

EQUITY GROUP HOLDINGS PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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COMPANY SECRETARY

Lydia Ndirangu
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P.O. Box 75104 - 00200
Nairobi, Kenya

The directors submit their report together with the audited financial statements of Equity Group Holdings Plc (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activities of Equity Group Holdings Plc are:

- a) To carry on the business of a non-operating holding company as defined under the Banking Act;
- b) Through its subsidiaries, offers corporate and retail banking services as well as insurance, investment and technology services.
- c) To employ the funds of the Group in the development and expansion of the business of the Group and all or any of its subsidiaries; and
- d) To co-ordinate the administration of and to provide advisory, administrative, management and other services in connection with the activities of its subsidiaries.

RESULTS

The results of the Group and the Company are set out on pages 15 to 24.

DIVIDENDS

The directors recommend payment of a final dividend of Shs 5.75 per share (2024: Shs 4.25 per share).

BUSINESS REVIEW AND FINANCIAL PERFORMANCE

In 2025, global financial conditions improved as inflation eased, borrowing costs moderated and financial markets stabilised, despite ongoing policy uncertainty. The IMF estimated global economic growth at around 3.2% in 2025 supported by an improved financing environment and resilient consumer and business spending.

Most of our operating economies remains stable and resilient driven by continued recovery across the agricultural, industrial and services sectors. This performance was supported by a stable macroeconomic environment characterised by low inflation, a steady exchange rate, declining interest rates and strengthening private-sector credit flows.

The Group delivered a strong performance in 2025, affirming the effectiveness of the Africa Recovery and Resilience Plan (ARRP) and the Group's diversification strategy. We deepened our insurance footprint by operationalising the Health Insurance subsidiary under Equity Insurance Group and integrating Life, General and Health insurance into a unified governance and operating structure.

Group consolidation includes the results of subsidiaries across six markets where Equity Group Plc operates banking, insurance and technology businesses.

Profit before tax increased by 52% to Shs 92,115 million up from Shs 60,741 million in 2024, with earnings per share increasing to Shs 19.1 up from Shs 12.3 and resulting to a return on average equity (ROAE) of 26.7% (2024: 21.5%) and a return on average assets (ROAA) of 4.2% (2024: 2.8%).

This performance is further supported by strong capital buffers, with a core capital ratio of 19.1% (2024: 17.3%) and a total capital ratio of 20.5% (2024: 19.0%), significantly above the regulatory thresholds of 10.5% and 14.5%, respectively. These results underscore the robustness of our business model, the competitiveness of our subsidiaries and the structural resilience embedded in our tri-engine model.

BUSINESS REVIEW AND FINANCIAL PERFORMANCE (Continued)

As we enter 2026, the Group is well-positioned to leverage its diversified growth engines, regional footprint, digital and technology platforms, sustainability leadership and human capital. Strategic priorities for 2026 include scaling the tri-engine model, deepening synergy across subsidiaries, advancing transformative partnerships and continuing to champion inclusive prosperity and environmental stewardship.

IMPACT INVESTMENT AND SUSTAINABILITY

Equity Group Foundation (EGF) executes Equity Group Holding's mission through innovative programs that leverage the Group's infrastructure and partnerships to create shared value for the people of Africa. It avails economic opportunities, capacity, tools, and technologies that enable individuals and SME/MSME businesses to increase productivity, resilience, and to share in socio-economic growth in the face of poverty and other threats. Recognizing Africa's diverse socio-economic needs, Equity Group Foundation (EGF) responds to issues that challenge advancement, especially for low-income families, by working to create positive, productive, and impactful change.

Under Education, the Equity Leaders Program (ELP) has produced 1,115 global scholars on full scholarships across 262 universities in 39 countries and 6 continents, including 224 in Ivy League institutions. A total of 29,515 scholars have been supported, with 9,772 paid internships facilitated and 4,039 TVET scholars empowered. Recently, 750 new scholars joined the pre-university internship program, while 145 received full scholarships to top global universities. Upon graduation, these alumni are making significant contributions to leading global organizations. The network boasts alumni working at prestigious firms such as Amazon, Goldman Sachs, JP Morgan, Bloomberg, Meta, Fastly, 60 Decibels, IFC, Blackstone, Morgan Stanley, IBM, Bain & Company, BCG, World Bank Group, McKinsey & Company, and E&M Tech, among others.

On climate action, Equity has planted 44.6 million trees and extended over USD 200 million in climate finance to support resilience initiatives. It has distributed 542,830 clean energy products to households and institutions and adopted the Taskforce for Nature Finance Disclosure (TNFD) framework, reinforcing its commitment to nature restoration. These interventions are aimed at reversing environmental degradation, combat climate change through mitigation and adaptation, improve people's health outcomes and save costs.

Economic empowerment programs have trained 2,490,471 women and youth in financial education, while 962,924 MSMEs received entrepreneurship capacity building. Under the ED/FI Program, USD 3.118 Billion has been disbursed to 501,272 MSMEs in Kenya, Uganda, Rwanda and DRC.

Social protection initiatives have reached 5.94 million individuals, with USD 1.3 billion disbursed via cash transfers. Cash offers choice, dignity, and facilitates financial independence. In Health, Equity Group Foundation works to expand access to affordable, high quality healthcare services and promote uptake of comprehensive health financing solutions for poor and middle-income families. Thus far, Equity Afya has expanded to 150 medical centers in Kenya and the DRC, offering many services including Sexual and Reproductive Health and serving over 4.6 million patient visits, with services anchored on SafeCare international quality accreditation.

This holistic approach, spanning education, climate action, economic empowerment, social protection, and health, demonstrates Equity Group's leadership in embedding environment, social, and governance principles into its mission, fostering sustainable development and improving livelihoods across Africa

DIRECTORS

The directors who served during the year and to the date of this report were:

Name		Nationality
Prof. Isaac Macharia	Chairperson	Kenyan
Dr. James Mwangi*	Group Chief Executive Officer & Managing Director	Kenyan
Mr. Samwel Kirubi*	(Retired June 2025)	Kenyan
Dr. Hellen Gichohi	(Retired June 2025)	Kenyan
Mr. Vijay Gidoomal	(Retired June 2025)	Kenyan
Dr. Edward Odundo	(Retired June 2025)	Kenyan
Dr. Evanson Baiya		Kenyan
Mr. Samuel Mwale		Kenyan
Mr. Obadiah Biraro	(Appointed August 2025)	Kenyan
Mr. Clifford Sacks	(Retired May 2025)	South African
Mr. Jonas Mushosho		Zimbabwean
Mrs. Farida Khambata	(Appointed March 2025)	Canadian
Mr. Nicholas O'Donohoe	(Appointed August 2025)	British
Dr. Lakshmi Shyam-Sunder	(Appointed September 2025)	American
* Executive Directors		

STATEMENT AS TO DISCLOSURE TO THE GROUP'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 Group'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 Group's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

PricewaterhouseCoopers LLP continues in office in accordance with the Company's Articles of Association and Section 719 of the Companies Act, Cap. 486.

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.

By order of the Board



Lydia Ndirangu
Company secretary

17 March 2026

Information not subject to audit

The Board reviews and recommends the remuneration structure of Directors annually, subject to Shareholder's approval. Directors' remuneration is linked to performance and is competitively structured to attract and retain the best talent to effectively develop the Group's business.

Executive Directors

The Executive Directors remuneration package comprises core fixed elements (base salary, pension and other benefits). Executive Directors are eligible to participate in the Group's bonus scheme which is anchored on achievement of key business performance indicators but are not entitled to earn fees or other allowances.

Non-Executive Directors

Non-Executive Directors are appointed for a renewable term of 3 years, subject to regulatory approval and shareholder ratification. They are obligated to act reasonably, in good faith and in the best interests of the Group and its shareholders. Non-Executive Directors are vested with the following key responsibilities:

- a) to constructively challenge and contribute to the development of strategy and extend the business of the Group;
- b) to monitor the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance; and
- c) to ensure that the financial information is accurate, and that financial controls and systems of risk management are robust and defensible.

Non-Executive Directors are entitled to fees for attending Board and Committee meetings, as well as an out of station per diem for attending to Group's business outside their usual place of business. Non-Executive Directors do not earn a salary, and they do not participate in the Group's bonus schemes nor the Group's pension plan.

Upon retirement or termination, Non-Executive Directors are entitled to any accrued but unpaid Director's fees or reasonably incurred expenses but not to any other compensation.

Insurance

The Group provides Directors' and Officers' Liability insurance for all Directors of the Group during the entire duration of their tenure.

Share Options

There are currently no share options issued by the Group to the Executive and the Non-Executive Directors. Particulars of compensation of Directors and key personnel are disclosed in Note 32.

Audited information

The following table shows a single figure remuneration for the Chairman, Non-Executive Directors (NEDs) and Executive Directors in respect of qualifying services for the year ended 31 December 2025 together with the comparative figures for 2024. The aggregate Directors' emoluments are shown on Note 32 (e).

	Year ended 31 December 2025	Salary Shs' 000	Fees Shs' 000	Pension Shs' 000	Bonus Shs' 000	Gratuity Shs' 000	Expense allowances Shs' 000	Leave pay and leave allowance Shs' 000	Estimated value for non-cash benefits Shs' 000	Total Shs' 000
Dr. James Mwangi*	124,861	-	45	90,808	37,458	10,782	7,057	4,702	275,713	
Mr. Samwel Kirubi*	27,000	-	1,623	-	-	-	12	-	28,635	
Prof. Isaac Macharia	-	41,810	-	-	-	-	-	-	41,810	
Mr. Vijay Gidoomal	-	518	-	-	-	-	-	-	518	
Dr. Helen Gichohi	-	517	-	-	-	-	-	-	517	
Dr. Edward Odundo	-	1,551	-	-	-	-	-	-	1,551	
Mr. Jonas Mushosho	-	3,758	-	-	-	-	-	-	3,758	
Dr. Evanson Baiya	-	3,489	-	-	-	-	-	-	3,489	
Mr. Samuel Mwale	-	3,400	-	-	-	-	-	-	3,400	
Mr. Clifford Sacks	-	8,264	-	-	-	-	-	-	8,264	
Mrs. Farida Khambata	-	4,069	-	-	-	-	-	-	4,069	
Mr. Nicholas O'Donohoe	-	3,221	-	-	-	-	-	-	3,221	
Mr. Obadiah Biraro	-	4,118	-	-	-	-	-	-	4,118	
Dr. Lakshmi Shyam-Sunder	-	2,574	-	-	-	-	-	-	2,574	
	151,861	77,289	1,668	90,808	37,458	10,782	7,069	4,702	381,637	

*Executive Directors: Executive Directors are not entitled to receive fees or allowances for attending meetings of the Company's Board and those of any subsidiary company of which they may be a director.

Equity Group Holdings Plc
Directors' remuneration report
For the year ended 31 December 2025

Audited information (continued)

Year ended 31 December 2024	Salary Shs' 000	Fees Shs' 000	Pension Shs' 000	Bonus Shs' 000	Other allowances Shs' 000	Gratuity Shs' 000	Leave pay Shs' 000	Estimated value for non-cash benefits Shs' 000	Total Shs' 000
Dr. James Mwangi*	113,506	-	25	-	9,198	31,824	7,032	4,702	166,287
Mr. Samwel Kirubi*	54,012	-	3,245	-	-	-	-	-	57,257
Mrs. Mary Wamae*	28,408	-	1,765	-	-	-	-	-	30,173
Prof. Isaac Mwacharia	-	30,965	-	-	-	-	-	-	30,965
Dr. Helen Gichohi	-	5,134	-	-	-	-	-	-	5,134
Mr. Vijay Gidoomal	-	5,762	-	-	-	-	-	-	5,762
Dr. Edward Odundo	-	6,212	-	-	-	-	-	-	6,212
Mr. Jonas Mushosho	-	6,587	-	-	-	-	-	-	6,587
Dr. Evanson Baiya	-	5,877	-	-	-	-	-	-	5,877
Mr. Samuel Mwale	-	5,534	-	-	-	-	-	-	5,534
Mr. Clifford Sacks	-	9,132	-	-	-	-	-	-	9,132
	195,926	75,203	5,035	-	9,198	31,824	7,032	4,702	328,920

*Executive Directors: Executive Directors are not entitled to receive fees or allowances for attending meetings of the Company's Board and those of any subsidiary company of which they may be a director.

On behalf of the Board


Lydia Ndirangu
Company Secretary

The Companies Act, Cap. 486 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 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 Company; disclose with reasonable accuracy at any time the financial position of the Group and Company; and that enables them to prepare financial statements of the Group and Company that comply with prescribed financial reporting standards and the requirements of the Companies Act, Cap. 486. They are also responsible for safeguarding the assets of the Group and 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, Cap. 486. They also accept responsibility for:

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

Having assessed the Group's and Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

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

Approved by the Board of directors on 17 March 2026 and signed on its behalf by:



Dr. James Mwangi
Director



Prof. Isaac Macharia
Chairman



Independent auditor's report to the shareholders of Equity Group Holdings Plc

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Equity Group Holdings Plc (the "Company") and its subsidiaries (together, the "Group") set out on pages 15 to 151, which comprise the consolidated statement of financial position at 31 December 2025 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2025 and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company 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 Group 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) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on loans and advances at amortised cost Loans and advances to customers comprise a significant portion of the Group's total assets. The estimation of expected credit losses (ECL) on loans and advances requires management judgment in the assumptions that are applied in the models used to calculate ECL.	We obtained the Group's methodology for determining ECL and evaluated this against the requirements of IFRS 9.

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Independent auditor's report to the shareholders of Equity Group Holdings Plc (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>The policies for estimating ECL are explained in notes 2 (j), 3 (a) and 4 (b) of the financial statements.</p> <p>The key areas where significant judgement has been exercised and therefore, an increased level of audit focus applied, include:</p> <ul style="list-style-type: none"> the assumptions applied in deriving the probabilities of default (PDs), loss given default (LGD) and exposures at default (EAD) for the various segments; the judgments made to determine the staging of facilities in line with IFRS 9. In particular, the identification of <i>Significant Increase in Credit Risk ("SICR")</i> and <i>Default</i> requires consideration of quantitative and qualitative criteria. This is a key area of judgement as this determines whether a 12-month or lifetime PD is used. Specific assumptions have been applied by management in determining the staging, PD and LGD for certain segments of the loan book; the relevance of forward-looking information used in the models; for certain individually assessed loans and advances, judgement is exercised in the consideration of quantitative and qualitative factors, and the mapping of these loans to external ratings. <p>Due to the significant impact of management judgments applied in calculating the ECL, we designated this as a key audit matter in our audit.</p>	<p>We tested how the banking subsidiaries extract 'days past due (DPD)' applied in classifying the loan book into the three stages required by IFRS 9. For a sample of loans, we recalculated the DPD applied in the model. In addition, we assessed the qualitative information applied by the Group in determining the appropriate staging.</p> <p>We obtained an understanding of the basis used to determine the probabilities of default. We tested the completeness and accuracy of the historical data used in derivation of PDs and LGDs, and re-calculated the same on a sample basis.</p> <p>We reviewed the approach used to estimate LGD at each point during the life of the exposure including time to realisation and the recovery rate calculations. In addition, for secured facilities, we agreed the collateral values used in the ECL model to external valuer reports.</p> <p>We tested, on a sample basis, the reasonableness of EAD for both on and off-balance sheet exposures.</p> <p>For forward-looking information, we assessed the appropriateness of the model, including assumptions applied; we corroborated the data using publicly available information; and assessed the reasonableness of the weightings applied to different scenarios to reflect the impact of current developments.</p> <p>For the loans whose PDs are derived from external ratings, we discussed with management and reviewed the appropriateness of their assessment and mapping to external ratings.</p> <p>We assessed whether the disclosures in the financial statements on the key judgements and assumptions were adequate.</p>

Other information

The other information comprises the Group and Company information, Directors' report, Directors' remuneration report 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 Integrated Report 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.



Independent auditor's report to the shareholders of Equity Group Holdings Plc (continued)

Other information (continued)

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 Integrated Report 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's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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



Independent auditor's report to the shareholders of Equity Group Holdings Plc (continued)

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

- 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 Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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 actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion, the information given in the Directors' report on pages 3 to 6 is consistent with the financial statements.

Directors' remuneration report

In our opinion, the auditable part of the directors' remuneration report on pages 7 to 9 has been properly prepared in accordance with the Companies Act, 2015.

Bernice Kimacia

CPA Bernice Kimacia, Practicing Certificate Number 1457
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

17 March 2026



UNIQUE CODE: 13744260317

Consolidated statement of profit or loss

	Notes	2025 Shs' millions	2024 Shs' millions
Interest income	6	188,329	185,344
Interest expense	6	(46,699)	(61,575)
Net interest income		141,630	123,769
Fee and commission income	7 (a)	48,261	44,821
Fee and commission expense	7 (b)	(14,530)	(12,558)
Net fee and commission income		33,731	32,263
Insurance revenue	9	3,576	1,429
Insurance service expense	10	(3,021)	(813)
Insurance service result		555	616
Net foreign exchange income	8	15,639	12,587
Other operating income	11	8,633	12,554
Total net income		200,188	181,789
Fair value gain on loan notes at FVTPL	22 (d)	194	2,440
Credit impairment losses	13	(11,685)	(23,261)
Net operating income		188,697	160,968
Employee benefits	14	(39,467)	(33,364)
Depreciation and amortisation	12	(9,777)	(8,151)
General and administrative expenses	18	(45,272)	(52,930)
Loss on net monetary position	40	(2,066)	(5,782)
Operating expenses		(96,582)	(100,227)
Profit before income tax		92,115	60,741
Income tax expense	20	(16,567)	(11,917)
Profit for the year		75,548	48,824
Profit attributable to:			
- Owners of the parent company		71,964	46,549
- Non-controlling interest		3,584	2,275
		75,548	48,824
Earnings per share (basic and diluted) (Shs)	34	19.07	12.34

Consolidated statement of other comprehensive income

	Notes	2025 Shs' millions	2024 Shs' millions
Profit for the year		75,548	48,824
Other comprehensive income:			
<i>Items that will be subsequently reclassified to profit or loss when specific conditions are met:</i>			
Fair value gains/(losses) on investments in financial instruments measured at FVOCI	23	32,787	23,194
Income tax relating to these items	26	(9,633)	(6,959)
		23,154	16,235
Exchange differences on translation of foreign operations		(3,024)	(22,820)
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Re-measurement of defined benefit obligation	30	(418)	2,270
Income tax relating to these items	26	125	(681)
Hyperinflation adjustment		(111)	-
		(404)	1,589
Other comprehensive income for the year, net of tax		19,726	(4,996)
Total comprehensive income for the year, net of tax		95,274	43,828
Total comprehensive income attributable to:			
- Owners of the parent company		91,502	41,343
- Non-controlling interest		3,772	2,485
		95,274	43,828

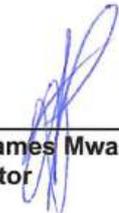
Company statement of profit or loss and other comprehensive income

	Notes	2025 Shs' millions	2024 Shs' millions
Interest income	6	1,265	1,389
Interest expense	6	(1,292)	(1,416)
Net interest expense		(27)	(27)
Dividend income	32 (h)	47,575	20,464
Other operating (expenses)/income	11	(59)	2,202
Operating income		47,489	22,639
Employee benefits	14	(60)	(87)
Depreciation and amortisation	16 (a)	(2)	(2)
General and administrative expenses	18	(1,027)	(1,067)
Operating expenses		(1,089)	(1,156)
Profit before income tax		46,400	21,483
Income tax charge	20	(318)	(1,171)
Profit for the year		46,082	20,312
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		46,082	20,312

Consolidated statement of financial position

	Notes	2025 Shs' millions	2024 Shs' millions
Assets			
Cash, deposits, and balances due from financial institutions	21 (a)	389,362	344,609
Derivative financial assets	38	21	184
Investment securities	23	577,783	511,982
Due from related parties	32 (f)	22	67
Current income tax	20	4,288	2,949
Loans and advances to customers	22	882,457	819,236
Other assets	24	32,862	30,546
Reinsurance contract assets	25 (a)	1,980	1,655
Investment properties	16 (d)	5,897	6,087
Property and equipment	16 (a)	24,996	23,393
Right-of-use assets	16 (b)	10,411	9,775
Intangible assets	17	19,689	18,646
Deferred income tax	26	21,223	35,497
Total assets		1,970,991	1,804,626
Liabilities			
Deposits from customers	27	1,455,142	1,401,387
Borrowed funds	29	84,763	72,533
Other liabilities	28	62,492	46,736
Employee benefit obligations	30	2,604	2,163
Lease liabilities	16 (c)	10,635	11,131
Insurance contract liabilities	25 (b)	22,518	19,894
Current income tax	20	1,892	619
Deferred income tax	26	4,841	3,295
Total liabilities		1,644,887	1,557,758
Equity			
Share capital	31 (a)	1,887	1,887
Share premium		15,325	15,325
Retained earnings		278,516	232,834
Proposed dividends		21,701	16,038
FVOCI reserve		(1,058)	(23,985)
Statutory reserve		5,200	619
Foreign currency translation reserve		(11,753)	(8,729)
Other reserves		(313)	52
Equity attributable to owners of the Company		309,505	234,041
Non-controlling interests		16,599	12,827
Total equity		326,104	246,868
Total equity and liabilities		1,970,991	1,804,626

The financial statements on pages 15 to 151 were approved for issue by the Board of directors on 17 March 2026 and signed on its behalf by:



Dr. James Mwangi
Director



Prof. Isaac Macharia
Chairman

Company statement of financial position

	Notes	2025 Shs' millions	2024 Shs' millions
Assets			
Cash, deposits and balances due from financial institutions	21(a)	51,931	22,148
Due from related parties	32(f)	1,405	903
Other assets	24	1,646	3,114
Current income tax	20	-	266
Property and equipment	16(a)	4	6
Investments in subsidiary companies	19(a)	104,216	101,632
Deferred income tax	26	169	-
Total assets		159,371	128,069
Liabilities			
Due to related parties	32(g)	16,400	15,158
Borrowed funds	29	13,194	13,225
Other liabilities	28	86	81
Current income tax	20	126	-
Deferred income tax	26	-	84
Total liabilities		29,806	28,548
Equity			
Share capital	31(a)	1,887	1,887
Share premium		15,325	15,325
Retained earnings		90,652	66,271
Proposed dividends		21,701	16,038
Total equity		129,565	99,521
Total equity and liabilities		159,371	128,069

The financial statements on pages 15 to 151 were approved for issue by the Board of directors on 17 March 2026 and signed on its behalf by:



Dr. James Mwangi
 Director



Prof. Isaac Macharia
 Chairman

Equity Group Holdings Plc
Financial statements
For the year ended 31 December 2025

Consolidated statement of changes in equity

	Notes	Share capital millions	Share premium Shs' millions	Retained earnings Shs' millions	Attributable to owners of the Parent	Statutory reserve Shs' millions	Proposed dividends Shs' millions	FVOCI Reserve Shs' millions	Foreign currency translation reserve Shs' millions	Other Reserves Shs' millions	Total Shs' millions	Non-controlling interests Shs' millions	Total equity Shs' millions
Year ended 31 December 2025													
At start of year		1,887	15,325	232,834	619	16,038	(23,985)	(8,729)	52	234,041	12,827	246,868	
Total comprehensive income:													
Profit for the year		-	-	71,964	-	-	-	-	-	71,964	3,584	75,548	
Other comprehensive income													
Foreign currency translation differences for foreign operations		-	-	-	-	-	-	(3,024)	-	(3,024)	-	(3,024)	
Gain on financial assets at FVOCI (net of tax)		-	-	-	-	-	22,927	-	-	22,927	227	23,154	
Remeasurement of post employment benefit obligation (net of tax)		-	-	-	-	-	-	-	(365)	(365)	(39)	(404)	
Loan loss reserve transfers	31(d)	-	-	(4,581)	4,581	-	-	-	-	-	-	-	
Total comprehensive income		-	-	67,383	4,581	22,927	(3,024)	(365)	91,502	3,772	95,274		
Transactions with owners of the Company													
Final dividend for 2024 paid	31(g)	-	-	(21,701)	-	(16,038)	-	-	(16,038)	-	(16,038)	-	
Proposed dividend 2025	31(g)	-	-	-	-	21,701	-	-	-	-	-	-	
At end of year		1,887	15,325	278,516	5,200	21,701	(1,058)	(11,753)	(313)	309,505	16,599	326,104	

Consolidated statement of changes in equity (continued)

Notes	Share capital millions	Share premium Shs' millions	Retained earnings Shs' millions	Attributable to owners of the Parent	Statutory reserve Shs' millions	Proposed dividend Shs' millions	FVOCI Reserve Shs' millions	Foreign currency translation reserve Shs' millions	Other Reserves Shs' millions	Total Shs' millions	Non-controlling interests Shs' millions	Total equity Shs' millions
Year ended 31 December 2024												
At start of year	1,887	15,325	201,298	1,644	15,095	(40,220)	12,712	52	207,793	10,342	218,135	
Profit for the year	-	-	46,549	-	-	-	-	-	46,549	2,275	48,824	
Other comprehensive income												
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	(21,441)	-	(21,441)	(1,379)	(22,820)	
Gain on financial assets at FVOCI (net of tax)	-	-	-	-	-	16,235	-	-	16,235	-	16,235	
Remeasurement of post employment benefit obligation (net of tax)	-	-	1,025	(1,025)	-	-	-	-	-	1,589	1,589	
Loan loss reserve transfers	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income	-	-	47,574	(1,025)	-	16,235	(21,441)	-	41,343	2,485	43,828	
Transactions with owners of the Company												
Final dividend for 2023 paid	31(g)	-	-	-	(15,095)	-	-	-	(15,095)	-	(15,095)	
Proposed dividend 2024	31(g)	-	(16,038)	-	16,038	-	-	-	-	-	-	
At end of year	1,887	15,325	232,834	619	16,038	(23,985)	(8,729)	52	234,041	12,827	246,868	

Company statement of changes in equity

	Note	Share capital Shs' millions	Share premium Shs' millions	Retained earnings Shs' millions	Proposed dividends Shs' millions	Total equity Shs' millions
Year ended 31 December 2025						
At start of year		1,887	15,325	66,271	16,038	99,521
Total comprehensive income:						
Profit for the year		-	-	46,082	-	46,082
Final dividend for 2024 paid	31(g)	-	-	-	(16,038)	(16,038)
Proposed dividend 2025	31(g)	-	-	(21,701)	21,701	-
At end of year		1,887	15,325	90,652	21,701	129,565
Year ended 31 December 2024						
At start of year		1,887	15,325	61,997	15,095	94,304
Total comprehensive income:						
Profit for the year		-	-	20,312	-	20,312
Final dividend for 2023 paid	31(g)	-	-	-	(15,095)	(15,095)
Proposed dividend 2024	31(g)	-	-	(16,038)	16,038	-
At end of year		1,887	15,325	66,271	16,038	99,521

Consolidated statement of cash flows

		2025	2024
	Notes	Shs' millions	*Restated Shs' millions
Cash flows from operating activities			
Cash generated from operations	33	82,184	212,622
Income taxes paid	20	(8,960)	(15,871)
Interest paid on leases	16(c)	(603)	(729)
Payment of defined benefits obligation	30	(240)	(332)
Net cash flows from operating activities		72,381	195,690
Cash flows from investing activities			
Purchase of property and equipment	16(a)	(6,149)	(5,830)
Proceeds from sale of property and equipment		881	3,142
Purchase of intangible assets	17(a)	(3,870)	(1,594)
Purchase of investment securities	23	(168,192)	(159,545)
Proceeds from sale / maturity of investment securities	23	152,864	133,137
Net cash flows used in investing activities		(24,466)	(30,690)
Cash flows from financing activities			
Dividends paid to ordinary shareholders	31(g)	(16,038)	(15,095)
Proceeds from borrowed funds	29	34,539	17,265
Repayment of borrowed funds	29	(26,067)	(85,011)
Interest paid on borrowed funds	29	(4,819)	(12,101)
Principal elements of lease payments	16(c)	(2,513)	(2,689)
Net cash flows used in financing activities		(14,898)	(97,631)
Net increase in cash and cash equivalents		33,017	67,369
Cash and cash equivalents at start of year		273,257	193,738
Effect of foreign exchange differences		(3,823)	12,150
Cash and cash equivalents at end of year	21(a)	302,451	273,257

*The comparatives have been restated. See Note 21(a)

Company statement of cash flows

		2025	2024
	Notes	Shs' millions	Shs' millions
Cash flows from operating activities			
Profit before income tax		46,400	21,483
Adjustments for:			
Depreciation on property and equipment	16 (a)	2	2
Interest expense on term borrowings	29	1,292	1,416
Dividends income		(47,575)	(20,464)
Foreign exchange differences on borrowings		(40)	(2,775)
		<hr/>	<hr/>
Operating profit/(loss) before changes in operating assets and liabilities		79	(338)
Movement in operating assets and liabilities			
Other assets		3,027	(1,612)
Due from related parties		(502)	2
Due to related parties		1,242	1,172
Other liabilities		5	(15)
		<hr/>	<hr/>
Cash generated from operations		3,851	(791)
		<hr/>	<hr/>
Income taxes paid	20	(172)	(192)
		<hr/>	<hr/>
Net cash flows from operating activities		3,679	(983)
Cash flows from investing activities			
Investment in subsidiaries		(2,584)	(1,046)
Dividends received		46,016	20,464
		<hr/>	<hr/>
Net cash flows from investing activities		43,432	19,418
Cash flows from financing activities			
Interest paid on borrowed funds	29	(1,290)	(1,527)
Dividends paid	31 (g)	(16,038)	(15,095)
		<hr/>	<hr/>
Net cash flows used in financing activities		(17,328)	(16,622)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		29,783	1,813
Cash and cash equivalents at start of year		22,148	20,335
		<hr/>	<hr/>
Cash and cash equivalents at end of year	21	51,931	22,148
		<hr/>	<hr/>

Notes

1 Corporate information

Equity Group Holdings Plc (the "Company") is a limited liability company incorporated under the Companies Act, Cap. 486 and is domiciled in Kenya. The Company is licensed under the Kenyan Banking Act (Chapter 488).

The Company has subsidiaries in Kenya, Uganda, South Sudan, Rwanda, Tanzania and the Democratic Republic of Congo. It also has a representative office in Ethiopia. The Company shares are listed on the Nairobi Securities Exchange, Uganda Securities Exchange and Rwanda Securities Exchange.

2 Material accounting policies

The material accounting policies applied in the presentation of the Group and Company's annual financial statements are set out below. The accounting policy elections below apply to the Group and company, and are applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The Group's and Company's financial statements have been prepared in accordance with IFRS Accounting Standards. The measurement basis applied is the historical cost basis, except for fair value through other comprehensive income investments, derivative financial assets and loan notes at fair value through profit or loss which have been measured at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Group and Company 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.

(b) Changes in accounting policy and disclosures

(i) *New standards, amendments and interpretations by the Group and Company*

The following standards and amendments have been applied by the Group for the first time for the financial year beginning 1 January 2025:

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have a material impact on the Group's financial statements.

Notes (continued)

2 Material accounting policies (continued)

(b) Changes in accounting policy and disclosures (continued)

(ii) *Standards, interpretations and amendments issued but not effective and have not been early adopted by the Group and Company*

Title	Key requirements	Effective date
<p><i>Amendments to the Classification and Measurement of Financial Instruments— Amendments to IFRS 9 and IFRS 7</i></p>	<p>On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments).</p> <p>The Amendments include:</p> <ul style="list-style-type: none"> • A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date • Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed • Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments • The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI) <p>The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the Amendments.</p> <p>With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Bank is currently performing an assessment of all material electronic payment systems utilised in the various jurisdictions it operates, in order to assess whether the amendments will result in a material change with respect to current practices and whether it meets the conditions to apply the accounting policy option to derecognise such financial liabilities before the settlement date. Moreover, the Bank is reviewing all its other payment systems (such as cheques, credit cards, debit cards) to ensure that the corresponding financial assets are derecognised when the right to cash flows are extinguished and that the corresponding financial liabilities are derecognised on settlement date.</p>	<p>1 January 2026</p>

Notes (continued)

2 Material accounting policies (continued)

(b) Changes in accounting policy and disclosures (continued)

- (ii) *Standards, interpretations and amendments issued but not effective and have not been early adopted by the Group and Company (continued)*

Title	Key requirements	Effective date
<i>Amendments to the Classification and Measurement of Financial Instruments— Amendments to IFRS 9 and IFRS 7 (Continued)</i>	In addition, the Bank is assessing the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the initial assessment performed, the amendments in these areas are not expected to have a material impact on the financial statements, however, the assessment is yet to be concluded.	1 January 2026
<i>Annual Improvements to IFRS Accounting Standards (IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)</i>	Amendments to: <ul style="list-style-type: none"> • IFRS 1 First-Time Adoption of International Financial Reporting Standards (Hedge Accounting by a First-Time Adopter) • IFRS 7 Financial Instruments: Disclosures (Gain or Loss on Derecognition) Guidance on Implementing IFRS 7 • IFRS 9 Financial Instruments (Derecognition of Lease Liabilities / Transaction Price) • IFRS 10 Consolidated Financial Statements (Determination of a “De Facto Agent”) • IAS 7 Statement of Cash Flows (Cost Method) 	1 January 2026
<i>IFRS 18 Presentation and Disclosure in Financial Statements</i>	<p>In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as financial institutions, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).</p> <p>It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes.</p> <p>Narrow-scope amendments have been made to IAS 7 Statement of cashflows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.</p>	1 January 2027

Notes (continued)

2 Material accounting policies (continued)

(b) Changes in accounting policy and disclosures (continued)

(ii) *Standards, interpretations and amendments issued but not effective and have not been early adopted by the Group and Company (continued)*

Title	Key requirements	Effective date
<i>IFRS 18 Presentation and Disclosure in Financial Statements (Continued)</i>	IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.	1 January 2027
<i>IFRS 19 Presentation and Disclosure in Financial Statements</i>	Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its operations or financial statements.	1 January 2027
<i>IFRS S1</i>	<p>The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p> <p>IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').</p> <p>IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures. It sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity.</p> <p>IFRS S1 sets out the requirements for disclosing information about an entity's sustainability-related risks and opportunities. In particular, an entity is required to provide disclosures about:</p> <ol style="list-style-type: none"> a. the governance processes, controls and procedures the entity uses to monitor, manage and oversee sustainability-related risks and opportunities; b. the entity's strategy for managing sustainability-related risks and opportunities; c. the processes the entity uses to identify, assess, prioritize and monitor sustainability-related risks and opportunities; and d. the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation. 	1 January 2027

Notes (continued)

2 Material accounting policies (continued)

(b) Changes in accounting policy and disclosures (continued)

(ii) *Standards, interpretations and amendments issued but not effective and have not been early adopted by the Group and Company (continued)*

Title	Key requirements	Effective date
IFRS S2	<p>IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects').</p> <p>IFRS S2 applies to:</p> <ol style="list-style-type: none"> a. climate-related risks to which the entity is exposed, which are: <ol style="list-style-type: none"> i. climate-related physical risks; and ii. climate-related transition risks; and b. climate-related opportunities available to the entity. <p>IFRS S2 sets out the requirements for disclosing information about an entity's climate-related risks and opportunities. In particular, IFRS S2 requires an entity to disclose information that enables users of general-purpose financial reports to understand:</p> <ol style="list-style-type: none"> a. the governance processes, controls and procedures the entity uses to monitor, manage and oversee climate-related risks and opportunities; b. the entity's strategy for managing climate-related risks and opportunities. c. the processes the entity uses to identify, assess, priorities and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and <p>the entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.</p>	1 January 2027
<p><i>Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency</i></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>	1 January 2027

Notes (continued)

2 Material accounting policies (continued)

(b) Changes in accounting policy and disclosures (continued)

(iii) *Standards, interpretations and amendments issued but not effective and have not been early adopted by the Group and Company (continued)*

Title	Key requirements	Effective date
<i>Amendment to IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'</i>	<p>These amendments help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically:</p> <ul style="list-style-type: none"> • IFRS 18 Presentation and Disclosure in Financial Statements; • Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7); • International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12); • Lack of Exchangeability (Amendments to IAS 21); and • Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). 	1 January 2027
<i>Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37- Disclosures about Uncertainties in the Financial Statements</i>	<p>The IASB has issued six illustrative examples ('Examples') as part of its project 'Disclosures about Uncertainties in the Financial Statements'. These amendments include Examples illustrating how an entity applies the requirements in IFRS Accounting Standards to disclose the effects of uncertainties in its financial statements.</p> <p>The Examples demonstrate how to disclose the impacts of uncertainties within climate-related scenarios, but the principles and requirements are also applicable to disclosure of other uncertainties. The Examples do not add to or change requirements in IFRS Accounting Standards and therefore there are no transition requirements. Instead, these Examples will accompany the respective IFRS Accounting Standards to which they relate.</p> <p>The Examples do not have an effective date, but entities might consider the application for December 2025 year-ends.</p>	No effective date
<i>Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28</i>	<p>The IASB has made limited scope amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i>.</p> <p>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 <i>Business Combinations</i>).</p> <p>Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.</p> <p>** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.</p>	To be determined

Notes (continued)

2 Material accounting policies (continued)

(c) Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

In the Company's financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

If the purchase consideration paid is less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total face value of shares issued) is adjusted against the capital reserve. Any cost directly attributable to the combination is recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

Notes (continued)

2 Material accounting policies (continued)

(d) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The consolidated financial statements are presented in Kenya Shillings rounded off to the nearest million Shillings (Shs 'million), which is the Company's Functional and Presentation currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the group entities at their respective Functional Currency prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the Functional Currency at the spot rate of exchange at the reporting date. All differences arising from non-trading activities are taken to other operating income in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the dates of recognition.

(ii) Group companies

On consolidation, the assets and liabilities in foreign operations whose functional currencies are not the currency of a hyperinflationary currency are translated into Kenya Shillings at the spot rate of exchange prevailing at the reporting date and their statements of profit or loss and other comprehensive income are translated at average rates. The exchange differences arising on the translation are recognised in other comprehensive income.

(iii) Hyperinflationary economies

The Group considers an economy to be hyperinflationary if the cumulative inflation rate over three years is approaching, or exceeds, 100%. The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated from historical cost into the measuring unit current at the end of the reporting period by applying a general price index. The corresponding figures for the previous period and any information in respect of earlier periods is also stated in terms of the measuring unit current at the end of the reporting period. The restatement is based on conversion factors derived from Consumer Price Indices (CPI). For the purpose of consolidation, the results and financial position of a subsidiary whose functional currency is the currency of a hyperinflationary economy are translated into Kenya Shillings at the spot rate of exchange prevailing at the reporting date. However, the comparative amounts are those that were presented in the prior year financial statements.

(e) Recognition of interest income, dividend and interest expense

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

Notes (continued)

2 Material accounting policies (continued)

(f) Fee and commission income and expense

Fees and commissions charged for services provided or received by the Group are recognised as the services are provided or received, for example on completion of an underlying transaction.

(g) Net foreign exchange income

Net foreign exchange income arises from both the sale and purchase of investment securities, margins which are achieved through market-making and customer business and from changes in fair value caused by movements in interest and exchange rates and other market variables.

Gains or losses on assets or liabilities are included in profit or loss under net foreign exchange income.

(h) Leases

(i) Determination

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(ii) Group as a lessee

The Group leases various offices and are typically made for fixed periods of 6 months to 10 years but may have extension options. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. For leases of real estate for which the group is a lessee, it has elected to separate lease and non-lease components and instead accounted for them as separate component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Notes (continued)

2 Material accounting policies (continued)

(h) Leases (continued)

(iii) Group as a lessee

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in the financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(iii) Group as lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method (before income tax expense), which reflects a constant periodic rate of return. Payments received under operating lease are charged to profit or loss on a straight-line basis over the period of the lease.

Notes (continued)

2 Material accounting policies (continued)

(i) Income tax

The income 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 the tax 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, 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 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 substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits 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 tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(j) Financial assets and liabilities

(i) Classification and subsequent measurement

Financial assets

Except for trade 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. Trade 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.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities (continued)

(i) *Classification and subsequent measurement (continued)*

Financial assets (continued)

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 Group 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.

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. The Group currently has no equity investments held at FVOCI.

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.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities (continued)

(i) Classification and subsequent measurement (continued)

Financial assets (continued)

Fair Value through Profit or Loss (FVTPL) (continued)

The Group classifies derivative financial assets and loan notes 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.

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in "interest income" using the effective interest rate method.

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 Group's 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.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities (continued)

(i) Classification and subsequent measurement (continued)

Financial assets (continued)

Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI) (continued)

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.

The prevailing rates are generally based on a regulator's rate and include a discretionary spread (Margin). In these cases, the Group will assess 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.

Interest rate on loans made by other banking subsidiaries within the Group are based on the prevailing market rates depending on the specific country of operation.

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 another asset) 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.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities

(i) Classification and subsequent measurement

Financial assets (continued)

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 will be 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:

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

Notes

1. Subject to meeting the SPPI criterion.
2. The SPPI criterion is irrelevant - i.e. assets in all business models are measured at FVTPL.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities

(i) Classification and subsequent measurement (continued)

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 Group'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.

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; and
- 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.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities

(i) Classification and subsequent measurement (continued)

Interest income recognition

According to IFRS 9 paragraph 5.4.1 interest revenue shall be calculated by using the effective interest method. 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; and
- 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, and interest on these accounts is calculated on the gross carrying amount and not recognised in profit or loss but rather suspended in the statement of financial position.

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;
- It 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.

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

Subsequent measurement

The expected credit losses (ECLs) for POCI 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.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities

(i) Classification and subsequent measurement (continued)

Assets that are credit-impaired on initial recognition (continued)

Modifications

When the contractual cash flows of a POCI 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 FVPL.

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 Group 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.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities

(ii) *Impairment – financial assets, loan commitments and financial guarantee contracts (continued)*

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and have been 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 Group 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 Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Group 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 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.

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

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 IFRS 16 Leases. The Group has therefore applied the general approach.

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:

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

The General Approach (continued)

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).

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

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.

Where: **D** – discounting factor and **t** - time

The table below shows the link between the regulator risk classifications, internal grading and the IFRS 9 stage allocation for assets for banking subsidiaries in the Group.

Central Banks Guidelines	Days past due	Internal grading	Stage allocation	
Normal	0-30		1	1
Watch	31-90		2	2
Substandard	91-180		3	3
Doubtful	181 - 365		4	3
Loss	Over 365 or considered uncollectible		5	3

Definition of default

The Group will consider a financial asset to be in default when:

- the borrower is unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Group. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Group; 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 regulator definition that will be used for regulatory purposes. In assessing whether a borrower is in default, the Group will consider 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;

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

Definition of default (continued)

- it 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 (SICR)

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 Group's historical experience, expert credit assessment and forward-looking information.

The Group identifies a significant increase in credit risk where

- exposures have a regulatory risk rating of 'WATCH';
- 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 an 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 regulator which requires the prediction of the risk of default and applying experienced credit judgement. The Group 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 Group 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.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities

(ii) *Impairment – financial assets, loan commitments and financial guarantee contracts (continued)*

Determining whether credit risk has increased significantly

The Group has established 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 has been aligned with the Group's internal credit risk management process. The criteria for determining whether credit risk has increased significantly varies 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 Group 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 Group 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 has included the following assessments:

- 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 will presumptively consider that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Group will determine 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 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.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities

(ii) *Impairment – financial assets, loan commitments and financial guarantee contracts (continued)*

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 Group'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 Sub-standard 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 Group reverts to measuring 12-month ECLs.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities

(ii) *Impairment – financial assets, loan commitments and financial guarantee contracts (continued)*

Restructuring (continued)

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.

ECL model Segmentation

In order to determine the ECL by modelling the PD, LGD and EAD for different loan accounts, the Group has segmented the loan book into twelve industries namely Building & Construction, Energy & Water, Financial Services, Food and Agriculture, ICT and Telecommunications, Manufacturing, Mining and Quarrying, Personal Household, Real Estate, Tourism and Hospitality, Trade and Transport & logistics. The PDs are determined at industry level, LGD at customer or industry level (based on collateral and collections respectively) and EAD at account level. Where a borrower has been in several industries historically the Group uses the borrower's current segmentation.

In addition to the on-balance sheet facilities, the Group considered treasury products (investment securities and placements with other banking institutions) and the off balance sheet facilities offered by the Group such as guarantees, letters of credit, overdrafts and credit cards where an exposure is present. The EAD for these facilities is based on whether there is a commitment by the Group to fund a customer and the rate of conversion of such facilities (Credit Conversion Factor – CCF).

Risk parameters in measurement of ECLs

The key inputs into the measurement of ECLs are likely to be the term structures of the following variables:

- PD;
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

These parameters has been derived from internally developed statistical models and other historical data that leverage regulatory models. They have been adjusted to reflect forward-looking information as described below.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities

(ii) *Impairment – financial assets, loan commitments and financial guarantee contracts (continued)*

Probability of default

Probability of Default ("PD") refers to the likelihood of a default occurring and is a measure of the risk of default. In order to calculate IFRS 9 PD, there is a need to develop a PD term structure for calculating ECL (forward looking and lifetime PDs). PD estimates for loans and advances are estimates at a certain date, which has been calculated based on statistical migration matrices that model the chance of an exposure transitioning to default over time and has been assessed at portfolio level for portfolios of assets that have similar characteristics. PDs have been estimated based on the theory of Markov Chain process. The method requires information regarding transitions among credit states. Credit states are defined by rating classes. The Group reviews and updates the portfolio PDs on a semi-annual basis.

The Group has drawn yearly transition matrix of ratings to compute a value or transaction-based PD over the one year horizon for the past 3-5 years. The Group has built data to 5 years and update every year thereafter for new data. The PDs are approved by the relevant Board committees for them to take effect. Transition probabilities are determined from the actually observed number of transitions over the observed period of time. These PDs have been classified as per stage 1 and 2 which is driven by the central bank risk classifications, management view and DPD. This rating migration captures the movement of obligors into default at yearly intervals.

An average default rate of 5 years is used. Based on the transitions of counterparties within the stages in value terms, the default estimation is done by the transition matrix.

Probability of default (continued)

PD estimates for other exposures are estimates at a certain date, which will be calculated based on statistical rating tools and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data has also been used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. Lifetime PDs will be estimated considering the contractual maturities of exposures and estimated prepayment rates. Lifetime PDs are calculated using the Matrix Multiplication method utilising the Markov Chain method.

LGD

LGD is the forecast of the magnitude of the likely loss if there is a default. The Group has estimated LGD parameters based on collateral available for secured debt instruments against exposures and the history of recovery rates of claims against defaulted counterparties for unsecured portfolios.

LGD by collateral

The LGD models have considered the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. The Group will consider the eligibility of collateral. Collateral is eligible if the following can be demonstrated:

- Legal certainty and enforceability; and
- History of enforceability and recovery

LGD estimates have been calibrated for different collateral types. To reflect possible changes in property prices, the forced sale value (FSV) shall be considered for all collateral types.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities (continued)

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

The collateral values to consider have been calculated on a discounted cash flow basis using the effective interest. The table below highlights the Group's acceptable collateral types;

No	Collateral Type
1	Cash Under Lien
2	Corporate Guarantees
3	Debenture/Land
4	Government Guarantee
5	Hire Purchase Agreement
6	Land & Buildings-Commercial
7	Land & Buildings-Residential
8	Logbooks
9	Shares
10	Treasury Bonds/Bills

LGD by Collections

For the purpose of LGD estimation on its non-collateralized portfolio, the Group shall compute LGD based on actual recoveries on its defaulted portfolio over a period of at least 3- 5 years prior to the assessment date. To determine this recovery rate, the Group has identified the point in time when accounts first go into default in half year periods, filter out any non-performing loan (NPL) accounts that cure and for the remaining accounts obtain data on amounts collected. The difference between the value of the NPL accounts that do not cure and the collections from these accounts as a percentage of the original NPL accounts (NPL accounts that cured and did not cure) is determined as the LGD. For individually assessed unsecured accounts, the LGD is assessed based on the circumstances of the facility.

Exposure at default (EAD)

EAD represents the expected exposure in the event of a default. The Group has derived the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is measured as:

EAD = Outstanding exposure + (CCF*Undrawn portion)

For lending commitments and financial guarantees, the EAD has considered the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which will be estimated based on behavioural study of historical patterns and forward-looking forecasts.

For revolving off-balance sheet positions, the CCF to be applied to the undrawn commitments have been derived from a behavioural study of historical patterns. In the case of undrawn commitments (i.e. undrawn portions of the Group's commitments for off-balance sheet items), if the terms of the contract clearly state that the commitment is unconditionally cancellable for any reason, the committed amounts for such arrangements has not be considered as EAD.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities (continued)

(ii) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)

Term of loan in calculating Lifetime ECL and determining the EAD

As described previously in this document, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group will measure ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group will consider a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee. For overdrafts, guarantee facilities and other revolving facilities that include both a loan and an undrawn commitment component, the Group will measure ECLs over a period of one year unless the expected life of the exposure can be reasonably determined.

Forward-looking information

Under IFRS 9, the Group 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 advice from the Group's Executive Risk Committees (ALCO & CORC) and economic experts and 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. External information may include economic data and forecasts published by governmental bodies and monetary authorities in East Africa, supranational organisations such as the World Bank and the International Monetary Fund and selected private sector and academic forecasters. The base case represents a most-likely outcome and be aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios will represent more optimistic and more pessimistic outcomes. Noting the wide range of possible scenarios and macroeconomic outcomes these scenarios represent reasonable and supportable forward-looking views as at the reporting date.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. These key drivers include, among others, inflation rates, GDP forecasts, balance of trade, unemployment rates and interest rates. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets shall be developed based on analysing historical data over the previous 5 years. The economic scenarios used have been approved by the Group's Credit and Risk Committees.

(iii) Fair value measurement

The Group measures financial instruments such as derivatives, loan notes at FVTPL and 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.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities (continued)

(iii) Fair value measurement (continued)

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 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 Group 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.

Notes (continued)

2 Material accounting policies (continued)

(j) Financial assets and liabilities (continued)

(iii) Fair value measurement (continued)

	Class (as determined by the Group)	Subclasses
Financial assets		
Financial assets at fair value through profit or loss (FVTPL)	Financial assets held for trading	Derivative financial assets
	Financial assets designated at fair value through profit or loss	Loan notes at FVTPL
		Investment securities designated at FVTPL
		Insurance contract assets
Amortised cost	Deposits and balances due from financial institutions	
	Due from group companies	
	Loans and advances to customers	Term loans
		Mobile loans
		Credit cards
		Mortgages
		Overdrafts
	Others	
	Settlement and clearing accounts	
	Cash balances with central banks	
Other assets		
Investment securities		
Financial assets at fair value through other comprehensive income (FVOCI)	Investment securities	
	Employee benefit obligations	
Financial liabilities		
Financial liabilities at amortised cost	Deposits due to other financial institutions	
	Deposits from customers	
	Other liabilities	
	Insurance contract liabilities	
	Borrowed funds	
	Due to group companies	
Off-balance sheet financial instruments		
Loan commitments		
Guarantees, acceptances and other financial liabilities		

Fair-value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in Note 5 to the financial statements.

Notes (continued)

2 Material accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand and bank balances held with central banks in the countries in which the Group operates and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are classified and carried at amortised cost in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and balances with banks, unrestricted balances with central banks in the countries in which the Group operates and money market placements.

(l) Property and equipment

(i) Recognition and measurement

Items of property and equipment are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost includes any other costs directly attributable to bringing the asset to a working condition for its intended use and the present value of the estimated costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. After initial recognition, property and equipment are measured at cost less accumulated depreciation and impairment losses.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as they are incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment in order to write down the carrying amount over its useful life to its residual value. Freehold land is not depreciated

The annual rates of depreciation (2.5% - 33.3%) in use are as follows:

Buildings	2.5%
Motor vehicles and Village cell banking vans	25%
Office equipment, furniture and fittings	12.5%
Computer hardware	33.3%
ATM machines, core banking hardware	20%

Leasehold improvements are written off over their estimated useful lives or the lease period, whichever is shorter. The assets' residual values, useful lives and methods of depreciation are reassessed at each financial year-end and adjusted prospectively, as a change in an estimate, if appropriate. Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in profit or loss in the year the asset is derecognised.

Notes (continued)

2 Material accounting policies (continued)

(m) Intangible assets

The Group's intangible assets include the value of computer software. Costs associated with maintaining software programmes 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 group are recognised as intangible assets when the following criteria are met:

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

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite or indefinite. Intangible assets with finite lives are amortised over the useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. The intangible assets have a maximum useful life of ten years.

Acquired intangible assets

The customer relationship and core deposit intangible asset ("acquired intangible assets") were acquired as part of a business combination (Note 15 (a)). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives. Separately 'acquired intangible assets are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The Group amortises intangible assets with a limited useful life, using the straight-line method over a period of 3 years. For brand name, this is not amortised since it has an indefinite useful life but assessed for impairment on an annual basis.

(n) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

Notes (continued)

2 Material accounting policies (continued)

(n) Impairment of non-financial assets (continued)

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(o) Provisions

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

(p) Employee benefits

(i) Defined contribution schemes

The Group contributes to statutory defined contribution pension schemes (the National Social Security Fund (NSSF)), for Kenya, Tanzania, Uganda and Democratic Republic of Congo employees. The Group also contributes to the Rwanda Social Security Fund for Rwanda employees and to a private pension fund for employees in South Sudan.

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 funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The assets of the schemes are held in a separate trustee administered funds, which are funded by contributions from both the Group and employees.

(ii) Defined benefit plan

The Group has an unfunded defined benefit scheme for employees in DRC and South Sudan. The benefits provided by the defined benefit scheme are based on a formula taking into account years of service and remuneration levels, whilst the benefits provided by the defined contribution scheme are determined by accumulated contributions and returns on investments.

For the defined benefit plan, the liability recognised in the statement of financial position is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected credit unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an interest rate equal to the yield on government securities that have a term to maturity approximating to the term of the related pension liability.

Actuarial gains and losses that arise are recognised in shareholders' equity and presented in the statement of other comprehensive income in the period they arise. The Group determines the net interest expense on the net defined liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognised in the income statement. When the defined benefit calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. The Group contributions to both schemes are charged to the statement of comprehensive income in the year to which they relate.

Notes (continued)

2 Material accounting policies (continued)

(p) Employee benefits (continued)

In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement (Note 29).

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus and leave if the group has a present obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing the performance of the operating segments has been identified as the Group Strategy and Investment Committee that makes strategic decisions.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

(r) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

(s) Dividends

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December. Proposed dividends are disclosed as part of Note 31 (g).

(t) Deposits from customers

Deposits from customers are recognized and accounted for on receipt basis as liabilities. Interest expense is accrued on the deposits on a daily basis.

(u) Work in progress

Work-in-progress includes assets paid for but are not yet ready for the intended use and include software, computers and equipment. These are not depreciated and are capitalized when they get in the location and condition necessary for them to be capable of operating in the manner intended by management.

Notes (continued)

2 Material accounting policies (continued)

(v) Fiduciary assets

The Group entities provide trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the financial statements, as they are not assets of the Group (Note 37).

(w) Derivative financial assets and liabilities

The Group enters into derivatives (currency forwards and swaps) for trading purposes. At their inception, derivatives often involve only a mutual exchange of promises with little or no transfer of consideration. The Group may take positions with the expectation of profiting from favourable movement in prices, rates or indices. The Group's exposure under derivative contracts is closely monitored as part of the overall management of its market risk. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income.

The Group uses the following derivative instruments:

Currency forwards - Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. The Group has credit exposure to the counterparties of forward contracts. Forward contracts are settled gross and result in market risk exposure.

Currency swaps - Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as a foreign currency rate. In a currency swap, the Group pays a specified amount in one currency and receives a specified amount in another currency.

Currency spots - Spot contracts are contractual agreements between two parties to exchange streams with immediate settlement (payment and delivery) on the spot date, which is normally two business days after the trade date.

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

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

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

Notes (continued)

2 Material accounting policies (continued)

(y) Investment properties

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and /or capital appreciation and are not occupied by the Group are classified as investment property and are non-current assets. Investment property is carried at fair value, representing open market value determined annually by external valuers. Properties under construction and development sites with projected use as investment properties are valued at projected fair values considering current market conditions. Changes in fair values are included in investment income in the income statement.

(z) Insurance contracts

A contract is classified as an insurance contract where the Group accepts significant insurance risk from another party by agreeing to compensate that party if it is adversely affected by a specified uncertain future event. An insurance contract may also transfer financial risk, but is accounted for as an insurance contract if the insurance risk is significant. In addition, the Group issues investment contracts that transfer financial risk with no significant insurance risk, which are also accounted under IFRS 17 'Insurance Contracts'.

i) Recognition, measurement, and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the company's estimates of the present value of future cash flows that are expected to arise as the company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM).

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

Insurance finance income and expenses, disaggregated between profit or loss and other comprehensive income (OCI) for life risk and life savings contracts, are presented separately from insurance revenue and insurance service expenses. The company applies the premium allocation approach (PAA) to simplify the measurement of contracts in the non-life segment, except for groups of acquired contracts that do not qualify for the PAA. When measuring liabilities for incurred claims, the company now discounts the future cash flows unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Under IFRS 17, insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised under insurance contract liabilities and are tested for recoverability. These deferred acquisition costs are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss.

Notes (continued)

2 Material accounting policies (continued)

(z) Insurance contracts (continued)

ii) Classification

Contracts under which the company accepts significant insurance risk are classified as insurance contracts. Contracts held by the company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the company to financial risk.

Insurance contracts may be issued, and reinsurance contracts may be initiated by the company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the company, unless otherwise stated.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. Some of these contracts are measured under the PAA.

iii) Measurement

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. The standard requires insurance contract liabilities to be measured using current estimates of the present value of future cash flows expected to arise as the Company fulfils the contracts, together with an explicit risk adjustment for non-financial risk. For contracts measured under the General Measurement Model and the Variable Fee Approach, a contractual service margin (CSM) is recognised as part of the liability for remaining coverage.

As at 31 December 2025, all of the Company's active insurance contract portfolios are measured using the Premium Allocation Approach (PAA). Additional products that fall outside the PAA are under development and are expected to be introduced in 2026.

Under IFRS 17, insurance revenue for each reporting period reflects the changes in the liability for remaining coverage that relates to services provided in the period and the portion of premiums allocated to recover insurance acquisition cash flows. Investment components are excluded from insurance revenue and insurance service expenses. Insurance finance income and expenses are presented separately from insurance revenue and insurance service expenses and are disaggregated between profit or loss and other comprehensive income, where applicable.

The measurement of the liability for remaining coverage and liability for incurred claims is performed in accordance with the Company's IFRS 17 accounting policies and methodology papers, which have been approved by the Board of Directors.

A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue

Notes (continued)

2 Material accounting policies (continued)

(z) Insurance contracts (continued)

iii) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under (iii)) are included in the carrying amount of the related portfolios of contracts.

The Company disaggregates amounts recognised in the statement of profit or loss and OCI into an insurance service result, comprising insurance revenue and insurance service expenses; and insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows:

Insurance revenue – Contracts not measured under the PAA

The company recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration and comprises the following items.

- A release of the CSM, measured based on coverage units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts which are recognised as insurance revenue and insurance service expenses at that date.
- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment.

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The company allocates the expected premium receipts to each period on the following bases:

- certain property contracts;
- the expected timing of incurred insurance service expenses;
- and other contracts: the passage of time.

Notes (continued)

3 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Measurement of expected credit loss allowance

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

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

- Determining the criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings for a forward-looking scenario for each type of product / market and associated ECL;
- Establishing groups of similar assets for the purposes of measuring ECL; and
- Determining LGDs of individually assessed loan accounts.

The expected credit loss allowance on loans and advances is disclosed in more detail in Notes 13 and 22 (b).

(b) Uncertain tax positions

Significant judgment is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Notes (continued)

3 Critical accounting estimates and assumptions (continued)

(c) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

All financial instruments are initially recognized at fair value, which is normally the transaction price. Subsequent to initial recognition, some of the Group's financial instruments are carried at fair value. The fair values of quoted financial instruments in active markets are based on current prices with no subjective judgments. If the market for a financial instrument does not exist or is not active including for unlisted securities, the Group establishes fair value by using valuation techniques.

These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Where representative prices are unreliable because of illiquid markets, the determination of fair value may require estimation of certain parameters, which are calibrated against industry standards and observable market data, or the use of valuation models that are based on observable market data.

The fair value for the majority of the Group's financial instruments is based on observable market prices or derived from observable market parameters. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(d) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax balances and deferred tax provisions in the period in which such determination is made.

(e) Retirement benefits

The cost of the defined benefit pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty and a change in any of the assumptions will alter the carrying amount of pension obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

(f) Leases

The right of use is depreciated over the lease term considering the renewal option. The Group will renew the lease when it is reasonably certain that the lease location is still economically viable to conduct business. The Group will bear restoration costs upon relocation or end of lease where such is stipulated in the lease agreement.

Notes (continued)

4 Financial risk management

(a) Introduction and overview

The Group and Company have exposure to the following risks from its financial instruments:

- credit risk
- liquidity risk
- market risk
- capital risk

This note presents information about the Group's and Company's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. There were no changes in the risk and capital management policies during the current financial year.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The Board has established the Board Risk Management Committee, which is responsible for developing and monitoring Group risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and advances to customers and other banks, and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to Group management through the Chief Executive Officer. Management has delegated this responsibility to head office and branch credit committees as prescribed in the Group's credit charter.

A separate Group Credit Committee, reporting to the Chief Executive Officer, is responsible for oversight of the Group's credit risk, including: *Formulating credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

Notes (continued)

4 Financial risk management (management)

(b) Credit risk (continued)

Management of credit risk (continued)

- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated to head office and branch credit committees as stipulated in the Group's Credit Charter.
- *Reviewing and assessing credit risk* - The Group Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the branch concerned. Renewals and reviews of facilities are subject to the same review process.
- *Limiting concentrations of exposure* to counterparties, geographies and industries (for loans and advances) and by issuer, credit rating band, market liquidity and country (for investment securities).
- *Developing and maintaining the Group's risk grading* in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of five grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by Group's credit risk department.
- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Group Credit department on the credit quality of local portfolios and appropriate corrective action is taken.
- *Providing advice, guidance and specialist skills* to branches to promote best practice throughout the Group in the management of credit risk.

Each branch is required to implement Group credit policies and procedures, with credit approval authorities delegated from the Group Credit committee. Each branch has a credit risk manager who reports on all credit related matters to local management who report to Group management and the Group Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Regular audits of branches and Group credit processes are undertaken by internal audit.

Notes (continued)

4 Financial risk management (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk for the components of the statement of financial position at 31 December is their carrying amount as illustrated in the tables below:

Group		2025		2024	
Credit exposures	Note	Shs' millions	%	Shs' millions	%
On – balance sheet items					
Balances and deposits due from financial institutions*	21	309,684	17%	263,950	16%
Derivative financial assets	38	21	0%	184	0%
Investment securities	23	577,783	32%	511,982	32%
Due from related parties	32(f)	22	0%	67	0%
Loans and advances to customers at amortised cost	22(a)	878,909	49%	815,869	50%
Loans and advances to customers at FVTPL	22(c)	3,548	0%	3,367	0%
Other assets**	24	26,967	2%	26,885	2%
		1,796,934		1,622,304	
Off-balance sheet items					
Guarantees and standby letters of credit	35	198,610		122,748	
Letters of credit, acceptances and other credits	35	68,937		50,152	
		267,547		172,900	
		2,064,481		1,795,204	
Company					
Credit exposures					
On – balance sheet items					
Balances and deposits due from financial institutions	21	51,931	94%	22,148	85%
Due from related parties	32 (f)	1,405	3%	903	3%
Other assets	24	1,646	3%	3,107	12%
		54,982		26,158	

*Balances and deposits due from financial institutions excludes cash at hand as disclosed under Note 21 (a) as this does not pose a credit risk. The credit risk on balances and deposits due from financial institutions, investment securities and derivative financial assets is limited as the counterparties are all recognised financial institutions with good reputation. None of the balances are past due or impaired and no collateral is held for these balances. ECL has been assessed using a 12 month ECL and is disclosed in Note 22.

Notes (continued)

4 Financial risk management (continued)

(b) Credit risk (continued)

**Other assets are made up of settlement and clearing accounts, refundable deposits and other receivable balances. Prepayments are excluded as they do not pose a credit risk. The balances are settled no more than 12 months after the reporting date. All the balances are non-interest bearing. None of the other assets and balances due from related parties are past due or impaired. No collateral is held for these assets. Management has established a related entity risk management framework including mandatory credit checks with counter parties. The arising ECL and remeasurement in the year is shown in Note 22.

Letters of credit, acceptances, guarantees and performance bonds are issued by the Group, on behalf of customers, to guarantee performance by customers to third parties. The Group will only be required to meet these obligations in the event of default by the customers. The off-balance sheet items have been assessed for impairment and resulting ECL booked as part of the total provisions held for loans and advances.

Exposure to credit risk – Loans and advances

	2025			Total Shs' millions
	Stage 1 12-month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	
Amortised cost				
Individually and collectively impaired				
Grade 3: Substandard	-	-	11,344	11,344
Grade 4: Doubtful	-	-	68,370	68,370
Grade 5: Loss	-	-	19,847	19,847
Gross amount	-	-	99,561	99,561
Provision for impairment losses	-	-	(54,597)	(54,597)
Carrying amount	-	-	44,964	44,964
Individually and collectively impaired				
Grade 1: Normal	775,821	-	-	775,821
Grade 2: Watch	-	68,071	-	68,071
Gross amount	775,821	68,071	-	843,892
Provision for impairment losses	(4,479)	(5,468)	-	(9,947)
Carrying amount	771,342	62,603	-	833,945
Total carrying amount	771,342	62,603	44,964	878,909
Fair value through profit or loss				
Loan note				6,450
Fair value loss				(2,902)
Carrying amount				3,548
Total carrying amount				882,457

Notes (continued)

4 Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk – Loans and advances (continued)

	2024			Total Shs' millions
	Stage 1 12 month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	
Amortised cost				
Individually and collectively impaired				
Grade 3: Substandard	-	-	18,376	18,376
Grade 4: Doubtful	-	-	70,521	70,521
Grade 5: Loss	-	-	20,835	20,835
Gross amount			109,732	109,732
Provision for impairment losses	-	-	(60,674)	(60,674)
Carrying amount	-	-	49,058	49,058
Individually and collectively impaired				
Grade 1: Normal	713,820	-	-	713,820
Grade 2: Watch	-	67,105	-	67,105
Gross amount	713,820	67,105	-	780,925
Provision for impairment losses	(6,680)	(7,434)	-	(14,114)
Carrying amount	707,140	59,671	-	766,811
Total carrying amount	707,140	59,671	49,058	815,869
Fair value through profit or loss				
Loan note				6,463
Fair value loss				(3,096)
Carrying amount				3,367
Total carrying amount				819,236

Grade 1 and grade 2 represent loans and advances that are not impaired. Grade 3, grade 4 and grade 5 refer to loans and advances that have been impaired in line with the Group's credit policy and internal model. These represent the loans and advances that the Group cannot collect according to contractual terms of the loan agreements.

Notes (continued)

4 Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk – Loans and advances (continued)

Impaired loans

Impaired loans are loans which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreements.

Past due but not impaired loans

These are loans where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to the Group.

Allowances for impairment

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

- Transfers between Stages 1, 2 and 3 reflective of significant increases (or decreases) of credit risk or loans and advances becoming credit impaired in the period, and the consequent "step up" or "step down" between 12-month and lifetime ECL;
- Allowance for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis.

Write-off policy

The Group writes off a loan balance when the credit department determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from collateral have failed to cover the entire facility outstanding. For smaller balance standardised loans, write-off decisions are generally based on a product specific past due default history.

Collateral on loans and advances

The Group routinely obtains collateral and security to mitigate credit risk. The Group ensures that any collateral held is sufficiently liquid, legally effective, enforceable and regularly reassessed.

Before attaching value to collateral, the business holding approved collateral must ensure that they are legally perfected and devoid of any encumbrances. Security structures and legal covenants are subject to regular review, to ensure that they remain fit for purpose and remain consistent with accepted local market practice.

The principal collateral types held by the Group 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.

Valuation of collateral taken is within agreed parameters. The valuation is performed on origination, periodically in line with the Group policy and in the course of enforcement actions. Collateral for impaired loans is reviewed regularly to ensure that it is still enforceable and that the impairment allowance remains appropriate given the current valuation.

Notes (continued)

4 Financial risk management (continued)

(b) Credit risk (continued)

Collateral on loans and advances (continued)

The Group has considered all relevant factors, including local market conditions and practices, before any collateral is realized.

The collateral held by the Group against loans and advances is as below;

	Group	
	2025	2024*
	Shs' millions	Shs' millions
Property	708,781	611,070
Equities	8,781	3,448
Other**	75,712	71,179
Total	793,274	685,697

**Other includes log-books, cash cover, debentures and directors' guarantees.

*Comparatives have been restated to ensure consistency in classification and valuations across subsidiaries.

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

	Group	
	2025	2024
	Shs' millions	Shs' millions
Concentration by sector		
<i>Gross loans and advances (overall – amortised and fair value)</i>		
Trade	249,866	239,545
Personal Household	247,850	233,263
Mining And Quarrying	87,365	34,474
Real Estate	81,658	65,807
Manufacturing	75,735	41,534
Energy And Water	53,212	67,224
Transport And Logistics	37,275	72,629
Food And Agriculture	40,119	39,286
Building And Construction	24,287	16,736
Tourism And Hospitality	22,658	22,638
Financial Services	21,362	61,176
ICT And Telecommunication	2,066	2,808
	943,453	897,120

Exposure to credit risk – investment securities

Investment securities comprise treasury bills and bonds held with various governments in the Group. No collateral is held for these assets. None of the other financial assets are either past due or impaired. The balances have been assessed for impairment using a 12 month ECL and the arising ECL is shown in Note 22.

Notes (continued)

4 Financial risk management (continued)

(c) Liquidity risk

The definition of liquidity risk is the risk that the Group is unable to meet its obligations as they fall due as a result of a sudden, and potentially protracted, increase in net cash outflows. Such outflows would deplete available cash resources for customer lending, trading activities and investments. These outflows could be principally through customer withdrawals, wholesale counterparties removing financing, collateral posting requirements or loan draw-downs. This risk is inherent in all banking operations and can be affected by a range of Group-specific and market-wide events which can result in: – an inability to support normal business activity; and – a failure to meet liquidity regulatory requirements.

During periods of market dislocation, the Group's ability to manage liquidity requirements may be impacted by a reduction in the availability of wholesale term funding as well as an increase in the cost of raising wholesale funds. Asset sales, balance sheet reductions and the increasing costs of raising funding will affect the earnings of the Group. In illiquid markets, the Group may decide to hold assets rather than securitising, syndicating or disposing of them. This could affect the Group's ability to originate new loans or support other customer transactions as both capital and liquidity are consumed by existing or legacy assets.

Management of liquidity risk

The efficient management of liquidity is essential to the Group in retaining the confidence of the financial markets and ensuring that the business is sustainable. Liquidity risk is managed through the Liquidity Risk Framework, which is designed to meet the following objectives:

- Maintain liquid resources that are sufficient in amount and quality and a funding profile that is appropriate to meet the liquidity risk framework as expressed by the Board;
- maintain market confidence in the Group;
- set limits to control liquidity risk within and across lines of business;
- accurately price liquidity costs, benefits and risks and incorporate those into product pricing and performance measurement;
- set early warning indicators to identify immediately the emergence of increased liquidity risk or vulnerabilities including events that would impair access to liquidity resources;
- project fully over an appropriate set of time horizons cash flows arising from assets, liabilities and off-balance sheet items; and
- maintain a contingency funding plan ("CFP") that is comprehensive and proportionate to the nature, scale and complexity of the business and that is regularly tested to ensure that it is operationally robust.

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

To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk.

This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required. The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Group also has lines of credit that it can access to meet liquidity needs.

Notes (continued)

4 Financial risk management (continued)

(c) Liquidity risk (continued)

Management of liquidity risk (continued)

In accordance with the Group's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. Net liquid assets consist of cash, short-term bank deposits and liquid debt securities available for immediate sale, less deposit for banks and borrowings due to mature within the next month.

The Group stresses the importance of current accounts and savings accounts as sources of funds to finance lending to customers. They are monitored using the advances to deposit ratio, which compares loans and advances to customers as a percentage of core customer current and savings accounts, together with term funding with a remaining term to maturity in excess of one year.

Treasury maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by Board Risk Management Committee.

Exposure to liquidity risk

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

Details of the reported Group ratios of net liquid assets to deposits at the reporting date and during the reporting period were as follows:

	Kenya	Uganda	South Sudan	Rwanda	Tanzania	DRC
At 31 December 2025						
At 31 December	77%	35%	133%	346%	30%	134%
Average for the year	75%	31%	138%	307%	26%	131%
Maximum for the year	80%	37%	154%	400%	30%	151%
Minimum for the year	65%	24%	100%	216%	24%	117%
Minimum statutory requirement	20%	20%	20%	100%	20%	100%
At 31 December 2024						
At 31 December	80%	37%	147%	336%	33%	134%
Average for the year	74%	31%	137%	323%	31%	134%
Maximum for the year	82%	37%	151%	520%	35%	138%
Minimum for the year	66%	20%	103%	201%	27%	130%
Minimum statutory requirement	20%	20%	20%	100%	20%	100%

Notes (continued)

4 Financial risk management (continued)

(c) Liquidity risk (continued)

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at 31 December.

Group 2025	Less than 3 months Shs' millions	3-6 months Shs' millions	6-12 months Shs' millions	1-5 years Shs' millions	More than 5 years Shs' millions	Totals Shs' millions
<i>Financial assets</i>						
Balances and deposits due from financial institutions	371,041	3,043	3,426	11,752	1,709	391,168
Loans and advances to customers	164,396	45,151	110,435	599,825	364,837	1,284,644
Investment securities	33,392	49,067	119,320	145,988	502,527	850,294
Other assets	11,425	3,290	3,445	4,241	4,345	26,746
Due to related parties	22	-	-	-	-	22
Total financial assets	580,276	100,551	236,626	761,806	873,113	2,552,874
<i>Financial liabilities</i>						
Deposits from customers	1,188,393	77,395	139,707	70,221	1,482	1,477,198
Borrowed funds	36,677	2,417	20,253	34,836	1,651	95,834
Lease liabilities	411	515	1,248	11,143	1,239	14,556
Insurance contract liabilities	-	-	17,387	5,131	-	22,518
Other liabilities	36,789	2,136	4,960	6,350	5,893	56,128
Total financial liabilities	1,262,270	82,463	183,555	127,681	10,265	1,666,234
Liquidity gap at 31 December 2025	(681,994)	18,088	53,071	634,125	862,848	886,640
Off-balance sheet items						
Guarantees and standby letters of credit	106,411	33,311	36,165	13,634	9,089	198,610
Letters of credit, acceptances and other documentary credits	26,085	20,825	14,620	4,442	2,965	68,937
Loans approved but not disbursed	2,241	17,556	1,048	3,789	2,526	27,160
Total commitments and guarantees	134,737	71,692	51,833	21,865	14,580	294,707

Notes (continued)

4 Financial risk management (continued)

(c) Liquidity risk (continued)

Group 2024	Less than 3 months Shs' millions	3-6 Months Shs' millions	6-12 months Shs' millions	1-5 years Shs' millions	More than 5 years Shs' millions	Totals Shs' millions
<i>Financial assets</i>						
Balances and deposits due from financial institutions	304,853	3,872	6,345	4,101	2,787	321,958
Loans and advances to customers	235,016	37,987	93,990	471,205	215,189	1,053,387
Investment securities	18,145	41,071	47,173	255,939	441,662	803,990
Derivative financial assets	184	-	-	-	-	184
Other assets	20,829	3,242	3,242	3,242	3,242	33,797
Due to related parties	67	-	-	-	-	67
Total financial assets	579,094	86,172	150,750	734,487	662,880	2,213,383
<i>Financial liabilities</i>						
Deposits from customers	631,440	116,910	164,824	477,112	71,968	1,462,254
Borrowed funds	17,375	1,620	4,443	49,238	5,520	78,196
Insurance contract liabilities	19,894	-	-	-	-	19,894
Lease liabilities	7,778	410	950	7,751	699	17,588
Other liabilities	13,732	7,094	7,502	15,004	6,685	50,017
Total financial liabilities	690,219	126,034	177,719	549,105	84,872	1,627,949
Liquidity gap at 31 December 2024	(111,125)	(39,862)	(26,969)	185,382	578,008	585,434
Off-balance sheet items						
Guarantees and standby letters of credit	16,717	7,165	21,132	24,390	16,717	86,121
Letters of credit, acceptances and other documentary credits	29,391	7,809	12,552	8,966	29,391	88,109
Capital commitments	28,716	12,095	3,020	102	28,716	72,649
Loans approved but not disbursed	30	51	1,944	278	30	2,333
Total commitments and guarantees	74,854	27,120	38,648	33,736	74,854	249,212

The impact of discounting assets and liabilities that have a maturity of less than 12 months is not material

Notes (continued)

4 Financial risk management (continued)

(c) Liquidity risk (continued)

Company 2025	Less than 3 months Shs' millions	3-6 months Shs' millions	6-12 months Shs' millions	1-5 Years Shs' millions	Over 5 Years Shs' millions	Totals Shs' millions
Financial assets						
Balances and deposits due from financial institutions	51,931	-	-	-	-	51,931
Due from related parties	1,405	-	-	-	-	1,405
Other assets	1,646	-	-	-	-	1,646
Total financial assets	54,982	-	-	-	-	54,982
Financial liabilities						
Due to related parties	16,400	-	-	-	-	16,400
Borrowed funds	-	701	716	15,309	-	16,726
Other liabilities	86	-	-	-	-	86
Total financial liabilities	16,486	701	716	15,309	-	33,212
Liquidity gap at 31 December 2025	38,496	(701)	(716)	(15,309)	-	21,770
Company 2024						
Financial assets						
Balances and deposits due from financial institutions	22,148	-	-	-	-	22,148
Due from related party	903	-	-	-	-	903
Other assets	3,114	-	-	-	-	3,114
Total financial assets	26,165	-	-	-	-	26,165
Financial liabilities						
Due to related parties	15,158	-	-	-	-	15,158
Borrowed funds	13,225	-	-	-	-	13,225
Other liabilities	81	-	-	-	-	81
Total financial liabilities	28,464	-	-	-	-	28,464
Liquidity gap at 31 December 2024	(2,299)	-	-	-	-	(2,299)

Notes (continued)

4 Financial risk management (continued)

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Market risk includes non-traded market risk which is the risk of the Group being exposed to interest rate risk arising from loans, deposits and similar instruments held for longer term strategic purposes rather than for the purpose of profiting from changes in interest rates. Non-trading portfolios also consist of foreign exchange and price risks arising from the Group's amortised and FVOCI financial assets.

Exposure to market risks – trading portfolios

Market Risk exposures arising from the trading book are managed by the Treasury department whilst those arising from the non-trading activities are managed through the ALM (Asset and Liability Management) and ICAAP processes.

Management of market risks

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk. The Group's Treasury is responsible for the development of detailed market risk management policies and for day-to-day implementation of those policies.

Furthermore, it includes the protection and enhancement of the statement of financial position and statement of profit or loss and other comprehensive income and facilitating business growth within a controlled and transparent risk management framework.

All foreign exchange risk within the Group is managed by the Treasury department. Accordingly, the foreign exchange position is treated as part of the Group's trading portfolios for risk management purposes (refer to note 35).

Overall authority for market risk management is vested in the Board Risk Management Committee. The Finance and Treasury departments in collaboration with the Risk Management department are responsible for the development of detailed market risk management policies (subject to review and approval by Board Risk Management Committee) and for the day-to-day review of their implementation.

Notes (continued)

4 Financial risk management (continued)

(d) Market risk (continued)

Market risk measurement techniques

(i) Value at risk

The Group applies a 'value at risk' (VAR) methodology to its foreign currency trading to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Board sets limits on the value of risk that may be accepted for each banking subsidiary, which are monitored on a daily basis by the Treasury department of each banking subsidiary.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the banking subsidiary might lose, but only to a certain level of confidence (95%). There is therefore a specified statistical probability (5%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (1 day). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over 1-day periods in the past. The Group's assessment of past movements is based on data for the past five years. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VAR constitutes an integral part of the Group's market risk control regime. VAR limits are established by the Board annually for all trading portfolio operations and allocated to business units. Actual exposure against limits is reviewed daily by the Treasury department of each banking subsidiary and centrally by Group Treasury. The result of the VAR testing in the year were within the acceptable thresholds.

(ii) Stress tests

The Group applies a 'stress test' methodology to its non-trading book. Interest rate risk in the non-trading book is measured through the use of interest rate repricing gap analysis. Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The results of the stress tests are reviewed by heads of business unit and by the Board. The stress testing is tailored to the business and typically uses scenario analysis. The Group's test results in the year were within the expected threshold.

Interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The Board Risk Management Committee is the monitoring body for compliance with these limits and is assisted by Treasury back office and Finance department in the day-to-day monitoring activities, while Risk Management department carries out regular reviews. A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

Notes (continued)

4 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

Financial assets and liabilities subject to interest rate fluctuations.

Included in the table below are financial assets and financial liabilities at carrying amount categorised by earlier of contractual repricing or maturity date.

	Carrying amount	Non-interest bearing	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
31 December 2025	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Assets							
Balances and deposits due from financial institutions	389,362	76,824	305,830	2,184	1,974	1,414	1,136
Loans and advances to customers	882,457	-	224,518	27,294	59,401	380,528	190,716
Investment securities	577,783	-	23,620	36,057	88,699	176,388	253,019
	1,849,602	76,824	553,968	65,535	150,074	558,330	444,871
Liabilities							
Deposits from customers	1,455,142	697,660	482,496	75,908	136,545	62,021	513
Borrowed funds	84,763	-	56,131	2,409	5,315	20,705	203
Lease liabilities	10,635	-	301	376	912	8,141	905
Insurance liabilities	22,518	22,518	-	-	-	-	-
	1,573,058	720,178	538,928	78,693	142,772	90,867	1,621
Interest rate sensitivity gap	276,544	(643,354)	15,040	(13,158)	7,302	467,463	443,250

Notes (continued)

4 Financial risk management (continued)

(d) Market risks (continued)

Interest rate risk (continued)

	Carrying amount	Non-interest bearing	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
31 December 2024	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Assets							
Balances and deposits due from financial institutions	344,609	164,038	151,940	15,138	1,032	12,461	-
Loans and advances to Customers	819,236	-	547,445	13,870	40,935	180,710	36,276
Investment securities	511,982	330	10,879	29,752	29,459	149,299	292,263
	1,675,827	164,368	710,264	58,760	71,426	342,470	328,539
Liabilities							
Deposits from customers	1,401,387	557,855	440,669	111,775	161,698	59,125	70,265
Borrowed funds	72,533	-	3,513	2,282	6,821	57,783	2,134
Lease liabilities	11,131	-	733	773	1,676	7,949	-
Insurance liabilities	19,894	19,894	-	-	-	-	-
	1,504,945	577,749	444,915	114,830	170,195	124,857	72,399
Interest rate sensitivity gap	170,882	(413,381)	265,349	(56,070)	(98,769)	217,613	256,140

The Group closely monitors interest rate movements and seeks to limit its exposure by managing the interest rate and maturity structure of assets and liabilities carried on the statement of financial position. Assets and Liabilities Committee (ALCO) monitors compliance with the set interest rate gaps.

Notes (continued)

4 Financial risk management (continued)

(d) Market risks (continued)

Company interest rate risk

	Carrying amount Shs' millions	Less than 3 Months Shs' millions	1 - 5 Years Shs' millions	More than 5 Years Shs' millions
31 December 2025				
Assets				
Cash and cash equivalents	51,931	51,931	-	-
Liabilities				
Borrowed funds	13,194	1,373	11,821	-
Interest rate sensitivity gap	38,737	50,558	(11,821)	-
31 December 2024				
Assets				
Cash and cash equivalents	22,148	22,148	-	-
Liabilities				
Borrowed funds	13,225	13,225	-	-
Interest rate sensitivity gap	8,923	8,923	-	-

During the year, a 5% increase / decrease (2024: 5%) of the annual interest rate would have the following effect on profit or loss and equity:

	Sensitivity	Group impact on profit or loss Shs' millions	Company impact on profit or loss Shs' millions	Group impact on equity Shs' millions	Company impact on equity Shs' millions
2025	+/-5%	+/- 8,544	+/- 1,919	+/- 5,981	+/- 1,343
2024	+/-5%	+/- 3,661	+/- 446	+/- 2,563	+/- 312

Exposure to other market risks – non-trading portfolios

Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by Treasury and price risk is subject to regular monitoring by Board Risk Management Committee. Currently, the exposure to other market risks on non-trading portfolio is not significant in relation to the overall results and financial position of the Group.

Foreign currency exposure

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board of directors has set limits on foreign currency positions. The foreign currency positions are monitored on daily basis and strategies used to ensure that positions are maintained within the established limits. The amounts below summarize the foreign currency exposure position as at 31 December.

Notes (continued)

4 Financial risk management (continued)

(d) Market risks (continued)

Group	US\$ Shs' millions	GBP Shs' millions	Euro Shs' millions	Others Shs' millions	Total Shs' millions
31 December 2025					
Cash and cash equivalents	324,197	495	7,933	11,473	344,098
Loans and advances to customers	422,422	27	833	38,917	462,199
Investment securities	141,213	-	-	41,395	182,608
Other assets	57,071	716	598	489	58,874
Total assets	944,903	1,238	9,364	92,274	1,047,779
Customer deposits	759,944	1,211	21,120	74,518	856,793
Borrowed funds	57,800	-	-	2,284	60,084
Other liabilities	63,330	29	1,085	2,630	67,074
Total liabilities	881,074	1,240	22,205	79,432	983,951
Net financial position	63,829	(2)	(12,841)	12,842	63,828
31 December 2024					
Cash and cash equivalents	268,518	754	8,372	32,885	310,529
Loans and advances to customers	398,454	41	901	41,203	440,599
Investment securities	159,769	-	-	35,615	195,384
Other assets	44,382	448	449	22,134	67,413
Total assets	871,123	1,243	9,722	131,837	1,013,925
Customer deposits	619,034	1,276	10,420	120,250	750,980
Borrowed funds	54,626	-	-	647	55,273
Other liabilities	103,693	31	336	18,546	122,606
Total liabilities	777,353	1,307	10,756	139,443	928,859
Net financial position	93,770	(64)	(1,034)	(7,606)	85,066

Notes (continued)

4 Financial risk management (continued)

(d) Market risks (continued)

Foreign currency exposure (continued)

Company	2025		2024	
	US\$ Shs' millions	Total Shs' millions	US\$ Shs' millions	Total Shs' millions
Assets				
Cash and cash equivalents	241	241	372	372
Liabilities				
Borrowed funds	13,194	13,194	13,225	13,225
Net financial position	(12,953)	(12,953)	(12,853)	(12,853)

Group		Effect on profit	Effect on equity
		before income tax Shs' millions	Shs' millions
Changes in EUR			
2025	+/-5%	+/-645	+/-452
2024	+/-5%	+/-538	+/-376
Changes in US\$			
2025	+/-5%	+/-2,542	+/-1,779
2024	+/-5%	+/-1,370	+/-1,440
Changes in GBP			
2025	+/-5%	+/-3.6	+/-2.5
2024	+/-5%	+/-3.2	+/-2.2
Company			
Changes in US\$			
2025	+/-5%	-/+672	-/+470
2024	+/-5%	-/+643	-/+450

The analysis calculates the effect of a reasonably possible movement of the currency rate against other currencies profit or loss and equity. A negative amount in the table reflects a potential net reduction in profit or equity, while a positive amount reflects a net potential increase.

Notes (continued)

4 Financial risk management (continued)

(e) Capital management

Capital risk is the risk that the Group is unable to maintain adequate levels of capital which could lead to an inability to support business activity or to meet regulatory requirements. Changes to credit ratings, could result in increased costs or reduced capacity to raise funding.

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. This is done by the Board of Directors. The Group Board manages its capital structure and makes adjustments according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group Board may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. Primary objectives and core practices are:

- Provide a viable and sustainable business offering by maintaining adequate capital to cover the Group's current and forecast business needs and associated risks;
- Meet minimum regulatory requirements;
- Ensure the Group maintains adequate capital to withstand the impact of the risks that may arise under the stressed conditions;
- Perform internal and regulatory stress tests;
- Maintain capital buffers over regulatory minimum;
- Develop contingency plans for severe (stress management actions) to support the Group's and Company's growth and strategic options; and
- Maintain a capital plan on a short-term and medium-term basis aligned with strategic objectives.

We adopt a forward-looking, risk-based approach to capital risk management. Capital demand and supply is actively managed taking into account the regulatory, economic and commercial environment in which Group operates.

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

Insurance entities in Kenya are governed by the Insurance Act and as such are subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held. The Company manages capital in accordance with these rules.

The Group insurance subsidiaries have complied with the regulatory risk-based capital requirements. Capital adequacy is monitored regularly by the Company's Management and submitted quarterly to the Insurance Regulatory Authority. The capital structure of the Company consists of issued capital, share premium and retained earnings.

The Group has complied with all externally imposed capital requirements throughout the year .

Notes (continued)

4 Financial risk management (continued)

(e) Capital management

The regulatory capital position at 31 December was as follows:

Banking subsidiaries Shs 'millions 31 December 2025	EBKL	Equity BCDC	EBTL	EBUL	EBRPLC	EBSSL
Risk Weighted Assets	850,487	586,786	73,885	62,417	104,372	5,953
Core Capital	122,174	63,796	12,476	13,627	21,191	3,852
Total Capital	139,970	74,844	12,476	14,309	22,424	3,852
Deposits	849,157	546,263	52,697	103,026	93,169	15,000
Core capital / TRWA	14.4%	10.9%	16.9%	21.8%	20.3%	64.7%
Statutory minimum	10.5%	8.5%	12.5%	13.0%	10.0%	8.0%
Excess	3.9%	2.4%	4.4%	8.8%	10.3%	56.7%
Total capital / TRWA	16.5%	12.8%	16.9%	22.9%	21.5%	64.7%
Statutory minimum	14.5%	11.0%	14.5%	15.0%	15.0%	8.0%
Excess	2.0%	1.8%	2.4%	7.9%	6.5%	56.7%
Core capital / deposits	14.4%	11.7%	23.7%	13.2%	22.7%	25.7%
Statutory minimum	8.0%	10.0%	8.0%	10.0%	8.0%	8.0%
Excess	6.4%	1.7%	15.7%	3.2%	14.7%	17.7%
31 December 2024						
Risk Weighted Assets	846,171	411,779	34,577	60,388	85,700	4,688
Core Capital	132,336	48,531	5,767	10,783	16,053	4,817
Total Capital	149,222	56,184	5,767	11,377	17,210	4,817
Deposits	841,547	542,164	44,370	98,270	92,683	12,023
Core capital / TRWA	15.6%	11.8%	16.7%	17.6%	18.7%	102.8%
Statutory minimum	10.5%	7.5%	12.5%	13.0%	10.0%	8.0%
Excess	5.1%	4.3%	4.2%	4.6%	8.7%	94.8%
Total capital / TRWA	17.6%	13.6%	16.7%	18.6%	20.1%	102.8%
Statutory minimum	14.5%	10.0%	14.5%	15.0%	15.0%	8.0%
Excess	3.1%	3.6%	2.2%	3.6%	5.1%	94.8%
Core capital / deposits	15.7%	9.0%	13.5%	11.2%	17.3%	40.1%
Statutory minimum	8.0%	8.0%	8.0%	10.0%	8.0%	8.0%
Excess	7.7%	1.0%	5.5%	1.2%	9.3%	32.1%

In the subsidiaries the Group operates in, regulatory rules permit the inclusion of annual profit into retained earnings only after audit certification of the financial statements and approval by the Board of Directors. In Equity BCDC, an approval by the General assembly is also required and The Central Bank (BCC) permits institutions to resubmit updated regulatory ratios by 30 April through the incorporation of the profit after tax into retained earnings and, subsequently, into regulatory capital.

Notes (continued)

4 Financial risk management (continued)

(e) Capital management

Insurance subsidiaries	EGIK	2025			EGIK	2024	
		EHIK	ELAK	EHIK		ELAK	
Capital adequacy ratio	131.0%	105.0%	300.0%	-	-	242.0%	
Minimum statutory requirement	100.0%	100.0%	100.0%	-	-	100.0%	
Excess	31.0%	5.0%	200.0%	-	-	142.0%	
					Group		
					2025	2024	
					Shs'	Shs'	
					millions	millions	
Total risk-weighted assets - banking subsidiaries					1,683,900	1,443,303	
<i>Capital ratios</i>							
Total regulatory capital expressed as a percentage of total risk-weighted assets					20.5%	19.0%	
Total tier 1 capital expressed as a percentage of risk-weighted assets					19.1%	17.3%	

d) Managing Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency of severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and number of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risk accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Notes (continued)

4 Financial risk management (continued)

f) Managing Insurance risk (continued)

(i) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as dietary, smoking, exercise habits resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

These risks are monitored closely, and reinsurance arrangements are in place to protect the impact of severity of claims and frequency from one event. There is an underwriting policy in place which is strictly followed.

The underwriting strategy adopted is intended to ensure that the risks underwritten are well diversified in terms of type of risk and level of insured benefits. Medical selection is also included in underwriting procedures with premiums varied to reflect the health condition and family medical history of the insured. The Group has retention limit for standard risks (from a medical point of view). The Group has a reinsurance arrangement to cover risks above its retention limit. Insurance risk for contracts disclosed in this note is also affected by policyholder's right to pay reduced premiums or no future premiums or terminate the contract completely.

(ii) Sources of uncertainty in the estimation of future claim payments

Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The Group uses appropriate base tables of standard mortality according to the type of contract being written.

(iii) Reinsurance

Reinsurance is used to manage insurance risk. This does not however discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

Notes (continued)

5 Financial assets and liabilities

The fair value of financial instruments is included at 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, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Non-performance risk refers to the risk that the obligation will not be fulfilled and affects the value at which the liability is transferred. The fair value of cash and cash equivalents, loans and advances, customer deposits and borrowed funds are evaluated by the Group based on parameters such as interest rates, specific country factors and individual creditworthiness of the customer. The valuation is performed on a discounted cash flow basis. Based on this evaluation, allowances are taken to account for the expected losses of the receivables.

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values. The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair values of loans and advances, borrowed funds and other financial liabilities, are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair values of remaining FVOCI financial assets are derived from quoted market prices in active markets. There have been no transfers between Level 1 and Level 2 during the year ended 31 December 2025 (2024: Nil).

The table below shows certain financial assets and financial liabilities that have been measured at either fair value, or for which fair value has been disclosed in the financial statements, analysed by the level of valuation method.

	Valuation technique	Significant observable inputs	31 December 2025	Weighted average 31 December 2024
Level 1				
Investment securities - FVOCI	Fair value at closing rate	Quoted yields	11.8%	12% - 18%
Investment securities - amortised cost	Fair value at closing rate	Quoted yields	11.8%	10% - 14%
Level 2				
Loan note at FVTPL	Fair value at closing rate and discounted cash flow	Quoted yields and expected cash flows	7.5%	12% - 18%
Level 3				
Currency swaps and forwards	Forward pricing model	Interest curve	3.0%	2% - 5%
Deposits from customers-fixed deposits	Discounted cash flow	Fixed rate and fixed time period	3.3%	2.5% - 17%
Borrowed funds	Discounted cash flow	Expected cashflows	9.0%	4% - 11%

Notes (continued)

5 Financial assets and liabilities (continued)

Valuation methods (continued)

* The Group holds a loan note that contains an embedded derivative and has therefore been measured at fair value through profit or loss. For this, the fair value is composed of two key cashflow components, being the interest receivable on the mandatorily convertible component of the loan note and valuation of the shares upon whose sale the principal debt amount will be realised. Any shortfall from the above cashflow streams is covered, albeit partially, by a government guarantee.

In valuing the hybrid instrument, management has only considered the Government guarantee and interest receivable as there is significant uncertainty in relation to the future recovery of amounts from sale of shares. In particular, the original borrower company is loss making, is in a significant shareholders' deficit position and has been significantly adversely.

Fair value measurement hierarchy

Group	Level 1 Shs' millions	Level 2 Shs' millions	Level 3 Shs' millions	Total Shs' millions
At 31 December 2025				
Financial assets fair value disclosures:				
Investment securities – FVOCI (Note 23)	523,784	-	-	523,784
Loan note at FVTPL (Note 22 (a))	-	3,548	-	3,548
Derivative financial assets (Note 38)	-	21	-	21
Investment securities – FVTPL (Note 23)	40,259	-	-	40,259
Total financial assets at fair value	564,043	3,569	-	567,612
At 31 December 2024				
Financial assets fair value disclosures:				
Investment securities – FVOCI (Note 23)	470,807	-	-	470,807
Loan note at FVTPL (Note 22 (a))	-	3,367	-	3,367
Derivative financial assets (Note 38)	-	184	-	184
Investment securities – FVTPL (Note 23)	25,902	-	-	25,902
Total financial assets at fair value	496,709	3,551	-	500,260

The movement in the loan note at FVTPL is attributable to exchange and fair value changes.

The following summarises the carrying amount of those assets and liabilities not held at fair value. Except for amortised cost investment securities, the carrying amount of assets and liabilities held at amortised cost is considered to approximate their fair value where they have short tenor or, for long term facilities, earn/accrue interest at market rate.

Notes (continued)

5 Financial assets and liabilities (continued)

Fair value measurement hierarchy

Group	Carrying amount Shs' millions	Fair value Shs' millions	Level 1 Shs' millions	Level 2 Shs' million	Level 3 Shs' millions
At 31 December 2025					
Cash balances and deposits in financial institutions (Note 21 (a))	389,362	389,362	-	-	389,362
Investment securities – amortised cost (Note 23)	14,657	14,657	-	14,657	-
Loans and advances at amortised cost (Note 22)	878,909	878,909	-	-	878,909
Due from related parties (Note 32)	22	22	-	-	22
Other assets (Note 24)	33,618	33,618	-	-	33,618
Total financial assets	1,316,568	1,316,568	-	14,657	1,301,911
Deposits from customers (Note 27)	1,455,142	1,455,142	-	-	1,455,142
Borrowed funds (Note 29)	84,763	84,763	-	-	84,763
Lease liabilities (Note 16(c))	10,635	10,635	-	-	10,635
Other liabilities (Note 28)	62,492	62,492	-	-	62,492
Total financial liabilities	1,613,032	1,613,032	-	-	1,613,032
At 31 December 2024					
Cash balances and deposits in financial institutions (Note 21 (a))	344,609	344,609	-	-	344,609
Investment securities – amortised cost (Note 23)	15,586	15,586	-	15,586	-
Due from related parties (Note 32)	67	67	-	-	67
Loans and advances at amortised cost (Note 22)	815,869	815,869	-	-	815,869
Other assets (Note 24)	31,444	31,444	-	-	31,444
Total financial assets	1,207,575	1,207,575	-	15,586	1,191,989
Deposits from customers (Note 27)	1,401,387	1,401,387	-	-	1,401,387
Borrowed funds (Note 29)	72,533	72,533	-	-	72,533
Lease Liabilities (Note 16(c))	11,131	11,131	-	-	11,131
Other liabilities (Note 28)	46,736	46,736	-	-	46,736
Total liabilities	1,531,787	1,531,787	-	-	1,531,787

Notes (continued)

5 Financial assets and liabilities (continued)

Company	Carrying amount Shs' millions	Fair value Shs' millions	Level 1 Shs' millions	Level 2 Shs' million	Level 3 Shs' millions
At 31 December 2025					
Cash balances and deposits in financial institutions (Note 21(a))	51,931	51,931	-	-	51,931
Due from related parties (Note 32)	1,406	1,406	-	-	1,406
Other assets (Note 24)	1,646	1,646	-	-	1,646
Total financial assets	54,983	54,983	-	-	54,983
Borrowed funds (Note 29)	13,194	13,194	-	-	13,194
Due to related parties (Note 32)	16,400	16,400	-	-	16,400
Other liabilities (Note 28)	86	86	-	-	86
Total liabilities	29,680	29,680	-	-	29,680
At 31 December 2024					
Cash balances and deposits in financial institutions (Note 21(a))	22,148	22,148	-	-	22,148
Due from related parties (Note 32)	903	903	-	-	903
Other assets (Note 24)	3,381	3,381	-	-	3,381
Total financial assets	26,432	26,432	-	-	26,432
Borrowed funds (Note 29)	13,225	13,225	-	-	13,225
Due to related parties (Note 32)	15,158	15,158	-	-	15,158
Other liabilities (Note 28)	81	81	-	-	81
Total liabilities	28,464	28,464	-	-	28,464

Notes (continued)

6 Interest income

	Group		Company	
	2025	2024	2025	2024
	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Interest income				
Loans and advances to customers	110,526	112,549	-	-
Cash and cash equivalents	6,351	5,762	1,265	1,389
Credit related fees	10,495	10,559	-	-
Investment securities at amortised cost	41,463	42,599	-	-
Investment securities at FVOCI	19,494	13,875	-	-
	188,329	185,344	1,265	1,389
Interest expense				
Deposits from banks	(4,206)	(4,098)	-	-
Deposits from customers	(36,064)	(43,299)	-	-
Borrowed funds (Note 29)	(5,692)	(13,227)	(1,292)	(1,416)
Lease liabilities (Note 16)	(737)	(951)	-	-
	(46,699)	(61,575)	(1,292)	(1,416)
Net interest income/(expense)	141,630	123,769	(27)	(27)

Included within the Group interest income is Shs 3,032 million (2024: Shs 4,233 million) in respect of credit -impaired financial assets.

7 Net fee and commission income

	Group	
	2025	2024
	Shs' millions	Shs' millions
(a) Fee and commission income		
<i>Recognised at a point in time</i>		
Service fees and commission	47,879	44,503
Custodial fee income	382	318
	48,261	44,821
(b) Fee and commission expense		
Fee and commission expense	(14,530)	(12,558)
Net fee and commission income	33,731	32,263

The service fees largely relate to fees earned from transactions with customers and commissions earned on facilitation of remittances. Revenues related to transactions are recognised at a point in time when the transactions take place. There are no contract receivables and contract liabilities from contracts with customers as the service fees are billed instantaneously.

Fees and commission income has been further disaggregated by geographical region in note 37 Segment information.

Notes (continued)

8 Net foreign exchange income

	Group	
	2025	2024
	Shs' millions	Shs' millions
Net foreign exchange gain	15,639	12,587

9 Insurance revenue

Insurance revenue measured under PAA	3,576	1,429
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10 Insurance service expense

Incurring claims	2,096	415
Other directly attributable expenses	183	196
Changes that relate to past service -adjustments to the liability for incurred claims	508	84
Amortisation of insurance acquisition cash flows	234	118
Insurance expenses measured under PAA	3,021	813

11 Other operating income/(expenses)

	Group		Company	
	2025	2024	2025	2024
	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Realised gain on investment securities	2,039	443	-	-
Profit on disposal of property and equipment	674	434	-	-
Rental income	307	367	-	-
Other income/(expenses)*	5,613	11,310	(59)	2,202
	8,633	12,554	(59)	2,202

*Other income includes unrealised foreign exchange gain as well as fee income from government social payments and other programmes for the Group and unrealised foreign exchange (loss)/gain for the Company.

12 Depreciation and amortisation

	Group	
	2025	2024
	Shs' millions	Shs' millions
Depreciation on property and equipment (Note 16 (a))	4,422	3,869
Depreciation of right-of-use assets (Note 16 (b))	2,649	2,103
Amortisation of intangible assets - Software (Note 17 (a))	2,706	2,179
	9,777	8,151

Notes (continued)

13 Credit impairment losses

	Notes	Group	
		2025 Shs' millions	2024 Shs' millions
Movements during the year:			
(Decrease)/increase in other assets	24	(163)	383
Increase in cash, deposits and balances due from financial institutions	21 (a)	435	39
Increase in investment securities	23	542	238
Loans and advances:			
(Decrease) in Stage 1	22 (b)	(2,201)	(2,174)
(Decrease) in Stage 2	22 (b)	(1,966)	(2,000)
Increase in Stage 3	22 (b)	21,362	31,181
Net increase in impairment losses		18,009	27,667
Loan recoveries		(6,324)	(4,406)
		11,685	23,261

14 Employee benefits

	Group		Company	
	2025 Shs' millions	2024 Shs' millions	2025 Shs' millions	2024 Shs' millions
Salaries	31,075	25,868	60	81
Defined contribution plans	2,304	2,006	-	-
Other staff costs*	6,088	5,490	-	6
	39,467	33,364	60	87

*Other staff costs include staff medical costs, staff training, staff welfare and insurance. The average number of permanent staff in the Group for the year was 13,370 (2024: 13,083).

15 Lease expenses

	Group		Company	
	2025 Shs' millions	2024 Shs' millions	2025 Shs' millions	2024 Shs' millions
VAT & service charge	479	756	-	-

Lease expenses relate to VAT and service charge which are excluded in the assessment of lease liability and right-of-use asset. The amounts form part of general and administrative expenses disclosed in note 18.

Notes (continued)

16 (a) Property and equipment - Group

	Freehold land & buildings	Leasehold improvements	Motor vehicles	Equipment, furniture & fittings	Computers	Work-in- progress	Total
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
31 December 2025							
Cost							
At start of year	8,274	14,911	1,378	17,617	19,941	2,230	64,351
Translation differences	(20)	(60)	(4)	(69)	(45)	(35)	(233)
Additions	17	574	34	870	1,116	3,538	6,149
Transfers	-	-	28	1,312	917	(2,257)	-
Disposals	(64)	(32)	-	(836)	(589)	-	(1,521)
IAS 29 cost restatement	-	157	13	96	42	198	506
At end of year	8,207	15,550	1,449	18,990	21,382	3,674	69,252
Accumulated depreciation							
At start of year	2,268	12,338	1,178	10,762	14,458	(46)	40,958
Translation differences	-	(56)	-	(63)	(25)	46	(98)
Charge for the year	347	644	106	1,406	1,919	-	4,422
Disposals	-	(30)	-	(810)	(474)	-	(1,314)
IAS 29 cost restatement	-	155	8	84	41	-	288
At end of year	2,615	13,051	1,292	11,379	15,919	-	44,256
Net book value at end of year	5,592	2,499	157	7,611	5,463	3,674	24,996

Notes (continued)

16 (a) Property and equipment - Group

	Freehold land & buildings	Leasehold improvements	Motor vehicles	Equipment, furniture & fittings	Computers	Work-in- progress	Total
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
31 December 2024							
Cost							
At start of year	13,024	15,627	1,655	17,041	17,440	4,015	68,802
Translation differences	(1,639)	(1,667)	(190)	(1,772)	(744)	(1,198)	(7,210)
Additions	61	453	9	1,042	646	3,619	5,830
Transfers	(367)	416	-	1,370	2,939	(4,336)	22
Disposals	(2,805)	(118)	(110)	(171)	(394)	-	(3,598)
IAS 29 cost restatement	-	200	14	107	54	130	505
At end of year	8,274	14,911	1,378	17,617	19,941	2,230	64,351
Accumulated depreciation							
At start of year	2,283	12,320	1,287	10,562	13,521	-	39,973
Translation differences	138	(1,094)	(123)	(967)	(290)	-	(2,336)
Charge for the year	232	717	124	1,251	1,545	-	3,869
Transfers	-	39	-	5	2	(46)	-
Disposals	(385)	165	(110)	(192)	(368)	-	(890)
IAS 29 cost restatement	-	191	-	103	48	-	342
At end of year	2,268	12,338	1,178	10,762	14,458	(46)	40,958
Net book value at end of year	6,006	2,573	200	6,855	5,483	2,276	23,393

Notes (continued)

16 (a) Property and equipment – Company

	2025 Shs' millions	2024 Shs' millions
Equipment, furniture & fittings		
Cost		
At start of year	16	16
Additions	-	-
	16	16
Accumulated depreciation		
At start of year	10	8
Charge for the year	2	2
	12	10
Net book value at end of year	4	6

(b) Right-of-use assets – Group

	Group	
	2025 Shs' millions	2024 Shs' millions
Cost		
At start of year	18,940	16,961
Additions	2,106	-
Remeasurements	(2,230)	5,083
Disposals	(1,571)	(696)
Translation differences	(1,122)	(2,408)
IAS 29 restatement	1,242	-
	17,365	18,940
Accumulated depreciation		
At start of year	9,165	8,515
Remeasurements	(2,676)	102
Charge for the year	2,649	2,103
Disposals	(1,121)	(310)
Translation differences	(1,033)	(1,245)
IAS 29 restatement	(30)	-
	6,954	9,165
Net book value at end of year	10,411	9,775

Notes (continued)

16 (c) Lease liabilities – Group

	Group	
	2025	2024
	Shs' millions	Shs' millions
Current	1,422	3,212
Non-current	9,213	7,919
	10,635	11,131
Movement during the year:		
At start of year	11,131	9,591
Additions	2,106	-
Disposals	(307)	(507)
Remeasurements	99	5,148
Interest expense	737	951
Interest paid	(603)	(729)
Principal elements of lease payments	(2,513)	(2,689)
Foreign exchange differences on foreign currency leases	(84)	-
Translation differences	69	(634)
	10,635	11,131
Amounts recognised in the statement of profit or loss:		
Depreciation charge of right-of-use assets – branches and ATMs	2,649	2,103
Interest expense	737	951
	3,386	3,054
Amounts recognised in the statement of cash flows:		
The total cash outflow for leases was as follows:		
Financing cash flows from leases	3,116	3,418
(d) Investment properties		
(i) Non-current assets - at fair value		
At start of the year	6,087	7,497
Translation differences	(190)	(1,410)
At 31 December	5,897	6,087

(ii) Measuring investment property at fair value

Investment properties, principally office buildings, are held for long-term rental yields and are not occupied by the Group. They are carried at fair value. The Group's investment properties are held in Democratic Republic of Congo (DRC). Desktop valuation of the properties was carried, and the fair value remains unchanged except for translation differences. The fair value measurements for all of the investment properties have been categorized at Level 3 fair value measurements.

Notes (continued)

16 (d) Investment properties (continued)

(iii) Amounts recognised in profit or loss for investment properties	Group	
	2025 Shs' millions	2024 Shs' millions
Rental income from operating leases	254	265
Direct operating expenses from property that generated rental income	98	102

(iv) Fair value hierarchy

Investment properties	Level 1 Shs' millions	Level 2 Shs' millions	Level 3 Shs' millions	Total Shs' millions
31 December 2025	-	-	5,897	5,897
31 December 2024	-	-	6,087	6,087

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

- Average occupancy rate: 95% (2024: 95%)
- Weighted average rent of Shs 1,613 (2024: Shs 1,680) per square metre
- Risk-adjusted discount rates (Weighted average 4.0% (2024: 4.0%))
- Market rental growth (Weighted average of between 2.3% to 2.9% (2024: 2.3% to 2.9%))

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 Shs' 000	Increase Shs' 000	Decrease Shs' 000
Change in Average occupancy rate; +/-5%	5,897	465	(465)
Change in Weighted average rent; +/-5%	5,897	692	(692)
Change in Risk-adjusted discount rates: +/-5%	5,897	284	(284)
Change in Market rental growth: +/-5%	5,897	345	(345)
2024	Base assumption Shs' 000	Increase Shs' 000	Decrease Shs' 000
Change in Average occupancy rate; +/-5%	6,087	480	(480)
Change in Weighted average rent; +/-5%	6,087	714	(714)
Change in Risk-adjusted discount rates: +/-5%	6,087	293	(293)
Change in Market rental growth: +/-5%	6,087	356	(356)

17 Intangible assets – Group

	2025 Shs' millions	2024 Shs' millions
Software	16,857	15,321
Acquired intangible assets	-	276
Goodwill	2,832	3,049
	<u>19,689</u>	<u>18,646</u>

Notes (continued)

17 Intangible assets – Group (continued)

(a) Software & acquired intangible assets

Group	Software	Acquired	Work	Total
31 December 2025	Shs' millions	intangible asset	in progress	Shs' millions
Cost	Shs' millions	Shs' millions	Shs' millions	Shs' millions
At start of year	19,744	2,434	5,857	28,035
Additions	584	-	3,286	3,870
Transfers	2,575	-	(2,575)	-
Translation differences	(1,303)	-	1,281	(22)
At end of year	21,600	2,434	7,849	31,883
Amortisation				
At start of year	10,280	2,158	-	12,438
Amortisation	2,430	276	-	2,706
Translation differences	(118)	-	-	(118)
At end of year	12,592	2,434	-	15,026
Net book value at end of year	9,008	-	7,849	16,857
31 December 2024	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Cost				
At start of year	21,581	2,434	5,689	29,704
Additions	525	-	1,069	1,594
Disposals	(827)	-	663	(164)
Transfers	917	-	(917)	-
Translation differences	(2,452)	-	(647)	(3,099)
At end of year	19,744	2,434	5,857	28,035
Amortisation				
At start of year	8,427	1,882	-	10,309
Amortisation	1,903	276	-	2,179
Disposals	(21)	-	-	(21)
Translation differences	(29)	-	-	(29)
At end of year	10,280	2,158	-	12,438
Net book value at end of year	9,464	276	5,857	15,597

Notes (continued)

17 Intangible assets – Group (continued)

(a) Software & acquired intangible assets (continued)

The Group's intangible assets include the value of computer software.

The work-in-progress is composed of software in development. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has the intention and ability to complete and use the software and the costs can be measured reliably. The transfers relate to projects completed in the course of the year.

Acquired intangibles assets relate to core deposits and customer relations arising from the acquisition of Equity BCDC (formerly BCDC) in 2020 and CogeBanque in 2023.

These were valued as follows;

Core deposits

The fair value of the core deposit intangible was determined using the cost savings method. It's calculated as the after-tax present values of; (i) net cost of funding and; (ii) net service fees earned on deposits. Net cost of funding is the difference between interest expense on acquired low cost saving and demand deposit and cost of alternative funding over the useful life of the deposit.

Customer relationships

The fair value of customer relationships was valued using replacement cost method. The value is calculated as the estimated cost of acquiring new customers multiplied by the unique number of customers acquired in the transaction. This is adjusted with the profit mark up and opportunity cost.

(b) Goodwill

	Carrying amount at 1 January Shs' millions	Acquired in the year	Effect of exchange rate changes Shs' millions	Carrying amount at 31 December Shs' millions
Year ended 31 December 2025				
Equity Bank Uganda Limited	717	-	12	729
Equity BCDC	1,480	-	(3)	1,477
CogeBanque	852	-	(226)	626
	3,049	-	(217)	2,832
Year ended 31 December 2024				
Equity Bank Uganda Limited	731	-	(14)	717
Equity BCDC	1,572	-	(92)	1,480
CogeBanque	867	-	(15)	852
	3,170	-	(121)	3,049

Notes (continued)

17 Intangible assets – Group (continued)

(b) Goodwill (continued)

Equity Bank Uganda Limited

The goodwill arose from the acquisition of Equity Bank Uganda Limited (formerly Uganda Microfinance Limited) in April 2008, which was determined in accordance with IFRS 3. It represents the difference between the total purchase consideration (including acquisition costs) paid to acquire 100% stake in Equity Bank Uganda Limited and the fair value of the net tangible assets and the separable identifiable intangible assets.

Equity Bank Congo S.A

The goodwill arose from the acquisition of 85.5% stake in Equity Bank Congo S.A (now merged with BCDC to form Equity BCDC) in September 2015, which was determined in accordance with IFRS 3.

CogeBanque

The goodwill arose from the acquisition of 99.1% stake in CogeBanque (now merged with Equity Bank Rwanda Limited) effective 31 December 2023, which was determined in accordance with IFRS 3.

The goodwill arising from acquisition consists largely of the synergies and economies of scale expected from combining the operations of Equity Group Holdings Plc and CogeBanque, Equity Bank Congo S.A, as well as Equity Bank Uganda Limited.

Management carried out an impairment assessment in respect of goodwill at year end. Since the goodwill arose on purchase of Equity Bank Uganda Limited, Equity Bank Congo S.A and CogeBanque as subsidiaries, the whole amount is allocated to the subsidiaries which the Group considers as a cash generating unit (CGU). The table below shows the various variables used in management's impairment assessment:

	Equity Bank Uganda Limited		Equity BCDC		Equity Bank Rwanda Limited	
	2025 Shs' millions	2024 Shs' millions	2025 Shs' millions	2024 Shs' millions	2025 Shs' millions	2024 Shs' millions
Value in use	152,231	93,703	512,039	286,117	214,828	204,774
Net assets	18,710	14,701	100,307	71,594	19,715	19,866
Projected growth in net interest income	52%	23%	73%	10%	49%	15%
Projected growth in non-interest income	37%	23%	30%	28%	33%	24%
Weighted average cost of capital	19.4%	17.8%	19.4%	16.3%	17.1%	17.1%
Long term average growth rate	6.4%	5.1%	5.3%	6.1%	7.1%	7.1%

Notes (continued)

17 Intangible assets – Group (continued)

(b) Goodwill (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions:

- Budgeted PAT – Budgeted PAT has been based on values achieved in the past five years adjusted for efficiencies expected from implementation of Group initiatives.
- Long term growth rate is based on projected GDP growth rate for each subsidiary.
- Weighted average cost of capital is the pre-tax risk adjusted discount rate based on the risk-free rate of government securities in the respective country adjusted for a risk premium to reflect the increased risk of investing in equities and the systemic risk of the specific Group operating company.
- An assumed terminal value based on a historical performance of the CGUs and Pre-tax risk adjusted discount rate.

Sensitivity analysis

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

18 General and administrative expenses

	Group		Company	
	2025 Shs' millions	2024 Shs' millions	2025 Shs' millions	2024 Shs' millions
Software licencing and other IT related costs	11,184	11,089	3	11
Consultancy, legal and professional fees	4,164	3,966	237	587
Electricity, water, repairs and maintenance	2,735	2,631	1	2
Travel and accommodation	4,289	4,820	55	99
Marketing, advertising and sponsorship	3,208	3,228	-	-
Publications, stationery and communications	1,404	1,919	1	1
Lease expenses (Note 15)	479	756	-	-
Deposit fund protection expenses	2,738	2,778	-	-
Auditors' remuneration	132	103	4	5
Non-audit services fees	364	284	2	7
Other administrative expenses*	14,575	21,356	724	355
	45,272	52,930	1,027	1,067

*Other administrative expenses include insurance costs, licenses expenses, subscription costs, security expenses, telephone and postage, and cleaning and maintenance.

Notes (continued)

19 (a) Investment in subsidiary companies

	Country of incorporation	Shareholding		2025	2024
		2025	2024	Shs' millions	Shs' millions
<i>Banking</i>					
Equity Bank (Kenya) Limited	Kenya	100%	100%	40,733	40,733
Equity BCDC	DRC	85.5%	85.5%	27,360	27,360
Equity Bank (South Sudan) Limited	South Sudan	100%	100%	5,712	5,712
Equity Bank Uganda Limited	Uganda	100%	100%	7,954	7,954
Equity Bank Tanzania Limited	Tanzania	100%	100%	9,961	7,377
Equity Bank Rwanda PLC	Rwanda	99.1%	99.1%	10,054	10,054
<i>Telecommunication</i>					
Finserve Africa Limited	Kenya	100%	100%	1,001	1,001
<i>Investment banking</i>					
Equity Investment Bank Limited	Kenya	100%	100%	420	420
<i>Insurance</i>					
Equity Group Insurance Holdings Limited	Kenya	100%	100%	600	600
<i>Consultancy</i>					
Equity Consulting Group Limited	Kenya	100%	100%	0.5	0.5
Equity Investment Services Limited	Kenya	100%	100%	420	420
<i>Custodial services</i>					
Equity Nominees Limited	Kenya	100%	100%	0.1	0.1
Total				104,216	101,632

In June 2025, Equity Group Holdings Plc made an additional share capital injection of Shs 2.584 billion into Equity Bank Tanzania Limited by the creation of 510,000 new ordinary shares. The capital injection was aimed to support the Company's loan book growth.

Notes (continued)

19 (b) Non-controlling interests (NCI)

Set out below is the summarised financial information of Equity BCDC and Equity Bank Rwanda Limited which has non-controlling interest that is material to the Group.

	Group	
	2025	2024
	Shs' millions	Shs' millions
<i>Summarised statement of financial position</i>		
Total assets	708,326	780,784
Total liabilities	608,019	690,517
Equity	100,307	90,267
<hr/>		
Accumulated NCI	16,599	12,827
<hr/>		
<i>Summarised statement of comprehensive income</i>		
Operating income	63,598	67,885
Profit for the period	24,652	27,839
Other comprehensive income	1,297	(272)
Total comprehensive income	25,949	27,567
<hr/>		
Profit allocated to NCI	3,584	2,275
<hr/>		
<i>Summarised statement of cash flows</i>		
Cash flows from operating activities	94,006	18,638
Cash flows to investing activities	(20,437)	(1,256)
Cash flows from financing activities	4,351	(12,202)
<hr/>		
Net decrease / increase in cash and cash equivalents	77,920	5,180

19 (c) Interests in unconsolidated structured entity

Equity Group Holdings Plc does not consolidate the results of Equity Group Foundation (the "Foundation") which was incorporated on 12 February 2008 under the Companies Act (Cap 486) as a company limited by guarantee. It is a charitable organization set up to provide a platform to development partners, government, the private sector as well as local and international organizations for the implementation of high impact development programs which include Wings to Fly Scholarship Program. The programs of the Foundation are primarily funded by third party donors under donor agreements. The Group's contributions to the Foundation are both in monetary terms but mainly in-kind in the form of utilising the Group's extensive branch network and staff in driving the achievement of the goals/activities of the Foundation in communities. The Group does not control the Foundation. The table below summarises EGF's source of funding:

	Shs' millions	Shs' millions
	2025	2024
Donors	2,939	5,324
Equity Group Holdings Plc	701	433
<hr/>		
Total donations income	3,640	5,757
<hr/>		
Program expenses	3,640	5,757
<hr/>		
Surplus	-	-

Notes (continued)

19 (c) Interests in unconsolidated structured entity (continued)

The Group does not earn income from EGF and is not exposed to loss arising from its involvement with the Foundation.

Consistent with previous years, the Group will continue providing support to the Foundation primarily as regards the use of the Group's branch network and staff to carry out its program activities.

20 Income tax

Recognised in profit or loss	Group		Company	
	2025 Shs' millions	2024 Shs' millions	2025 Shs' millions	2024 Shs' millions
Current income tax:				
Current year charge	12,524	11,404	564	-
Under provision of income tax in prior years	(13)	-	-	123
Deferred income tax (Note 26):				
Current year charge/(credit)	4,056	513	(246)	1,048
Income tax expense/ (credit)	16,567	11,917	318	1,171

Where there's uncertainty in the tax treatment, the Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. The Group did not have any significant area of uncertainty in the year.

The Group's tax related contingencies are disclosed in Note 26.

Notes (continued)

20 Income tax (continued)

Reconciliation of effective tax rate:

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

	Group		Company	
	2025	2024	2025	2024
	Shs'	Shs'	Shs'	Shs'
	millions	millions	millions	millions
Profit before income tax	92,115	60,741	46,400	21,483
Income tax using the enacted corporation tax rate	27,635	18,222	13,920	6,446
Income not subject to tax	(12,925)	(13,917)	(14,273)	(6,068)
Other differences	1,857	7,612	671	793
	16,567	11,917	318	1,171
Current income tax liability/ (asset)				
At start of year	(2,330)	3,948	(266)	(197)
Charge for the year	12,524	10,185	564	-
Translation differences	(3,616)	(592)	-	-
Under provision in the prior years	(14)	-	-	123
Paid during the year	(8,960)	(15,871)	(172)	(192)
At end of year	(2,396)	(2,330)	126	(266)
Made up of:				
Tax payable	1,892	619	126	-
Tax recoverable	(4,288)	(2,949)	-	(266)
	(2,396)	(2,330)	126	(266)

Equity Group Holdings Plc
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Notes (continued)

20 Income tax (continued)

Tax rates are as follows:

	Group Shs' millions	EGH Plc Shs' millions	EBKL Shs' millions	EBUL Shs' millions	Equity BCDC Shs' millions	EBRL Shs' millions	EBTL Shs' millions	EBSSL Shs' millions	EIGHL* Shs' millions	Others** Shs' millions
31 December 2025	92,115	46,401	44,031	4,517	32,069	7,468	3,514	(857)	2,014	2,603
Profit before tax										
Enacted tax rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Income tax using the enacted corporation tax rate	27,635	13,920	13,209	1,355	9,621	2,240	1,054	(257)	604	780
31 December 2024										
Profit before tax	60,740	21,483	26,661	470	20,050	7,789	1,539	1,657	1,480	1,899
Enacted tax rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Income tax using the enacted corporation tax rate	18,222	6,445	7,998	141	6,015	2,337	462	497	429	570

EGH Plc – Equity Group Holdings Plc, EBKL – Equity Bank Kenya Limited, EBUL – Equity Bank Uganda Limited, EBRL – Equity Bank Rwanda PLC, EBTL – Equity Bank Tanzania Limited, EBSSL – Equity Bank South Sudan Limited, Equity BCDC – Equity Banque Commerciale Du Congo.

*Equity Insurance Group Holdings Limited owns Equity Life Assurance Kenya Limited, Equity Health Insurance Kenya Limited and Equity General Insurance Kenya Limited.

**Others relate to Equity Investment Bank Limited, Finserve Africa Limited, Equity Nominees Limited, Equity Investment Services Limited, Equity Bancassurance and Equity Consulting Group Limited.

Notes (continued)

21 (a) Cash, deposits and balances due from financial institutions

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	Group		Company	
	2025	2024 *Restated	2025	2024
	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Cash in hand	79,678	80,659	-	-
Unrestricted balances with central banks	40,416	34,424	-	-
Money market placements	96,203	111,731	-	-
Cash balances with banks	86,589	46,637	51,933	22,150
	302,886	273,451	51,933	22,150
12-month ECL:				
At start of the year	(194)	(589)	(2)	(2)
Re-measurement during the year	(241)	395	-	-
At end of the year	(435)	(194)	(2)	(2)
Included in cash and cash equivalents	302,451	273,257	51,931	22,148
Restricted balances with central banks	86,911	71,352	-	-
Net carrying amount	389,362	344,609	51,931	22,148
Movement in restricted balances:				
At start of year	71,352	42,603	-	-
Movement during the year	15,559	28,749	-	-
At end of year	86,911	71,352	-	-

Notes (continued)

21 (a) Cash, deposits and balances due from financial institutions (continued)

Restatement of presentation of cashflow on cash and cash equivalents

Commercial banks within the Group are required to maintain mandatory Cash Reserve Ratio (CRR) balances with the respective central banks in the jurisdictions in which they operate. These CRR balances are calculated as a percentage of a bank's total foreign and domestic currency deposit liabilities. The funds are non-interest earning and the applicable reserve percentages are subject to periodic changes issued by the central banks in Kenya, Uganda, Tanzania, Rwanda, South Sudan and the Democratic Republic of Congo (DRC).

IAS 7 - Statement of cash flows indicates that amounts included within cash and cash equivalents may, in certain instances, be subject to restrictions. *IAS 7* further requires disclosure of significant cash and cash equivalent balances that are not available for use by the entity, while *IAS 1* requires an asset to be classified as current unless it 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 arising from regulatory or contractual requirements do not, in themselves, preclude a demand deposit from meeting the definition of cash or cash equivalents under *IAS 7*, unless such restrictions alter the substance of the deposit such that it ceases to be available on demand.

Under the current operational frameworks applied by the central banks in the jurisdictions where the Group operates, for Kenya, Rwanda and South Sudan, the CRR balances are held in current accounts with the central banks and remain fully accessible throughout the day for clearing and settlement. Although minimum end-of-day balances must be maintained, this represents a restriction on use, not restriction on access. Accordingly, these balances meet the definition of cash and cash equivalents.

In Democratic Republic of Congo, Tanzania and Uganda certain central bank frameworks impose restrictions on access to CRR balances. These restrictions vary by jurisdiction, with CRR balances being restricted 100% in DRC, 80% in Tanzania, and 50% in Uganda. Based on these jurisdiction-specific restrictions, only the unrestricted portions of CRR balances qualify as cash and cash equivalents for purposes of *IAS 7*.

The Group 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 Central Bank of Kenya imposes restrictions regarding the use of these funds for day-to-day operations, there are no restrictions regarding the Group's access to these deposits for liquidity management.

Accordingly, the Group has restated the cash and cash equivalents for the 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 Group's statement of financial position or any key ratios.

	2024	Restatement	2024
	Shs' millions	Shs' millions	*Restated
			Shs' millions
Movement in restricted cash balances	2,293	26,456	28,749
Net cash from operating activities	169,234	26,456	195,690
Net cash used in investing activities	(30,690)	-	(30,690)
Net cash used in financing activities*	(97,631)	-	(97,631)
Net increase in cash and cash equivalents	40,913	26,456	67,369
Cash and cash equivalents at start of year	193,738	-	193,738
Effect of foreign exchange differences	12,150	-	12,150
Cash and cash equivalents at the end of the year	246,801	26,456	273,257

Notes (continued)

21 (b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Group	2025 Shs' millions	2024 Shs' millions	2025 Shs' millions	2024 Shs' millions
Cash and cash equivalents (Note 21(a))	389,362	344,609	51,931	22,148
<i>Liquid investments:</i>				
FVOCI and FVTPL investment securities (Note 23)	563,152	496,403	-	-
Borrowed funds - repayable within one year (Note 29)	(42,666)	(21,580)	(1,373)	(13,225)
Borrowed funds - repayable after one year (Note 29)	(42,097)	(50,953)	(11,821)	-
Lease liabilities (Note 16 (c))	(1,422)	(3,212)	-	-
Net cash	866,329	765,267	38,737	8,923
Cash and liquid investments	952,514	841,012	51,931	22,148
Gross debt - fixed interest rates	(1,422)	(3,212)	-	-
Gross debt - variable interest rates	(84,763)	(72,533)	(13,194)	(13,225)
	866,329	765,267	38,737	8,923

22 Loans and advances to customers

	2025 Shs' millions	2024 Shs' millions
Loans and advances at amortised cost	878,909	815,869
Loans and advances at fair value through profit or loss	3,548	3,367
	882,457	819,236

(a) Loans and advances at amortised cost

At 31 December 2025	Stage 1 12-month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	Total Shs' Millions
Gross loans and advances	775,821	68,071	99,561	943,453
Loss allowance	(4,479)	(5,468)	(54,597)	(64,544)
Net loans and advances	771,342	62,603	44,964	878,909

Notes (continued)

22 Loans and advances to customers (continued)

(a) Loans and advances at amortised cost (continued)

At 31 December 2024	Stage 1 12-month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	Total Shs' millions
Gross loans and advances	713,820	67,105	109,732	890,657
Loss allowance	(6,680)	(7,434)	(60,674)	(74,788)
Net loans and advances	707,140	59,671	49,058	815,869
	Gross 2025 Shs' millions	2024 Shs' millions	Net 2025 Shs' millions	2024 Shs' millions
Current portion	363,027	479,484	338,284	437,858
Non-current portion	580,426	411,173	540,625	378,011
	943,453	890,657	878,909	815,869

(b) Impairment on financial assets

	Stage 1 12-month ECL Shs' millions	2025 Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	Total ECL Shs' millions
Loss allowance as at 1 January	6,680	7,434	60,674	74,788
Transfer to 12 month ECL	1,948	(1,110)	(838)	-
Transfer to Stage 2 Lifetime ECL	(285)	820	(535)	-
Transfer to Stage 3 Lifetime ECL	(123)	(390)	513	-
Net remeasurement	(5,291)	(1,673)	35,593	28,629
New financial assets originated	3,199	1,201	8,111	12,511
Financial assets derecognised	(1,649)	(814)	(21,482)	(23,945)
	(2,201)	(1,966)	21,362	17,195
Write offs	-	-	(27,439)	(27,439)
Loss allowance as at 31 December	4,479	5,468	54,597	64,544

Notes (continued)

22 Loans and advances to customers (continued)

(b) Impairment on financial assets (continued)

	2024			Total Shs' millions
	Stage 1 12-month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	
Loss allowance as at 1 January	8,854	9,434	51,785	70,073
Transfer to 12 months ECL	2,757	(2,229)	(528)	-
Transfer to Stage 2 Lifetime ECL	(628)	1,453	(825)	-
Transfer to Stage 3 Lifetime ECL	(179)	(3,111)	3,290	-
Net remeasurement	(5,455)	(1,550)	26,101	19,096
New financial assets originated	4,227	5,512	13,854	23,593
Financial assets derecognised	(2,896)	(2,075)	(10,711)	(15,682)
	(2,174)	(2,000)	31,181	27,007
Write offs	-	-	(22,292)	(22,292)
Loss allowance as at 31 December	6,680	7,434	60,674	74,788
	2025			Total Shs' millions
	Stage 1 12-month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	
Gross loans and advances carrying amount as at 1 January	713,820	67,105	109,732	890,657
Movements during the year:				
Transfer to 12 months ECL	31,377	(27,953)	(3,424)	-
Transfer to Stage 2 Lifetime ECL	(39,123)	41,007	(1,884)	-
Transfer to Stage 3 Lifetime ECL	(14,901)	(9,628)	24,529	-
Net remeasurement	(62,019)	969	(1,132)	(62,182)
New financial assets originated	388,549	16,363	20,468	425,380
Financial assets derecognised	(241,882)	(19,792)	(48,728)	(310,402)
Gross loans and advances carrying amount as at 31 December	775,821	68,071	99,561	943,453

Notes (continued)

22 Loans and advances to customers (continued)

(b) Impairment on financial assets (continued)

	2024			Total
	Stage 1 12-month ECL Shs' millions	Stage 2 Lifetime ECL Shs' millions	Stage 3 Lifetime ECL Shs' millions	
Gross loans and advances carrying amount as at 1 January	749,450	98,566	107,123	955,139
Movements during the year:				
Transfer to 12 months ECL	15,939	(14,405)	(1,534)	-
Transfer to Stage 2 Lifetime ECL	(27,994)	29,686	(1,692)	-
Transfer to Stage 3 Lifetime ECL	(15,416)	(15,064)	30,480	-
Net remeasurement	(81,608)	(11,840)	3,065	(90,383)
New financial assets originated	337,244	(16,369)	27,938	348,813
Financial assets derecognised	(263,795)	(3,469)	(55,648)	(322,912)
Gross loans and advances carrying amount as at 31 December	713,820	67,105	109,732	890,657

Notes (continued)

22 Loans and advances to customers (continued)

(b) Impairment on financial assets (continued)

(c) Movements per sector

31 December 2025	Building and construction			Energy and water			Financial services			Total		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total Shs' millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total Shs' millions	Stage 1 12-month ECL		Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Gross carrying amount as at 1 January												
Transfer to 12 months ECL	5,051	4,219	7,466	16,736	52,448	347	14,429	67,224	57,099	2,253	1,824	61,176
Transfer to Stage 2 Lifetime ECL	918	(293)	(625)	-	7	(7)	-	-	2	(2)	-	-
Transfer to Stage 3 Lifetime ECL	(285)	285	-	-	(5,713)	5,861	(148)	-	(12)	12	-	-
Net remeasurement	(439)	(514)	953	-	(15)	(25)	40	-	(1)	(1)	2	-
New financial assets originated	4,721	(2,566)	3,144	5,299	(20,554)	671	(12,674)	(32,557)	(49,468)	(2,235)	396	(51,307)
Financial assets derecognised	9,279	589	824	10,692	24,193	777	310	25,280	12,439	153	387	12,979
	(4,679)	(775)	(2,986)	(8,440)	(6,601)	(47)	(87)	(6,735)	(187)	(2)	-	(189)
Gross carrying amount as at 31 December	14,566	945	8,776	24,287	43,765	7,577	1,870	53,212	19,872	178	2,609	22,659
Loss allowance as at 1 January												
Transfer to 12 months ECL	154	255	7,051	7,460	570	1	4,482	5,053	23	1	1,319	1,343
Transfer to Stage 2 Lifetime ECL	157	(34)	(123)	-	-	-	-	-	-	-	-	-
Transfer to Stage 3 Lifetime ECL	(5)	5	-	-	(3)	10	(7)	-	-	-	-	-
Net remeasurement of loss allowance	(10)	(31)	41	-	-	-	-	-	-	-	-	-
New financial assets originated	(244)	(44)	4,206	3,918	(286)	(3)	(3,003)	(3,292)	(13)	-	1,152	1,139
Financial assets derecognised	209	23	473	705	45	3	126	174	-	-	-	-
Write offs	(53)	(29)	(2,629)	(2,711)	(84)	-	(26)	(110)	-	-	-	-
	-	-	(5,573)	(5,573)	-	-	(8)	(8)	-	-	-	-
Loss allowance as at 31 December	208	145	3,446	3,799	242	11	1,564	1,817	10	1	2,471	2,482
Net loans and advances	14,358	800	5,330	20,488	43,523	7,566	306	51,395	19,862	177	138	20,177

Notes (continued)

22 Loans and advances to customers (continued)

(b) Impairment on financial assets (continued)

(c) Movements per sector

31 December 2025

	Food and agriculture			ICT and Telecommunication			Manufacturing			Total
	Stage 1 12-month ECL	Stage 2 LifETIME ECL	Stage 3 LifETIME ECL	Stage 1 12-month ECL	Stage 2 LifETIME ECL	Stage 3 LifETIME ECL	Stage 1 12-month ECL	Stage 2 LifETIME ECL	Stage 3 LifETIME ECL	
	Shs' millions	Shs' millions								
Gross carrying amount as at 1 January	30,724	3,010	5,552	2,755	46	6	16,796	23,721	1,017	41,534
Transfer to 12 months ECL	274	(236)	(38)	16	(16)	-	3,901	(3,433)	(468)	-
Transfer to Stage 2 Lifetime ECL	(4,498)	4,732	(234)	-	-	-	(50)	50	-	-
Transfer to Stage 3 Lifetime ECL	(1,724)	(741)	2,465	-	-	-	(106)	(4)	110	-
Net remeasurement	(2,302)	(198)	(2,422)	(743)	(19)	(6)	(6,302)	(18,771)	19,232	(5,841)
New financial assets originated	16,500	1,201	1,289	1,380	-	-	47,450	1,325	6,543	55,318
Financial assets derecognised	(11,632)	(897)	(706)	(1,341)	(12)	-	(5,245)	(629)	(9,402)	(15,276)
Gross carrying amount as at 31 December	27,342	6,871	5,906	2,067	(1)	-	56,444	2,259	17,032	75,735
Loss allowance as at 1 January	579	379	1,221	2	-	1	113	2,158	-	2,271
Transfer to 12 months ECL	17	(11)	(6)	-	-	-	344	(342)	(2)	-
Transfer to Stage 2 Lifetime ECL	(93)	147	(54)	-	-	-	-	-	-	-
Transfer to Stage 3 Lifetime ECL	(16)	(42)	58	-	-	-	(2)	-	2	-
Net remeasurement of loss allowance	(311)	(120)	1,074	(1)	-	(1)	(312)	(428)	8,250	7,510
New financial assets originated	239	84	443	-	-	-	161	80	2,153	2,394
Financial assets derecognised	(151)	(46)	(433)	(1)	-	-	(40)	(68)	(2,114)	(2,222)
Write offs	-	-	(16)	-	-	-	-	-	(680)	(680)
Loss allowance as at 31 December	264	391	2,287	-	-	-	264	1,400	7,609	9,273
Net loans and advances	27,078	6,480	3,619	2,067	(1)	-	56,180	859	9,423	66,462

Notes (continued)

22 Loans and advances to customers (continued)

(b) Impairment on financial assets (continued)

(c) Movements per sector

31 December 2025	Mining and quarrying			Personal household			Real estate			Total	
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL		
	Shs' millions	Shs' millions									
Gross carrying amount as at 1 January	26,944	3,853	3,676	213,134	9,004	11,125	233,263	52,069	3,771	9,967	65,807
Transfer to 12 months ECL	4	(4)	-	2,678	(2,277)	(401)	-	18,413	(18,116)	(297)	-
Transfer to Stage 2 Lifetime ECL	(1,473)	1,473	-	(6,933)	7,143	(210)	-	(3,772)	4,383	(611)	-
Transfer to Stage 3 Lifetime ECL	(229)	-	229	(4,826)	(2,938)	7,764	-	(1,112)	(1,499)	2,611	-
Net remeasurement	70,910	(4,926)	1,444	(32,700)	(729)	(4,102)	(37,531)	(6,123)	24,053	5,512	23,442
New financial assets originated	18,581	-	5	108,399	5,108	2,673	116,180	9,457	4,059	284	13,800
Financial assets derecognised	(27,989)	(2)	(5,131)	(60,243)	(1,901)	(1,918)	(64,062)	(10,364)	(2,490)	(8,537)	(21,391)
Gross carrying amount as at 31 December	86,748	394	223	219,509	13,410	14,931	247,850	58,568	14,161	8,929	81,658
Loss allowance as at 1 January	176	1	2,510	1,445	597	2,646	4,688	167	908	9,827	10,902
Transfer to 12 months ECL	-	-	-	308	(73)	(235)	-	531	(459)	(72)	-
Transfer to Stage 2 Lifetime ECL	(1)	1	-	(30)	134	(104)	-	(11)	192	(181)	-
Transfer to Stage 3 Lifetime ECL	-	-	-	(31)	(100)	131	-	(6)	(46)	52	-
Net remeasurement of loss allowance	(108)	-	(2,484)	(1,166)	(194)	7,783	6,423	(381)	(182)	1,978	1,415
New financial assets originated	44	-	5	750	331	1,583	2,664	47	243	124	414
Financial assets derecognised	(21)	-	-	(289)	(62)	(1,303)	(1,654)	(26)	(59)	(7,484)	(7,569)
Write offs	-	-	-	-	-	(5,397)	(5,397)	-	-	(1,326)	(1,326)
Loss allowance as at 31 December	90	2	31	987	633	5,104	6,724	321	597	2,918	3,836
Net loans and advances	86,658	392	192	218,522	12,777	9,827	241,126	58,247	13,564	6,011	77,822

Notes (continued)

22 Loans and advances to customers (continued)

(b) Impairment on financial assets (continued)

(c) Movements per sector	Tourism and hospitality			Trade			Transport and logistics						
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3				
	12-month ECL	12-month Lifetime ECL	12-month Lifetime ECL	12-month ECL	12-month Lifetime ECL	12-month Lifetime ECL	12-month ECL	12-month Lifetime ECL	12-month Lifetime ECL				
31 December 2025	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Total	Shs' millions	Shs' millions	Total
Gross carrying amount as at 1 January	8,500	2,958	11,180	192,641	8,541	38,363	55,659	5,382	5,127	239,545	5,127	66,168	239,545
Transfer to 12 months ECL	1,042	(1,032)	(10)	2,797	(2,083)	(714)	1,325	(454)	(871)	-	(871)	-	-
Transfer to Stage 2 Lifetime ECL	(3,416)	3,416	-	(11,856)	12,102	(246)	(1,115)	1,550	(435)	-	(435)	-	-
Transfer to Stage 3 Lifetime ECL	(10)	(390)	400	(5,937)	(3,162)	9,099	(502)	(354)	856	-	856	-	-
Net remeasurement	2,988	(1,066)	(2,840)	448	8,064	(8,843)	(19,342)	(4,860)	26	(331)	26	(24,176)	(331)
New financial assets originated	1,941	37	93	116,372	2,103	7,554	19,006	4,562	507	126,029	507	24,075	126,029
Financial assets derecognised	(841)	(33)	(1,556)	(90,284)	(9,592)	(15,501)	(22,476)	(3,412)	(2,904)	(115,377)	(2,904)	(28,792)	(115,377)
Gross carrying amount as at 31 December	10,204	3,890	7,267	204,181	15,973	29,712	32,555	2,414	2,306	249,866	2,306	37,275	249,866
Loss allowance as at 1 January	165	169	5,138	3,030	2,553	23,187	257	411	3,291	28,770	3,291	3,959	28,770
Transfer to 12 months ECL	58	(56)	(2)	359	(103)	(256)	173	(30)	(143)	-	(143)	-	-
Transfer to Stage 2 Lifetime ECL	(27)	27	-	(110)	197	(87)	(6)	107	(101)	-	(101)	-	-
Transfer to Stage 3 Lifetime ECL	-	(9)	9	(55)	(127)	182	(3)	(34)	37	-	37	-	-
Net remeasurement of loss allowance	(107)	(31)	2,746	(2,103)	(597)	12,402	(254)	(76)	1,488	9,702	1,488	1,158	9,702
New financial assets originated	16	3	3	1,514	374	2,816	171	59	385	4,704	385	615	4,704
Financial assets derecognised	(15)	(1)	(427)	(856)	(343)	(11,138)	(114)	(205)	(1,628)	(12,337)	(1,628)	(1,947)	(12,337)
Write offs	-	-	(300)	-	-	(7,395)	-	-	(1,040)	(7,395)	(1,040)	(1,040)	(7,395)
Loss allowance as at 31 December	90	102	7,167	1,779	1,954	19,711	224	232	2,289	23,444	2,289	2,745	23,444
Net loans and advances	10,114	3,788	100	198,852	17,569	10,001	32,331	2,182	17	226,422	17	34,530	226,422

Notes (continued)

22 Loans and advances to customers (continued)

(b) Impairment on financial assets (continued)

(c) Movements per sector

31 December 2024	Building and construction			Energy and water			Financial services			Total
	Stage 1 12-month ECL Shs' millions	Stage 2 LifETIME ECL Shs' millions	Stage 3 LifETIME ECL Shs' millions	Stage 1 12-month ECL Shs' millions	Stage 2 LifETIME ECL Shs' millions	Stage 3 LifETIME ECL Shs' millions	Stage 1 12-month ECL Shs' millions	Stage 2 LifETIME ECL Shs' millions	Stage 3 LifETIME ECL Shs' millions	
Gross carrying amount as at 1 January	14,242	4,750	5,560	51,057	448	14,823	63,045	4,490	1,467	69,002
Transfer to 12 months ECL	58	(58)	-	1,061	(1,061)	-	-	-	-	-
Transfer to Stage 2 Lifetime ECL	(1,375)	1,397	(22)	(49)	49	-	(1)	4	(3)	-
Transfer to Stage 3 Lifetime ECL	(1,455)	(451)	1,906	(205)	(2)	207	(2)	-	2	-
Net remeasurement	(1,884)	(297)	670	(2,835)	(8)	(413)	(5,685)	(1)	1,009	(4,677)
New financial assets originated	6,535	555	1,484	20,556	44	(46)	426	2	1	429
Financial assets derecognised	(11,070)	(1,677)	(2,132)	(17,137)	877	(142)	(685)	(2,242)	(652)	(3,579)
Gross carrying amount as at 31 December	5,051	4,219	7,466	52,448	347	14,429	57,098	2,253	1,824	61,176
Loss allowance as at 1 January	169	500	5,563	697	-	12,129	1,078	127	-	1,205
Transfer to 12 months ECL	5	(5)	-	-	-	-	-	-	-	-
Transfer to Stage 2 Lifetime ECL	(12)	15	(3)	-	-	-	-	-	-	-
Transfer to Stage 3 Lifetime ECL	(8)	(281)	289	-	(1)	1	-	-	-	-
Net remeasurement of loss allowance	(10)	(4)	2,818	(244)	(9,536)	(9,780)	(1,046)	-	1,323	277
New financial assets originated	106	206	398	413	2	2,442	-	1	-	1
Financial assets derecognised	(97)	(175)	(2,013)	(295)	-	(509)	(8)	(127)	-	(135)
Write offs	-	-	(1)	-	-	(45)	-	-	(5)	(5)
Loss allowance as at 31 December	153	256	7,051	571	1	4,482	24	1	1,318	1,343
Net loans and advances	4,898	3,963	415	51,877	346	9,947	57,075	2,252	506	59,833

Notes (continued)

22 Loans and advances to customers (continued)

(b) Impairment on financial assets (continued)

(c) Movements per sector

31 December 2024	Food and agriculture			ICT and Telecommunication			Manufacturing			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
	Shs' millions	Shs' millions								
Gross carrying amount as at 1 January	24,715	4,067	4,046	1,598	26	10	24,538	23,527	3,977	52,042
Transfer to 12 months ECL	370	(361)	(9)	-	-	-	86	-	(86)	-
Transfer to Stage 2 Lifetime ECL	(1,020)	1,039	(19)	(16)	16	-	(136)	139	(3)	-
Transfer to Stage 3 Lifetime ECL	(1,159)	(729)	1,888	-	-	-	(160)	(275)	435	-
Net remeasurement	2,887	(206)	276	(286)	(2)	-	(2,392)	24	258	(2,110)
New financial assets originated	22,391	1,115	1,390	1,569	10	1	5,341	4,331	2,322	11,994
Financial assets derecognised	(17,460)	(1,915)	(2,020)	(110)	(4)	(5)	(10,481)	(4,025)	(5,886)	(20,392)
Gross carrying amount as at 31 December	30,724	3,010	5,552	2,755	46	6	16,796	23,721	1,017	41,534
Loss allowance as at 1 January	658	266	3,076	5	-	3	316	2,516	-	2,832
Transfer to 12 months ECL	111	(74)	(37)	-	-	-	3	(3)	-	-
Transfer to Stage 2 Lifetime ECL	(26)	88	(62)	-	-	-	(1)	1	-	-
Transfer to Stage 3 Lifetime ECL	(21)	(50)	71	-	-	-	(1)	(1,884)	1,885	-
Net remeasurement of loss allowance	(236)	(31)	683	(3)	-	-	(28)	2	3,318	3,292
New financial assets originated	453	267	406	1	-	-	41	2,155	2,773	4,969
Financial assets derecognised	(361)	(87)	(1,147)	(2)	-	-	(219)	(629)	(7,973)	(8,821)
Write offs	-	-	(1,768)	-	-	-	-	-	(3)	(3)
Loss allowance as at 31 December	578	379	1,222	1	-	3	111	2,158	-	2,269
Net loans and advances	30,146	2,631	4,330	2,754	46	3	16,685	21,563	1,017	39,265

Notes (continued)

22 Loans and advances to customers (continued)

(b) Impairment on financial assets (continued)

(c) Movements per sector

31 December 2024

	Mining and quarrying			Personal household			Real estate			Total		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total Shs' millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total Shs' millions	Stage 1 12-month ECL		Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Gross carrying amount as at 1 January	31,109	4,626	5,765	41,500	215,124	7,183	12,214	234,521	66,919	38,107	10,917	115,943
Transfer to 12 months ECL	765	(765)	-	-	2,244	(1,218)	(1,026)	-	1,746	(1,662)	(84)	-
Transfer to Stage 2 Lifetime ECL	(2)	2	-	-	(5,383)	6,320	(937)	-	(9,153)	9,488	(335)	-
Transfer to Stage 3 Lifetime ECL	-	(3)	3	-	(3,704)	(1,166)	4,870	-	(922)	(1,859)	2,781	-
Net remeasurement	(11,505)	-	(156)	(11,661)	(30,567)	(777)	(151)	(31,495)	(8,526)	(1,731)	1,562	(8,695)
New financial assets originated	14,077	4	-	14,081	140,143	4,310	3,099	147,552	10,315	(34,559)	9,786	(14,458)
Financial assets derecognised	(7,500)	(10)	(1,936)	(9,446)	(104,723)	(5,648)	(6,944)	(117,315)	(8,310)	(4,013)	(14,660)	(26,983)
Gross carrying amount as at 31 December	26,944	3,854	3,676	34,474	213,134	9,004	11,125	233,263	52,069	3,771	9,967	65,807
Loss allowance as at 1 January	21	307	17	345	2,690	2,704	3,674	9,068	801	2,055	5,285	8,141
Transfer to 12 months ECL	307	(307)	-	-	986	(793)	(193)	-	306	(280)	(26)	-
Transfer to Stage 2 Lifetime ECL	-	-	-	-	(78)	381	(303)	-	(275)	323	(48)	-
Transfer to Stage 3 Lifetime ECL	-	-	-	-	(38)	(650)	688	-	(8)	(177)	185	-
Net remeasurement of loss allowance	(186)	-	2,500	2,314	(2,127)	(631)	4,159	1,401	(592)	(900)	3,696	2,204
New financial assets originated	36	1	-	37	916	416	651	1,983	44	78	4,053	4,175
Financial assets derecognised	(2)	-	(7)	(9)	(904)	(831)	(708)	(2,443)	(109)	(190)	(2,235)	(2,534)
Write offs	-	-	-	-	-	-	(5,323)	(5,323)	-	-	(1,085)	(1,085)
Loss allowance as at 31 December	176	1	2,510	2,687	1,445	596	2,645	4,686	167	909	9,825	10,901
Net loans and advances	26,768	3,853	1,166	31,787	211,689	8,408	8,480	228,577	51,902	2,862	142	54,906

Notes (continued)

22 Loans and advances to customers (continued)

(b) Impairment on financial assets (continued)

(c) Movements per sector

31 December 2024	Tourism and hospitality			Trade			Transport and logistics			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
	Shs' millions	Shs' millions								
Gross carrying amount as at 1 January	4,824	14,540	5,027	197,963	(10,112)	36,972	54,316	6,914	6,345	67,575
Transfer to 12 months ECL	4,378	(4,372)	(6)	1,126	(922)	(204)	4,105	(3,985)	(120)	-
Transfer to Stage 2 Lifetime ECL	(683)	687	(4)	(5,612)	5,980	(368)	(4,562)	4,565	(3)	-
Transfer to Stage 3 Lifetime ECL	(1,098)	(5,909)	7,007	(6,262)	(3,968)	10,230	(448)	(702)	1,150	-
Net remeasurement	(1,390)	(134)	1,591	(15,293)	(7,540)	(1,240)	(4,134)	(1,166)	(338)	(5,638)
New financial assets originated	4,647	192	45	92,422	7,246	8,529	18,821	380	1,330	20,531
Financial assets derecognised	(2,178)	(2,046)	(2,480)	(71,703)	17,857	(15,556)	(12,439)	(624)	(3,237)	(16,300)
Gross carrying amount as at 31 December	8,500	2,958	11,180	192,641	8,541	38,363	55,659	5,382	5,127	66,168
Loss allowance as at 1 January	178	-	261	1,464	-	17,958	777	960	3,818	5,555
Transfer to 12 months ECL	-	-	-	235	-	(235)	804	(767)	(37)	-
Transfer to Stage 2 Lifetime ECL	(16)	16	-	(32)	441	(409)	(188)	188	-	-
Transfer to Stage 3 Lifetime ECL	(28)	-	28	(68)	-	68	(7)	(68)	75	-
Net remeasurement of loss allowance	15	21	5,235	(5)	12	11,918	(993)	(19)	(13)	(1,025)
New financial assets originated	52	132	1	2,032	2,100	3,000	133	154	130	417
Financial assets derecognised	(36)	-	(103)	(595)	-	4,666	(268)	(37)	(681)	(986)
Write offs	-	-	(284)	(284)	-	(13,778)	-	-	-	-
Loss allowance as at 31 December	165	169	5,138	3,031	2,553	23,188	258	411	3,292	3,961
Net loans and advances	8,335	2,789	6,042	189,610	5,988	15,175	55,401	4,970	1,834	62,205

Notes (continued)

22 Loans and advances to customers (continued)

(c) Movement per sector (continued)

The terms and conditions normally provided for the loans and advances to customers are as follows:

For Expected Credit Loss provisions measured on a collective basis, exposures are grouped according to shared credit risk characteristics to ensure that each portfolio is sufficiently homogenous and statistically robust for modelling purposes. In determining the appropriate groupings, the Group considered its credit risk management practices, including regulatory requirements, internal concentration limits, and the manner in which credit risk is monitored and controlled.

Accordingly, loans and advances at amortised cost are aggregated into industry-based segments such as Agriculture, Personal Household, Trade, Mining and Quarrying, Manufacturing, Individuals, Building and Construction, Tourism, and Transport and Communication, among others. The suitability of these groupings is assessed and refined periodically. During the year, certain exposures were deemed individually significant and were therefore subjected to individual assessment, in addition to those already classified in Stage 3.

The Group is also exposed to concentrations of credit risk, which arise when multiple counterparties share similar economic characteristics or operate within the same industry, sector, or geographical region, such that their ability to meet contractual obligations is affected by common macroeconomic, political, or other external factors. To mitigate these risks, the Group employs a range of measures, including portfolio and counterparty limits, structured approval and review processes, and regular stress testing across industries and jurisdictions.

(d) Financial asset at fair value through profit or loss

	Group	
	2025 Shs' millions	2024 Shs' millions
Loan note	6,450	6,463
Fair value loss	(2,902)	(3,096)
	3,548	3,367
Non-current	3,548	3,367
Movement in fair value loss:		
At start of the year	(3,096)	(5,536)
Fair value gain in current year	194	2,440
	(2,902)	(3,096)

The financial asset at fair value through profit or loss relates to long term note issued to the Bank in 2017 following a restructure of facilities to a customer in the airline industry (original borrower company). The loan note earns a coupon rate of interest, is partly guaranteed by the Government of Kenya and is secured by shares held by the issuer in the original borrower company. The ultimate amount recoverable on the loan note will depend on the value realised when the underlying shares are disposed of (including any upswing) and any guarantee called in the event of loss. The instrument is considered a loan instrument with an embedded derivative and has therefore been classified as a financial asset at fair value through profit or loss.

In addition to the above, the value of the loan note would be impacted by qualitative, judgemental analysis of developments at the original borrower company and in the airline industry, and the future actions of the Government of Kenya and other shareholders.

Notes (continued)

23 Investment securities – Group

	2025 Shs' millions	2024 Shs' millions
Investment securities at amortised cost		
At start of year	15,586	24,798
Purchase of securities	829	-
Maturity of securities	(1,733)	(3,995)
Translation differences	(25)	(5,217)
	<hr/> 14,657	<hr/> 15,586
12-month ECL:		
At start of the year	(7)	(15)
Re-measurement during the year	(19)	8
	<hr/> (26)	<hr/> (7)
Net carrying amount	<hr/> 14,631	<hr/> 15,579
Investment securities at FVOCI		
At start of year	470,807	463,231
Purchase of investment securities	167,363	109,614
Sale / maturity of investment securities	(151,131)	(97,703)
Net gain/(loss) on fair valuation	32,787	23,194
Translation differences	3,958	(27,529)
	<hr/> 523,784	<hr/> 470,807
12-month ECL:		
At start of year	(306)	(42)
Re-measurement during the year	(523)	(246)
Translation differences	(62)	(18)
	<hr/> (891)	<hr/> (306)
Net carrying amount	<hr/> 522,893	<hr/> 470,501
Investment securities at FVTPL		
At start of year	25,902	12,570
Purchase of investment securities	38,535	49,931
Sale of investment securities	(19,185)	(31,439)
Translation differences	(4,993)	(5,160)
	<hr/> 40,259	<hr/> 25,902
Total investment securities	<hr/> 577,783	<hr/> 511,982
Current	54,890	68,451
Non-current	522,893	443,531
	<hr/> 577,783	<hr/> 511,982
Total	<hr/> 577,783	<hr/> 511,982

The weighted average effective interest rate at 31 December 2025 was 11.8% (2024: 11.9%).

Notes (continued)

24 Other assets	Group		Company	
	2025 Shs' millions	2024 Shs' millions	2025 Shs' millions	2024 Shs' millions
Non-financial other assets				
Settlement and clearing accounts	6,938	3,496	-	-
Prepaid expenses	6,608	6,016	-	7
Refundable deposits	978	976	-	-
	14,524	10,488	-	7
Financial other assets				
Sundry debtors	9,097	7,819	527	755
Other assets*	9,954	13,137	1,559	2,627
	19,051	20,956	2,086	3,382
12-month ECL:				
At start of the year	(898)	(438)	(275)	(275)
Re-measurement during the year	163	(383)	(165)	-
Translation differences	22	(77)	-	-
At end of the year	(713)	(898)	(440)	(275)
Net carrying amount	32,862	30,546	1,646	3,114

*Other assets include receivables from card schemes and a receivable for expenses incurred on behalf of third parties.

Other assets are settled no more than 12 months after the reporting date. All the balances are non-interest bearing.

25 (a) Reinsurance contract assets	2025 Shs' millions	Group 2024 Shs' millions
Assets from:		
- Group life	443	248
- Credit life	1,227	1,407
- Medical	2	-
- General	308	-
	1,980	1,655
(b) Insurance contract liabilities		
At start of the year	19,894	16,903
Net insurance service result	1,898	(234)
Investment component cashflows	726	3,225
	22,518	19,894

Notes (continued)

25 (a) Reinsurance contract assets

Year ended 31 December 2025	Asset for Remaining Coverage (ARC) Excluding loss recovery component Shs'millions	Loss recovery component Shs'millions	Total ARC Shs'millions	Asset Recoverable for Incurred Claims (ARIC) Estimate of present value of cash flows Shs'millions	Risk adjustment for non-financial risk Shs' millions	Total ARIC for contracts under PAA Shs'millions	Total asset Shs'millions
Opening reinsurance contract assets	959	-	959	696	-	696	1,655
Net opening balance at 1 January	959	-	959	696	-	696	1,655
Insurance revenue ceded to the reinsurer (Note 6)	(349)	-	(349)	-	-	-	(349)
Insurance service expenses (Note 5)	(145)	-	(145)	-	-	-	(145)
Recoveries of incurred claims and other directly attributable expenses	-	-	-	437	24	461	461
Net expenses from reinsurance contracts	(494)	-	(494)	437	24	461	(33)
Net finance income from reinsurance contracts	-	-	-	39	-	39	39
Total changes in the statement of profit or loss and OCI	(494)	-	(494)	476	24	500	6
Cashflows							
Premiums paid	919	-	919	(207)	-	(207)	712
Commission income receivable	(243)	-	(243)	-	-	0	(243)
Profit commission receivable	(31)	-	(31)	-	-	0	(31)
Claims and other directly attributable expenses recoveries	-	-	-	(326)	-	(326)	(326)
Outstanding amounts at year end	109	-	109	98	-	98	207
Total cashflows	754	-	754	(435)	-	(435)	319
Closing reinsurance contract assets	1,219	-	1,219	737	24	761	1,980

Notes (continued)

25 (a) Reinsurance contract assets (continued)

Year ended 31 December 2024	Asset for Remaining Coverage (ARC) Excluding loss recovery component Shs' millions	Loss recovery component Shs' millions	Total ARC Shs' millions	Asset Recoverable for Incurred Claims (ARIC) Estimate of present value of cash flows Shs' millions	Risk adjustment for non-financial risk Shs' millions	Total ARIC for contracts under PAA Shs' millions	Total asset Shs' millions
Opening reinsurance contract assets	764	-	764	859	-	859	1,623
Net opening balance at 1 January	764	-	764	859	-	859	1,623
Insurance revenue ceded to the reinsurer (Note 6)	(490)	-	(490)	-	-	-	(490)
Insurance service expenses (Note 5)	-	-	-	-	-	-	-
Recoveries of incurred claims and other directly attributable expenses	-	-	-	378	-	378	378
Net expenses from reinsurance contracts	(490)	-	(490)	378	-	378	(112)
Net finance income from reinsurance contracts	-	-	-	28	-	28	28
Total changes in the statement of profit or loss and OCI	(490)	-	(490)	406	-	406	(84)
Cashflows							
Premiums paid	422	-	422	-	-	-	422
Claims and other directly attributable expenses recoveries	350	-	350	(776)	-	(776)	(426)
Outstanding amounts at year end	(87)	-	(87)	207	-	207	120
Total cashflows	685	-	685	(569)	-	(569)	116
Closing reinsurance contract assets	959	-	959	696	-	696	1,655

Notes (continued)

25 (b) Insurance contract liabilities

Year ended 31 December 2025	Liability for Remaining Coverage (LRC) Excluding loss recovery component Shs' millions	Loss recovery component Shs' millions	Total LRC Shs' millions	Liability for Incurred Claims (LIC) Estimate of present value of cash flows Shs' millions	Risk adjustment for non-financial risk Shs' millions	Total LIC for contracts under PAA Shs' millions	Total asset Shs' millions
Opening insurance contract liabilities	18,778	-	18,778	1,116	-	1,116	19,894
Net opening balance at 1 January	18,778	-	18,778	1,116	-	1,116	19,894
Insurance revenue (Note 4)	(3,570)	-	(3,570)	-	-	-	(3,570)
Insurance service expenses (Note 5)	4	1	5	2,562	45	2,607	2,612
Insurance acquisition cashflows amortisation	229	-	229	-	-	-	229
Insurance service result	(3,337)	1	(3,336)	2,562	45	2,607	(729)
Net finance expense from insurance contracts	2,557	-	2,557	70	-	70	70
Interest expense on deposit administration	-	-	-	-	-	-	2,557
Total recognised in the statement of profit or loss and OCI	(780)	1	(779)	2,632	45	2,677	1,898
Cashflows							
Premiums received	7,912	-	7,912	-	-	-	7,912
Claims and other directly attributable expenses paid	(5,223)	-	(5,223)	(1,582)	-	(1,582)	(6,805)
Insurance acquisition cashflows deducted	(381)	-	(381)	-	-	-	(381)
Total cashflows	2,308	-	2,308	(1,582)	-	(1,582)	726
Closing insurance contract liabilities	20,306	1	20,307	2,166	45	2,211	22,518

Notes (continued)

25 (b) Insurance contract liabilities (continued)

Year ended 31 December 2024	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)			Total asset
	Excluding loss recovery component Shs'millions	Loss recovery component Shs'millions	Total LRC Shs'millions	Estimate of present value of cash flows Shs'millions	Risk adjustment for non-financial risk Shs'millions	
Opening insurance contract liabilities	15,869	-	15,869	1,034	-	16,903
Net opening balance at 1 January	15,869	-	15,869	1,034	-	16,903
Insurance revenue (Note 4)	(1,429)	-	(1,429)	-	-	(1,429)
Insurance service expenses (Note 5)	3	-	3	800	-	803
Insurance acquisition cashflows amortisation	118	-	118	-	-	118
Insurance service result	(1,308)	-	(1,308)	800	-	(508)
Net finance expense from insurance contracts	196	-	196	78	-	274
Total recognised in the statement of profit or loss and OCI	(1,112)	-	(1,112)	878	-	(234)
Cashflows						
Premiums received	5,241	-	5,241	-	-	5,241
Claims and other directly attributable expenses paid	(975)	-	(975)	(796)	-	(1,771)
Insurance acquisition cashflows deducted	(245)	-	(245)	-	-	(245)
Total cashflows	4,021	-	4,021	(796)	-	3,225
Closing insurance contract liabilities	18,778	-	18,778	1,116	-	19,894

Notes (continued)

26 Deferred income tax

The net deferred income tax movement computed at the enacted tax rates, is attributable to the following items:

<i>Group</i>	At start of year	Recognised in profit or loss	Translation differences	Recognised in OCI	At end of year
	Shs' millions	Shs' millions	Shs' millions	Shs' millions	Shs' millions
For the year ended 31 December 2025					
Property, equipment and software	(725)	163	(51)	-	(613)
Loan impairment provision	15,473	(1,487)	(4,091)	-	9,895
Provision for accrued leave	(763)	157	(6)	-	(612)
Other temporary differences	9,245	(773)	(3,269)	-	5,203
Deferred income	(665)	(2,189)	139	-	(2,715)
FVOCI reserves	10,231	-	3,931	(9,633)	4,529
Other reserves (Defined benefit obligation)	(594)	73	1,091	125	695
	32,202	(4,056)	(2,256)	(9,508)	16,382
For the year ended 31 December 2024					
Property, equipment and software	(1,584)	850	9	-	(725)
Loan impairment provision	23,575	(9,372)	1,270	-	15,473
Provision for accrued leave	416	(1,178)	(1)	-	(763)
Other temporary differences	(157)	9,120	282	-	9,245
Deferred income	(973)	17	291	-	(665)
FVOCI reserves	17,609	-	(419)	(6,959)	10,231
Other reserves (deferred benefit obligation)	116	50	(79)	(681)	(594)
	39,002	(513)	1,353	(7,640)	32,202

Notes (continued)

26 Deferred income tax (continued)

Company	At start of year	Recognised in profit or loss	Prior period under accrual	At end of year
	Shs' millions	Shs' millions	Shs' millions	Shs' millions
31 December 2025				
Unrealized foreign exchange losses	(84)	246	7	169
31 December 2024				
Unrealized foreign exchange losses	964	(1,048)	-	(84)

The deferred tax asset and deferred tax liability at group level in the statement of financial position have been separated as required by IAS 12, since they relate to different tax jurisdictions.

	Group		Company	
	2025 Shs' millions	2024 Shs' millions	2025 Shs' millions	2024 Shs' millions
The balance at 31 December is made up of:				
Deferred income tax asset	21,223	35,497	169	-
Deferred income tax liability	(4,841)	(3,295)	-	(84)
	16,382	32,202	169	(84)

The Group has concluded that the deferred income tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Group. The Group is expected to continue generating taxable income.

Notes (continued)

27 Deposits from customers

Deposits from customers are analysed below:

	Group	
	2025	2024
	Shs' millions	Shs' millions
Retail customers		
Savings deposits	127,337	136,104
Current deposits	185,424	134,058
Term deposits	116,884	92,390
Transactional deposits	202,607	186,753
	632,252	549,305
Corporate customers		
Savings deposits	39,925	28,088
Current deposits	442,354	467,006
Term deposits	299,169	305,366
Transactional deposits	38,869	47,729
Margin on guarantees	2,573	3,893
	822,890	852,082
	1,455,142	1,401,387
Current	1,390,178	1,318,823
Non-current	64,964	82,564
	1,455,142	1,401,387
Total	1,455,142	1,401,387

The weighted average effective interest rate on interest bearing customer deposits at 31 December 2025 was 3.3% (2024: 8%). The carrying value of customer deposits approximates their fair value. The summary of terms and conditions for the various categories of deposits are below:

- (a) Term deposits - These are high interest-bearing accounts that are opened for a specific period of time at a fixed rate of interest. Funds are fixed on the account for specified term periods of time. Interest is calculated daily and paid only on maturity of the deposits. Interest rates are offered at competitive and attractive rates.
- (b) Current accounts - These are non-interest-bearing accounts that are due on demand. They are operated by both individuals and institutions with the use of a cheque book. They are subject to transaction activity fees and/or monthly maintenance charges.
- (c) Savings accounts - These are deposits accounts designed for the average income earner that enables one to save some money and earn interest. The more one saves, the higher the interest. Interest on minimum monthly balances is paid into the account bi-annually.
- (d) Transaction deposits - These are non-interest-bearing accounts that can be used directly as cash without withdrawal limits or restrictions.

Notes (continued)

28 Other liabilities

	Group		Company	
	2025 Shs' millions	2024 Shs' millions	2025 Shs' millions	2024 Shs' millions
Settlement and clearing accounts	32,588	21,802	-	-
Accounts payable and sundry creditors	13,066	8,709	-	-
Accrued expenses	9,851	8,046	86	81
Deferred income	6,987	8,179	-	-
	62,492	46,736	86	81
Current	57,465	28,996	86	81
Non-current	5,027	17,740	-	-
	62,492	46,736	86	81

29 Borrowed funds

Equity Bank (Kenya) Limited (EBKL)				
International Finance Corporation (IFC)	14,812	14,952	-	-
KFW (Ministry of Finance)-SIPMK	242	-	-	-
European Investment Bank	7,026	10,081	-	-
KFW DEG	-	7,304	-	-
CDC Group PLC	6,476	7,119	-	-
DEG-CDC-FMO	4,730	6,489	-	-
Proparco	4,838	-	-	-
Overnight borrowings	-	2,015	-	-
Equity Group Holdings Plc (EGH Plc)				
African Development Bank (AfDB)	13,194	13,225	13,194	13,225
EBUL				
<i>Inter-bank money market borrowings:</i>				
Uganda Energy Credit Capitalisation				
Company	42	83	-	-
Standard Chartered Bank Uganda	1,664	-	-	-
ABi Finance	578	823	-	-
Equity Bank (Tanzania) Limited (EBTL)				
European Investment Bank	1,452	2,181	-	-
Interbank borrowing	5,465	-	-	-
Equity Bank (Rwanda) Limited (EBRL)				
National Bank of Rwanda	10,309	5,321	-	-
Development Bank of Rwanda	-	261	-	-
Overnight borrowings	-	841	-	-
Access Bank	-	355	-	-
EquityBCDC				
European Investment Bank	495	834	-	-
FMP	645	649	-	-
Interbank borrowing	12,795	-	-	-
	84,763	72,533	13,194	13,225

Notes (continued)

29 Borrowed funds (continued)

	Group		Company	
	2025 Shs' millions	2024 Shs' millions	2025 Shs' millions	2024 Shs' millions
Current	42,666	21,580	1,373	13,225
Non-current portion	42,097	50,953	11,821	-
	84,763	72,533	13,194	13,225
Movement during the year:				
At start of year	72,533	150,595	13,225	16,111
Proceeds from borrowed funds	34,539	17,265	-	-
Repayment of borrowed funds	(26,067)	(85,011)	-	-
Interest charged on borrowed funds	5,692	13,227	1,292	1,416
Interest paid on borrowed funds	(4,819)	(12,101)	(1,290)	(1,527)
Translation differences	2,885	(11,442)	(33)	(2,775)
At end of year	84,763	72,533	13,194	13,225

Company

Lender	Type of loan	Loan balance	Security	Currency	Interest rate	Maturity date	Finance cost recognised in the year
	Shs' millions						Shs' millions
31 December 2025							
African Development Bank	Long term loan	13,194	Unsecured	USD	6-month SOFR+ 4.9%	24 December 2027	1,292
31 December 2024							
African Development Bank	Long term loan	13,225	Unsecured	USD	6-month SOFR+ 4.9%	24 December 2027	1,416

Notes (continued)

29 Borrowed funds (continued)

31 December 2025 – Group (continued)

Lender	Type of loan	Loan balance	Security	Currency	Interest rate	Maturity date
		Shs' millions				
African Development Bank-EGH	Long term loan	13,194	Unsecured	USD	6M SOFR + 4.9%	24-Dec-27
International Finance Corporation B1 & C (IFC)-EBKL	Long term loan	14,812	Unsecured	USD	6M SOFR + 5.6%	15-Dec-28
KFW (Ministry of Finance)-SIPMK-EBKL	Long term loan	242	Unsecured	KES	4%	31-Dec-35
European Investment Bank Tranche 1 -EBKL	Long term loan	1,236	Unsecured	KES	7.11%	01-Oct-27
European Investment Bank Tranche 3 -EBKL	Long term loan	4,574	Unsecured	KES	7.74%	01-Apr-28
European Investment Bank Tranche 2 -EBKL	Long term loan	1,216	Unsecured	KES	6.31%	01-Oct-27
CDC Group PLC-EBKL	Long term loan	6,476	Unsecured	USD	6M SOFR + 4.85%	15-Dec-28
DEG-CDC-FMO Facility A -EBKL	Long term loan	2,957	Unsecured	USD	3M SOFR + 2.85%	15-Nov-27
DEG-CDC-FMO Facility B -EBKL	Long term loan	1,773	Unsecured	USD	3M SOFR + 2.60%	15-Nov-27
Proparco-EBKL	Long term loan	4,838	Unsecured	USD	6M SOFR + 2.45%	15-Jul-27
Uganda Energy Credit Capitalisation Company-EBUL	Medium term loan	42	Unsecured	UGX	5% Fixed Rate	23-Nov-2026
ABi Finance-EBUL	Medium term loan	578	Unsecured	UGX	11.2% Fixed Rate	Various
Standard Chartered Bank Uganda-EBUL	Short term loan	1,664	Unsecured	UGX	Various	Various
European investment bank-EBTL	Long term loan	1,452	Unsecured	USD	5.455% Fixed Rate	20-Oct-2027
Interbank(EBKL)-EBTL	Short term loan	5,465	Unsecured	TZS	Various	Various
National Bank of Rwanda-EBRL	Various	10,309	Unsecured	RWF	Various	Various
European Investment Bank-EBCDC	Long term loan	495	Unsecured	USD	Various	Various
Interbank(EBKL)-EBCDC	Short term loan	12,795	Unsecured	USD	Various	Various
FPM-EBCDC	Long term loan	645	Unsecured	USD	5.50% Fixed Rate	28-Sep-2028

84,763

Notes (continued)

29 Borrowed funds (continued)

31 December 2025 – Group (continued)

The Group has a number of facilities with various lenders as shown above. The facilities contain some financial covenants, which are monitored against the annual audited financial statements. As at 31 December 2025, Equity Bank (Kenya) Limited's Open Credit Exposure Ratio limit in respect of the IFC (B1 & C) and CDC subordinated debt facilities, as well as the Single Group Exposure Ratio in respect of the Proparco senior debt facility, were above the stipulated minimum thresholds. Subsequent to year end, formal waivers were obtained from the respective lenders, confirming that no acceleration of repayment or penalties will arise as a result thereof. However, the balances have been classified as current liabilities within the liquidity risk note (4c) and under note 29, in line with the requirements of IFRS Accounting Standards.

31 December 2024 – Group

Lender	Type of loan	Loan balance Shs' millions	Security	Currency	Interest rate	Maturity date
IFC B1 & C - Subordinated Debt- EBKL	Long term loan	14,929	Unsecured	USD	6M SOFR+ 5.60%	15-Dec-28
Proparco- EBKL	Long term loan	7,303	Unsecured	USD	3M SOFR +2.85%	15-Jul-27
CDC Group PLC- EBKL	Long term loan	6,512	Unsecured	USD	6M SOFR+ 4.85%	15-Dec-28
European Investment Bank- EBKL	Long term loan	6,404	Unsecured	SHS	6.0%	01-Oct-27
DEG CDC FMO facility A- EBKL	Long term loan	4,450	Unsecured	USD	3M SOFR +2.85%	15-Nov-27
DEG CDC FMO facility B- EBKL	Long term loan	2,669	Unsecured	USD	3M SOFR +2.60%	15-Nov-27
Overnight borrowings- EBKL	Short term loan	2,016	Unsecured	Various	Various	Various
European Investment Bank- EBKL	Long term loan	1,853	Unsecured	SHS	7.0%	01-Oct-27
European Investment Bank- EBKL	Long term loan	1,824	Unsecured	SHS	8.0%	01-Apr-28
Africa Development Bank - EGH	Long term loan	13,225	Unsecured	USD	6M SOFR+ 4.9%	24-Dec-27
National Bank of Rwanda- EBRL	Short term loan	3,499	Unsecured	RWF	8.0%	17-Aug-25
National Bank of Rwanda -EBRL	Medium term Loan	1,503	Unsecured	RWF	2.0%	Various
GT Bank-EBRL	Short term loan	654	Unsecured	RWF	8.0%	30-Dec-24
Access Bank- EBRL	Short term loan	355	Unsecured	RWF	8.0%	27-Dec-24
Access to Finance for Recovery and Resilience -EBRL	Medium term Loan	319	Unsecured	RWF	2.0%	Various

Notes (continued)

29 Borrowed funds (continued)

31 December 2024 – Group (continued)

Lender	Type of loan	Loan balance Shs' millions	Security	Currency	Interest rate	Maturity date
Development Bank of Rwanda- EBRL	Short term loan	93	Unsecured	RWF	0.0%	17-May-19
Development Bank of Rwanda -EBRL	Short term loan	93	Unsecured	RWF	2.0%	02-Jul-20
Development Bank of Rwanda -EBRL	Short term loan	75	Unsecured	RWF	2.0%	19-Aug-22
European Investment Bank (EIB)-EBTL	Long term loan	2,181	Unsecured	TZS	5.5%	27-Oct-27
FPM - EBCDC	Medium term Loan	649	Unsecured	USD	4.0%	28-Jun-28
European Investment Bank -EBCDC	Medium term Loan	491	Unsecured	USD	4.7%	20-Apr-27
European Investment Bank -EBCDC	Medium term Loan	336	Unsecured	USD	5.2%	20-Apr-27
Central Bank of Congo -EBCDC	Medium term Loan	7	Unsecured	USD	5.2%	20-Apr-27
ABI Finance-EBUG	Short term loan	-	Unsecured	USD	3.0%	24-Apr-24
ABI Finance-EBUG	Short term loan	447	Unsecured	USHS	11.0%	22-Dec-27
ABI Finance-EBUG	Short term loan	289	Unsecured	USHS	11.0%	26-May-28
ABI Finance-EBUG	Short term loan	87	Unsecured	USHS	11.0%	26-May-28
Uganda Energy Credit Capitalisation Company-EBUG	Short term loan	83	Unsecured	USHS	5.0%	21-Nov-26
		72,533				

Notes (continued)

30 Retirement benefits obligation – Defined benefit plan

The Group has an unfunded defined benefit plan for the employees in DRC and South Sudan

	2025	2024
	Shs' millions	Shs' millions
Movement in retirement benefit obligations:		
At start of year	2,163	2,262
IAS 29 cost restatement	(64)	2,642
Interest cost	121	120
Past service cost	168	96
Benefits paid by the plan	(240)	(332)
Recognised actuarial gains	418	(2,270)
Translation differences	38	(355)
	<hr/>	<hr/>
Present value of unfunded obligations	2,604	2,163

The net charge recognised in the income statement / other comprehensive income is as follows:

Interest cost (profit or loss)	163	120
Recognised actuarial cost (OCI)	418	(2,270)
IAS 29 cost restatement	(64)	2,642
Past service cost (profit or loss)	126	96

The movement in the retirement benefit obligations in the statement of financial position is as follows:

At start of year	2,163	2,262
IAS 29 cost restatement	(64)	2,642
Employer contributions	(240)	(332)
Charge to income statement	289	216
Charge to the OCI	418	(2,270)
Translation differences	38	(355)
	<hr/>	<hr/>
At end of year	2,604	2,163

Summary of benefit and contribution structure

	2025	2024	2025	2024
	EBCDC	EBCDC	EBSSL	EBSSL
Eligible and active members (Number)	2,167	1,992	135	137
Normal retirement age (Years)	65	65	60	60

Key assumption

	2025	2024	2025	2024
	% pa	% pa	% pa	% pa
Discount rate	5.3	5.6	8	8
Expected rate of salary increase	3	3	3	3

These assumptions are likely to change in the future and this will affect the value placed on the liabilities.

Impact

	2025	2024
	Shs' millions	Shs' millions
Discount rate (+/-1% movement)	+/-0.5	+/-0.5
Inflation rate (+/-2% movement)	+/-1	+/-1

Notes (continued)

31 Share capital and reserves

(a) Share capital	Group		Company	
	2025	2024	2025	2024
	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Authorised - 4,114,196,688 (2024: 4,114,196,688) ordinary shares of Shs 0.5 each	2,057	2,057	2,057	2,057
Issued and fully paid - 3,773,674,802 (2024: 3,773,674,802) ordinary shares of Shs 0.5 each	1,887	1,887	1,887	1,887
Movement in ordinary shares				
At start and end of year (3,773,674,802)	3,774	3,774	3,774	3,774
In monetary terms:				
At start and end of year	1,887	1,887	1,887	1,887

The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Share premium

Share premium arose from the issue of shares at a price higher than the par value of the shares.

(c) FVOCI reserve

The fair value through other comprehensive income (FVOCI) reserve is attributable to marking to market of investment securities classified under the FVOCI category. All unrealised gains and losses are recognised in other comprehensive income and credited to FVOCI reserve until the investment is derecognised at which time the cumulative gain or loss is recognised in profit or loss, or the investment is determined to be impaired, when the cumulative loss is reclassified from the FVOCI reserve to profit or loss.

(d) Statutory loan loss reserve

The loan loss reserve represents excess of the loans and advances impairment provision determined in accordance with the Central Banks of Rwanda and Uganda prudential guidelines compared with the requirements of *IFRS 9 - Financial instruments: Recognition and measurement*. This amount is not available for distribution.

(e) Other reserves

The other reserves represent pre-acquisition reserves from Equity Bank Uganda Limited and actuarial gains/losses from revaluation of defined benefit obligation. This amount is not available for distribution.

(f) Foreign currency translation reserve

The foreign exchange translation reserve represents translation of the financial statements of the subsidiaries from respective currencies to Kenya Shillings. This amount is not available for distribution.

Notes (continued)

31 Share capital and reserves (continued)

(g) Dividends

The following dividends were declared and/or paid by the Company. Cash dividends on ordinary shares declared and paid:

	Group		Company	
	2025	2024	2025	2024
	Shs'	Shs'	Shs'	Shs'
	millions	millions	Millions	millions
2025 dividend declared and paid: Shs (4.25 per share) (2024: Shs (4 per share))	16,038	15,095	16,038	15,095

The Directors recommend a final dividend of Shs 5.75 per share (Shs.21,701 million) in respect of the year ended 31 December 2025 (2024: Shs 4.25; Shs.16,038 million). Payment of the dividend is subject to withholding tax at a rate of 5% for residents and 10% for non-residents.

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December.

There is no income tax consequence arising from the retention or distribution of the retained earnings during the year.

32 Related parties and related party transactions

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Group (including subsidiaries) and its employees. The Group considers the Board of Directors, executive and non-executive Directors, to be key management personnel for the purposes of IAS 24 - related party disclosures.

The Group enters into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business.

(a) Loans to key management personnel

	Group	
	2025	2024
	Shs' millions	Shs' millions
At start of year	2,982	3,673
Interest charged	78	158
Loans disbursed	2,250	1,398
Repayments	(1,146)	(1,813)
Translation differences	(38)	(434)
At end of year	4,126	2,982
Current	170	66
Non – current	3,956	2,916
Total	4,126	2,982

Notes (continued)

32 Related parties and related party transactions (continued)

(b) Loans to employees

	Group 2025 Shs' millions	2024 Shs' millions
At start of year	18,915	16,126
Interest charged	218	755
Loans disbursed	5,588	7,541
Repayments	(6,046)	(5,177)
Translation differences	(190)	(330)
	<hr/>	<hr/>
At end of year	18,485	18,915
	<hr/>	<hr/>
Current	270	249
Non – current	18,215	18,666
	<hr/>	<hr/>
Total	18,485	18,915
	<hr/>	<hr/>

The loans are secured by property mortgage and are repayable in a period of up to 25 years at an average interest rate of 6% to 10% per annum.

(c) Loans to associates of key management personnel

	Group 2025 Shs' Millions	2024 Shs' Millions
At start of year	6,735	7,088
Interest charged	584	964
Loans disbursed	23	117
Repayments	(1,440)	(1,341)
Translation differences	(117)	(93)
	<hr/>	<hr/>
At end of year	5,785	6,735
	<hr/>	<hr/>
Current	5	3
Non – current	5,780	6,732
	<hr/>	<hr/>
Total	5,785	6,735
	<hr/>	<hr/>

These are loans to associates of executive and non-executive directors. The total amount of loans and advances granted was in ordinary course of business. There were no provisions for doubtful debts related to the amount of outstanding balances and no expense was recognised during the year in respect of bad or doubtful debts due from related parties.

Notes (continued)

32 Related parties and related party transactions (continued)

(d) Key management personnel compensation

	Group	
	2025	2024
	Shs' millions	Shs' millions
Remuneration to executive directors:		
Company*	304	253
Group**	1,861	2,320
Remuneration to key management	6,359	6,789
	<hr/>	<hr/>
	8,524	9,362
	<hr/>	<hr/>

* Remuneration to the executive directors of the parent Company, Equity Group Holdings Plc

** Remuneration to the executive directors of the subsidiary companies in the Group.

	Group	
	2025	2024
	Shs' millions	Shs' millions
Remuneration to key management:		
Salaries and short-term benefits	6,359	6,789
Pension	389	524
	<hr/>	<hr/>
	6,748	7,313
	<hr/>	<hr/>

(e) Directors' emoluments

	Group		Company	
	2025	2024	2025	2024
	Shs' millions	Shs' millions	Shs' millions	Shs' millions
Directors of EGH Plc				
As executives	304	253	-	-
Fees for non-executive directors	77	76	77	76
	<hr/>	<hr/>	<hr/>	<hr/>
	381	329	77	76
	<hr/>	<hr/>	<hr/>	<hr/>
Directors of subsidiaries who are not directors of EGH Plc:				
As executives	1,397	1,862	-	-
Fees for non-executive directors	273	227	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,670	2,089	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

32 Related parties and related party transactions (continued)

(e) Directors' emoluments (continued)

In addition to their salaries, the Group also contributes to a post-employment defined contribution plan and the National Social Security Fund for Kenya, Tanzania, Uganda and Democratic Republic of Congo employees. The Group also contributes to the Rwanda Social Security Fund for Rwanda employees and to a private pension fund for employees in South Sudan.

(f) Due from related parties

	Group		Company	
	2025	2024	2025	2024
	Shs'	Shs'	Shs'	Shs'
	millions	millions	millions	millions
Equity Group Foundation	22	67	-	-
Equity Investment Bank Limited	-	-	3	-
Equity Bank Kenya Ltd	-	-	1,402	-
Equity Bank Rwanda Ltd	-	-	-	903
	22	67	1,405	903

(g) Due to related parties

Equity Bank (Kenya) Limited	-	-	15,980	14,487
Equity Investment Services Limited	-	-	420	420
Equity Bank Rwanda Ltd	-	-	-	53
Equity Group Insurance Holdings Limited	-	-	-	198
	-	-	16,400	15,158

(h) Dividend income from subsidiaries

Equity Bank (Kenya) Limited	46,016	17,500
Equity Bank (South Sudan) Limited	-	410
Equity Bank Uganda Limited	-	1,046
Equity Bank Rwanda Plc	1,559	1,508
	47,575	20,464

Related parties are only the subsidiary companies in addition to Equity Group Foundation, which is a related party by virtue of common directorship. Transactions with related parties are carried out in the normal course of business. The outstanding balances as at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party payables or receivables. For the year ended 31 December 2025, the Group has not recorded any impairment loss on receivables relating to the amounts owed by related parties (2024: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes (continued)

33 Cash flows from operating activities

		Group	
		2025	2024
			*Restated
	Notes	Shs' millions	Shs' millions
Profit before income tax		92,115	60,741
Adjustments for:			
Depreciation and amortisation	12	9,777	8,151
Gain on disposal of property and equipment	11	(674)	(434)
Loss/(gain) on disposal of right-of-use assets		143	-
Credit impairment charges	13	18,009	27,667
Hyperinflation cost restatement	40	2,066	-
Fair value (gain) / loss	22(d)	(194)	(2,440)
Remeasurement of right of use asset	16(b)	(347)	-
Interest expense on term borrowings	6	5,692	13,867
Interest expense on lease liabilities	6	737	971
Defined benefit plan costs	30	289	548
Operating profit before changes in operating assets and liabilities		127,613	109,071
Movements in:			
Investment securities at FVTPL		(19,350)	(8,172)
Loans and advances		(80,222)	40,477
Other assets		(2,316)	7,687
Insurance contract assets		(325)	(32)
Deposits from customers		53,755	43,159
Related party balances		45	-
Insurance contract liabilities		2,624	2,991
Other liabilities		15,756	(11,121)
Movement in restricted cash balances		(15,559)	28,749
Employee benefits obligation		-	(99)
Revaluation of derivatives		163	(88)
Cash flows from operating activities		82,184	212,622

*The comparatives have been restated. See Note 21(a)

Notes (continued)

34 Earnings per share

The calculation of basic earnings per share for the Group at 31 December 2025 is based on the profit attributable to ordinary shareholders of Shs 71,964 million (2024: Shs 46,549 million) and the weighted average number of ordinary shares outstanding of 3,774 million (2024: 3,774 million).

	Group	
	2025	2024
	Shs' millions	Shs' millions
Profit for the year attributable to equity shareholders	71,964	46,549
<hr/>		
Number of shares: (in millions)		
Issued and weighted average number of ordinary shares at start and end of year: 3,774 (2024: 3,774)	3,774	3,774
<hr/>		
Basic and diluted earnings per share (in Kenya Shillings)	19.07	12.34
<hr/>		

35 Off-balance sheet contingencies and commitments

Group

In the ordinary course of business, the Group conducts business involving guarantees, acceptances and performance bonds. These facilities are offset by corresponding obligations of third parties. At the year end, the contingencies were as follows:

	Group	
	2025	2024
	Shs' millions	Shs' millions
Guarantees and standby letters of credit	198,610	122,748
Letters of credit, acceptances and other documentary credits	68,937	50,152
<hr/>		
	267,547	172,900
<hr/>		

Commitments contracted for at the reporting date but not recognised in the financial statements are as follows:

	Group	
	2025	2024
	Shs' millions	Shs' millions
Capital commitments	6,561	1,752
Loans approved but not disbursed	27,160	29,770
<hr/>		
	33,721	31,522
<hr/>		

Notes (continued)

35 Off-balance sheet contingencies and commitments (continued)

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

Group – 2025	0 - 3 months Shs' millions	3 - 6 months Shs' millions	6 - 12 months Shs' millions	1 - 5 Years Shs' millions	Total Shs' millions
Guarantees and standby letters of credit	106,411	33,311	36,165	22,723	198,610
Letters of credit, acceptances and other documentary credits	26,085	20,825	14,620	7,407	68,937
Capital commitments	-	-	6,561	-	6,561
Loans approved but not disbursed	2,241	17,556	1,048	6,315	27,160
Total commitments and guarantees	134,737	71,692	58,394	36,445	301,268
Group – 2024					
Guarantees and standby letters of credit	55,818	12,420	21,255	33,255	122,748
Letters of credit, acceptances and other documentary credits	33,395	13,207	3,402	148	50,152
Capital commitments	-	-	1,752	-	1,752
Loans approved but not disbursed	25,891	3,410	191	278	29,770
Total commitments and guarantees	115,104	29,037	26,600	33,681	204,422

Contingent liabilities – Litigation

The Group has established protocol for dealing with such legal claims. Once professional advice has been obtained and the amount of damages reasonably estimated, the Group makes provisions to account for any adverse effects which the claim may have on its financial standing.

Notes (continued)

36 Retirement benefit obligations – Defined contribution schemes

The Group contributes to statutory defined contribution pension schemes (the National Social Security Fund (NSSF)), for Kenya, Tanzania, Uganda and Democratic Republic of Congo employees. The Group also contributes to the Rwanda Social Security Fund for Rwanda employees and to a private pension fund for employees in South Sudan. The contributions are determined by local statutes and are charged to the profit or loss.

	Group	
	2025	2024
	Shs' millions	Shs' millions
Defined contribution schemes (NSSF and pension scheme)	2,375	1,922
	<hr/>	<hr/>
	2,375	1,922
	<hr/>	<hr/>

37 Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

i) Operating segments

The Group provides financial services to individuals, small and medium sized enterprises and large enterprises in each of the banking subsidiaries. For management purposes, the results of each business unit (entity) is reviewed separately for the purpose of making decisions.

The Group operates in six geographical markets that is Kenya, Uganda, South Sudan, Rwanda, Tanzania and Democratic Republic of Congo. The table below shows the distribution of the Group's total assets, net interest income, total operating income, total expenses and profit before income tax.

Statement of financial position

For the year ended 31 December 2025

Shs million	Kenya	Tanzania	South Sudan	Uganda	Rwanda	DRC	Elimination	Total
Cash and short-term funds	197,934	14,179	20,275	27,803	35,284	296,393	(202,506)	389,362
Loans and advances	409,447	41,852	794	49,315	63,554	317,495	-	882,457
Other assets	633,626	19,360	3,074	50,196	31,660	94,438	(133,182)	699,172
Total assets	<hr/> 1,241,007	<hr/> 75,391	<hr/> 24,143	<hr/> 127,314	<hr/> 130,498	<hr/> 708,326	<hr/> (335,688)	<hr/> 1,970,991
Customer deposits	849,157	52,697	15,000	101,362	93,169	546,263	(202,506)	1,455,142
Borrowed funds	51,319	6,917	-	2,284	10,309	13,935	-	84,764
Other liabilities	67,451	2,315	5,291	4,958	7,305	47,821	(30,477)	104,664
Shareholders' funds	273,080	13,462	3,852	18,710	19,715	100,307	(102,705)	326,421
Total liabilities and shareholders' funds	<hr/> 1,241,007	<hr/> 75,391	<hr/> 24,143	<hr/> 127,314	<hr/> 130,498	<hr/> 708,326	<hr/> (335,688)	<hr/> 1,970,991

Notes (continued)

37 Segment information (continued)

(i) Operating segments (continued)

Statement of financial position (continued)

For the year ended 31 December 2024

Shs million	Kenya	Tanzania	South Sudan	Uganda	Rwanda	DRC	Elimination	Total
Cash and short-term funds	158,184	13,492	18,465	30,479	39,296	314,363	(229,671)	344,608
Loans and advances	422,259	26,030	788	46,225	52,016	271,918	-	819,236
Other assets	605,665	16,686	1,408	42,557	32,989	70,201	(128,724)	640,782
Total assets	1,186,108	56,208	20,661	119,261	124,301	656,482	(358,395)	1,804,626
Customer deposits	841,547	44,370	12,023	98,270	92,683	542,164	(229,671)	1,401,386
Borrowed funds	61,185	2,181	-	910	6,779	1,478	-	72,533
Other liabilities	55,956	1,910	3,663	5,292	8,440	38,972	(29,003)	85,230
Shareholders' funds	227,420	7,747	4,975	14,789	16,399	73,868	(99,721)	245,477
Total liabilities and shareholders' funds	1,186,108	56,208	20,661	119,261	124,301	656,482	(358,395)	1,804,626

Income statement

For the year ended 31 December 2025

Shs million	Kenya	Tanzania	South Sudan	Uganda	Rwanda	DRC	Elimination	Total
Interest income	121,799	6,369	385	13,768	11,301	41,014	(6,307)	188,329
Interest expense	(35,926)	(2,535)	(23)	(4,712)	(2,023)	(8,166)	6,686	(46,699)
Net interest income	85,873	3,834	362	9,056	9,278	32,848	379	141,630
Fees and commission income	13,529	2,379	1,514	2,816	3,188	25,215	(380)	48,261
Fee and commission expense	(6,219)	(450)	-	(581)	(1,039)	(6,241)	-	(14,530)
Net fees and commission income	7,310	1,929	1,514	2,235	2,149	18,974	(380)	33,731
Other income	65,376	817	1,045	1,741	1,123	13,586	(55,840)	27,848
Impairment	(9,955)	472	(231)	941	(909)	(1,809)	-	(11,491)
Depreciation and amortization	(5,245)	(322)	(226)	(981)	(619)	(2,115)	(268)	(9,776)
Operating expenses	(49,770)	(3,216)	(3,322)	(8,475)	(3,554)	(29,415)	7,925	(89,827)
Profit before income tax	93,589	3,514	(858)	4,517	7,468	32,069	(48,184)	92,115
Tax	(6,079)	(837)	750	(873)	(2,112)	(7,416)	-	(16,567)
Profit after tax	87,510	2,677	(108)	3,644	5,356	24,653	(48,184)	75,548

Notes (continued)

37 Segment information (continued)

(i) *Operating segments (continued)*

Income statement (continued)

For the year ended 31 December 2024

Shs million	Kenya	Tanzania	South Sudan	Uganda	Rwanda	DRC	Elimination	Total
Interest income	123,432	5,059	280	15,053	10,195	41,485	(10,160)	185,344
Interest expense	(52,356)	(1,951)	(66)	(5,263)	(2,575)	(9,524)	10,160	(61,575)
Net interest income	71,076	3,108	214	9,790	7,620	31,961	-	123,769
Fees and commission income	14,478	1,459	1,031	3,089	3,164	21,601	-	44,822
Fee and commission expense	(6,036)	(505)	-	(532)	(847)	(4,639)	-	(12,559)
Net fees and commission income	8,442	954	1,031	2,557	2,317	16,962	-	32,263
Other income	34,451	1,011	7,174	2,061	1,911	7,115	(27,154)	26,569
Impairment	(10,442)	(796)	5	(3,160)	(305)	(6,122)	-	(20,820)
Depreciation and amortization	(4,245)	(308)	(65)	(985)	(400)	(1,876)	(272)	(8,151)
Operating expenses	(49,010)	(2,429)	(6,702)	(9,795)	(3,354)	(27,989)	6,390	(92,889)
Profit before income tax	50,272	1,540	1,657	468	7,789	20,051	(21,036)	60,741
Tax	(4,540)	(376)	(381)	138	(2,348)	(4,410)	-	(11,917)
Profit after tax	45,732	1,164	1,276	606	5,441	15,641	(21,036)	48,824

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not the gross income and expense. No revenue from transactions with a single external customer or counter party amounted to 10% or more of the Group's total revenue in 2025 or 2024. The Group's operating segments are reported based on financial information provided to the Strategy and Investment Committee which is the key management committee and represents the decision-making organ.

Notes (continued)

38 Derivative financial assets and liabilities

The table below summarises the currency forwards and swaps subject to offsetting and enforceable netting agreements whose net amounts are presented in other assets. The notional amount, recorded gross, is the amount of a currency forward or swap's underlying off balance sheet asset / liability and is the basis upon which changes in the fair values of currency forwards and swaps are measured. 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.

	2025			2024		
	Fair value of asset Shs' millions	Fair value of liability Shs' millions	Net amount presented Shs' millions	Fair value of asset Shs' millions	Fair value of liability Shs' millions	Net amount presented Shs' millions
Forward Exchange contracts	3,657	3,680	(23)	1,910	1,744	166
Swaps	437	394	43	366	349	17
Spot	758	757	1	392	391	1
	4,852	4,831	21	2,668	2,484	184

The Group has netting agreements in place with counterparties to manage the associated credit risks. These netting agreements and similar arrangements generally enable the counterparties to off-set liabilities against available assets received in the ordinary course of business and / or in the event of the counterparty's default. The offsetting right is a legal right to settle, or otherwise eliminate all or a portion of an amount due by applying an amount receivable from the same counterparty against it, thus reducing credit exposure.

39 Fiduciary activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. These financial instruments comprise deposits with financial institutions, government securities and quoted and unquoted securities, among others. Those assets that are held in a fiduciary capacity are not included in these financial statements. Some of these arrangements involve the Group accepting targets for benchmark levels of returns for the assets under the Group's care. These services give rise to the risk that the Group will be accused of maladministration or under-performance with a value of Shs 394 billion (2024 - Shs 303 billion). The income for the period for custodial services was Shs 267 million (2024 - Shs 204 million) while the expenses amounted to Shs 70 million (2024 - Shs 48 million).

Notes (continued)

40 Impact of Hyperinflationary accounting

For the financial year ended 31 December 2025, the directors evaluated and determined the economy of South Sudan to be hyperinflationary. As a result of this, Equity Bank South Sudan Limited, a significant foreign subsidiary of the Group complied with the requirements of IAS 29 - Financial reporting in Hyperinflationary Economies on the individual financial statements for the year ending 31 December 2025. The standard requires significant judgments to be made by the financial statement preparer considering guidelines provided in IAS 29. Consequently, for the individual entity, the financial statements and corresponding figures for previous periods are restated for the changes in the general purchasing power of the functional currency, and as a result are stated in terms of the measuring unit current at the end of the reporting period. The consolidated financial statements have been adjusted to reflect changes in Equity Bank South Sudan as indicated above.

The Directors considered the following factors in determining and concluding that the South Sudan economy was hyperinflationary:

- (a) The population's preference to keep wealth in non-monetary assets or a relatively stable foreign currency;
- (b) Prices for credit transactions being set at levels to compensate for expected loss of purchasing power during the credit period;
- (c) Interest rates and wages are frequently adjusted to compensate the loss of purchasing power.
- (d) CPI Data

	2025	2024
Closing CPI	222.15	151.55
Average CPI	198.57	86.52

Gain/(loss) in monetary Position

2025

	1 January	Net Change in Monetary Items	31 December
	Shs' millions	Shs' millions	Shs' millions
Cash and cash equivalents and deposits in financial institutions	15,944	4,332	20,276
Loans and advances to customers	681	113	794
Amounts due from group companies	54	13	67
Other assets	270	564	834
Customer deposits	(10,381)	(4,619)	(15,000)
Current income tax	(40)	(359)	(399)
Amounts due to group companies	(312)	156	(156)
Employee benefit obligations	(137)	(42)	(179)
Lease liabilities	(805)	(46)	(851)
Other liabilities	(868)	9	(859)
Net monetary assets	4,406	121	4,527
Expressed in purchasing power at 31 December 2025	6,457	136	6,593
Loss in monetary position	(2,051)	(15)	(2,066)

Notes (continued)

40 Impact of hyperinflationary accounting (continued)

Gain/(loss) in monetary Position (continued)

2024

	1 January	Net Change in Monetary Items	31 December
	Shs' millions	Shs' millions	Shs' millions
Cash and cash equivalents and deposits in financial institutions	4,743	13,834	18,577
Loans and advances to customers	160	633	793
Amounts due from group companies	13	50	63
Other assets	25	290	315
Customer deposits	(3,364)	(12,029)	(15,393)
Current income tax	(31)	(15)	(46)
Amounts due to group companies	(67)	3,001	2,934
Employee benefit obligations	-	(160)	(160)
Lease liabilities	(82)	(856)	(938)
Other liabilities	(115)	(897)	(1,012)
Net monetary assets	1,282	3,851	5,133
Expressed in purchasing power at 31 December 2024	4,522	6,393	10,915
Loss in monetary position	(3,240)	(2,542)	(5,782)

