in pdf format. Duly completed form must be supported by a copy of ID/valid Passport of the member.
2. In the case of a member being a corporation, the proxy must be under a common Seal or under the hand of an officer or attorney duly authorised.
3. Registration for the AGM opens on Monday 12th June, 2026 at 8:00 a.m. and will close on Friday 19th, June 2026 at 12:00 noon.
4. A full copy of the Audited Accounts and Financial Statements for the year ended 31 December 2024 may be viewed on the Bank website www.creditbank.co.ke. A printed copy may be requested from the Bank's head office, One Africa Place, Westlands, Nairobi or our Company's Share Registrar, Custody and Registrars Services, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi between 9.00AM to 4.30PM from Monday to Thursday and Friday 8.30AM to 12.30PM.



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ISO 9001:2015 Certified

Credit Bank PLC is Regulated by the Central Bank of Kenya

Powering Your Progress