



**NCBA**

**GROUP PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2025**

**NCBA GROUP PLC****ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**NCBA GROUP PLC****ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025****CORPORATE INFORMATION****BOARD OF DIRECTORS**

J P M Ndegwa – Group Chairman  
 D A Oyatsi – Deputy Chairman  
 J M Gachora – Group Managing Director  
 Hon. A H H Abdi  
 M M H Abdullahi  
 J S Armitage  
 M. Kenyatta – Appointed on 1 December 2025  
 P R Lopokoityit  
 A S M Ndegwa  
 E N Ngaine  
 K Thuo  
 D Abwoga

**BOARD AUDIT & RISK COMMITTEE**

Hon. A H H Abdi – Chair  
 P R Lopokoityit  
 K Thuo

**BOARD GOVERNANCE AND NOMINATIONS COMMITTEE**

D A Oyatsi – Chair  
 E N Ngaine  
 P R Lopokoityit  
 M M H Abdullahi

**BOARD HUMAN RESOURCES COMMITTEE**

P R Lopokoityit – Chair  
 D A Oyatsi  
 A N Njoroge – Co-opted

**BOARD EXECUTIVE & STRATEGY  
COMMITTEE**

D A Oyatsi – Chair  
 J Gachora  
 J S Armitage  
 A S M Ndegwa  
 M. Kenyatta – Appointed on 15 December 2025

**BOARD INFORMATION, COMMUNICATIONS AND  
TECHNOLOGY (ICT) COMMITTEE**

M M H Abdullahi – Chair  
 J Gachora  
 I O Awuondo – Co-opted

**REGISTRARS AND TRANSFERS OFFICE**

Custody & Registrars Services Limited  
 1st Floor, Tower B, IKM Place  
 5th Ngong Avenue  
 P. O. Box 8484 – 00100  
 Nairobi, Kenya

**REGISTERED OFFICE**

NCBA Centre  
 Mara and Ragati Roads, Upper Hill  
 P. O. Box 44599 – 00100  
 Nairobi, Kenya

**AUDITORS**

Deloitte & Touche LLP  
 Certified Public Accountants (Kenya)  
 Deloitte Place, Waiyaki Way  
 P. O. Box 40092 – 00100  
 Nairobi, Kenya

**NCBA GROUP PLC****ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025****CORPORATE INFORMATION (Continued)****PRINCIPAL CORRESPONDENT BANKS**

<b>Name of Bank</b>	<b>Country</b>
Citibank	United Kingdom, United States of America
JP Morgan Chase Bank	United Kingdom, United States of America
Standard Chartered Bank PLC	Hong Kong, United Kingdom, United States of America, Germany
Emirates NBD	United Arab Emirates
ABSA Bank	South Africa
Credit Suisse AG	Switzerland
Bank of China	China
Commerzbank AG	Germany
Oddo-BHF	Germany
Natixis Bank	France
HDFC Bank	India
Bank of Tokyo MUFG	Japan
Bangkok Bank	Thailand

## NCBA GROUP PLC

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

#### REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31 December 2025.

#### INCORPORATION

The Group is domiciled in Kenya and is incorporated as a public company limited by shares under the Kenya Companies Act, 2015. The registered office is set out in note 2.

#### DIRECTORATE

The directors who held office during the year and to the date of this report are shown on page 2.

#### PRINCIPAL ACTIVITIES

NCBA Group PLC (the “Company/Parent”) and its subsidiaries (together, the “Group”) provide retail, corporate and digital banking, brokerage, leasing, bancassurance, insurance and investment banking services.

#### RESULTS

	2025 KES' 000	Group 2024 KES' 000
Profit before tax	27,890,230	25,141,048
Income tax expense	(4,496,712)	(3,275,281)
	<hr/>	<hr/>
<b>Profit for the year</b>	<b>23,393,518</b>	<b>21,865,767</b>
	<hr/> <hr/>	<hr/> <hr/>

#### BUSINESS REVIEW

##### Financial Statements

The consolidated financial statements include the results of the entities owned by NCBA Group PLC (the “Company”). NCBA Group PLC and its subsidiaries / affiliates (together, the “Group”) operate in Kenya, Tanzania, Uganda, Rwanda, Cote d’Ivoire and Ghana. The Group provides retail, corporate and digital banking, asset finance, securities brokerage, bancassurance, insurance and investment banking services.

On 21 January 2026, the Group announced a proposed strategic transaction in which Nedbank Group Limited intends to acquire a controlling interest of 66% in NCBA Group PLC through a tender offer to existing shareholders. The proposed transaction is subject to shareholder and relevant regulatory approvals and is expected to be concluded during the 2026 financial year. When completed, the transaction will result in a change of control, with NCBA becoming a subsidiary of Nedbank. The combination positions NCBA as the cornerstone investment vehicle for Nedbank’s Eastern Africa expansion while allowing it to retain its independent governance structures, local leadership, brand identity, and the NSE listing. The transaction is expected to generate significant synergies, including enhanced corporate and investment banking capabilities, increased resource base and expanded growth opportunities in Eastern Africa. There will be no immediate integration of systems and operations, as Nedbank currently only maintains a representative office in East Africa.

From a risk management perspective, the Group is exposed to various financial risks such as credit risk, liquidity risk, market risk, and operational risk. Its overall risk management approach focuses on addressing the uncertainties of financial markets and aims to reduce any negative impact on the Group. This is integrated into the Group's governance structure. The Board of Directors holds ultimate responsibility for creating and overseeing the Group's risk management framework. Additionally, the Board has established several committees at Group and Subsidiary levels, including the Board Audit and Risk Committee, the Board Risk Management Committee, the Board Credit Committee, the Board Governance and Nominations Committee, the Board Information, Communication and Technology (ICT) Committee and the Board Executive and Strategy Committee (EXCO) which are responsible for developing and continuously monitoring the Group's risk management policies in their respective areas.

**NCBA GROUP PLC****ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025****REPORT OF THE DIRECTORS (CONTINUED)****BUSINESS REVIEW (Continued)****Performance for 2025**

Global economic growth touched 3.3 percent in 2025 despite shocks stemming from international trade tariffs by the US Administration, elevated geopolitical risks and volatile financial markets. However, easing of global inflation and financing costs supported consumer spending and investments in several economies. Positively, for our region, the various geopolitical events did not disrupt commodity supply chains. However the recent events in the Middle East have created new uncertainties and supply chain challenges, the impact of which will be felt in our markets.

The Kenyan economy remained resilient in 2025 and is estimated to have expanded by 5.0 percent compared to 4.7 percent in the prior year. Growth in 2025 was primarily underpinned by strong performance in the agriculture sector and the resilience of services sector. However, economic activity was partly constrained by high financing cost and delayed Government payments.

Profit before tax stood at KES 27.9 billion, 11% up from KES 25.1 billion in 2024. The performance reflects strong profit growth and improving efficiency, underpinned by disciplined cost management and continued growth from our digital business. This momentum was reinforced by a stable macroeconomic backdrop marked by declining interest rates, stable currency and lower inflation.

Net interest income rose by KES 10.3 billion, supported by a KES 17.1 billion reduction in interest expense, despite a KES 6.9 billion decline in interest income. Effective cost management from sustained deposit repricing discipline and a strengthened low-cost deposit mix, delivered greater savings than the reduction in interest income during a period of declining market rates. Foreign currency trading income was lower compared to the previous year due to reduced margins, resulting in a decline of KES 1.2 billion.

Operating expenses increased by 16% (KES 5.2 billion), largely reflecting increased headcount plus investment in technology. Additionally, there was the impact of continued investment in expansion of the Group's branch network.

Credit impairment charges rose by 37% (KES 1.9 billion) year on year as the Group strengthened provisions to address emerging credit risks.

The asset base closed at KES 716 billion, a KES 50 billion increase. The growth was supported by increase in customer deposits and retained earnings. Deposits grew by 6% to KES 532 billion from KES 502 billion in 2024, while net loans expanded by KES 13.0 billion, 4.4% from KES 293.9 billion in 2024. The organic expansion strengthened the Group's funding mix and capital base enabling prudent asset growth while maintaining strong liquidity. These excess funds were deployed into government securities (up KES 14.0 billion).

**Proposed dividend**

The Board has resolved to recommend to the Shareholders for their approval at the forthcoming Annual General Meeting, scheduled for 26 May 2026, the payment of a final dividend for the year of KES 4.60 per ordinary share which, together with the interim dividend of KES 2.50 per ordinary share paid on 2 October 2025, brings the total dividend for 2025 to KES 7.10 per ordinary share (2024: KES 5.50 per ordinary share). The dividend will be payable to the shareholders in the Company's register at the close of business on 30 April 2026 (the record date for dividend entitlement), with payment to be made on or immediately after 26 May 2026.

**NCBA GROUP PLC****ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025****REPORT OF THE DIRECTORS (CONTINUED)****BUSINESS REVIEW (Continued)****Outlook for 2026**

Global economic activity which was off to a solid start after building momentum from 2025 will most likely be impacted by the ongoing war in the Middle East. For 2026, the International Monetary Fund (IMF) anticipates growth to reach 3.3%, (similar to 3.3% in 2025). Economic activity will be driven by a surge in AI-related investment in the U.S. and Asia, policy easing and lower trade barriers.

Across the economic blocs, advanced economies are projected to grow by 1.8%, emerging and developing economies (EMDE) by 4.2% and Sub-Saharan Africa by 4.6% following policy reforms and a stable macroeconomic landscape. In China, slower economic momentum remains a concern. Following a 5% real GDP outturn in 2025, the IMF sees China's growth declining to 4.5% this year and further to 4.0% in 2027.

In Kenya, following improved economic momentum in quarter four 2025, we forecast economic growth of 5.1% in 2026. Kenya's near-term growth model based on public expenditure, agriculture and service sectors could, however, face surprises from adverse weather conditions and lower than anticipated fiscal spending following public debt service burden.

Following dry conditions in December and January 2026, food price pressure was evident in January 2026. But positively, a decline in maize prices will partly trade off the price pressure from vegetables and fruits.

Although credit uptake is gradually recovering, the improvement remains modest, with private sector credit growth of 5.91% in December. Overall, we expect credit growth of 8% this year.

In the external sector, we project minimal risk to the Kenya shilling with steady inflows from agricultural exports, in particular horticulture due to the peak season in quarter one. However, the resilience of diaspora remittances could be tested this year. Overall, we forecast USD/KES to trade within the KES 128 to KES 131 range in the near term.

In 2025, Uganda's growth reached 6.3%, its highest rate since the COVID-19 pandemic, boosted by higher government spending, recovery in household consumption, robust investment growth and buoyant coffee exports. We anticipate this strong momentum to continue in 2026, with real GDP projected to reach 6.4%.

Tanzania's estimated real GDP growth of 5.9% in 2025 was boosted by agriculture, mining and construction activities. This year, economic growth is forecast at 6.2% supported by strong private consumption and broad-based growth across the industrial sectors.

Rwanda is among the fastest growing economies in Africa. The IMF projects GDP growth at 7.5% this year. However, headline inflation remains elevated, now at 8.0% year-on-year following price pressure from food and beverages. Therefore, we expect only gradual monetary policy easing by the National Bank of Rwanda. The policy rate is currently 6.75%. In the foreign exchange market, the current account is likely to remain under pressure, reflecting a move toward construction related activities.

**STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITORS**

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.

**NCBA GROUP PLC**

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**REPORT OF THE DIRECTORS (CONTINUED)**

**TERMS OF APPOINTMENT OF AUDITORS**

Deloitte & Touche LLP, continues in office in accordance with the Company's Articles of Association and Section 723 of the Kenyan Companies Act, 2015.

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

BY ORDER OF THE BOARD



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**J Gachora**  
**Group Managing Director**

**25 March 2026**

**NCBA GROUP PLC****ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025****DIRECTORS' REMUNERATION REPORT****INFORMATION NOT SUBJECT TO AUDIT**

This report describes the Group's remuneration policy and the remuneration paid to Directors in 2025. The remuneration policy, including all structures and policies related to remuneration, is in line with the Companies Act, No. 17 of 2015, the CMA Code of Corporate Governance Practices for issuers of Securities to the Public, 2015 and the Companies General Amendment Regulations No. 2 of 2017.

The first part of this report describes the remuneration policy, while the second part describes the implementation of the policy in 2025.

There were no changes to the structure and quantum of the Directors' remuneration in the year ended 31 December 2025.

The Board's composition during the course of the year is as detailed in the below table:

<b>NCBA GROUP PLC BOARD OF DIRECTORS</b>	
<b>DIRECTOR</b>	<b>DESIGNATION</b>
J P M Ndegwa	Group Chairman, Non-Executive
D A Oyatsi	Deputy Group Chairman, Independent
J M Gachora	Group Managing Director, Executive Director
A H H Abdi	Independent Non-Executive Director
M M H Abdullahi	Independent Non-Executive Director
D S Abwoga	Group Director Finance, Executive Director
J S Armitage	Non-Executive Director
M Kenyatta *	Non-Executive Director
P R Lopokoityit	Independent Non-Executive Director
A S M Ndegwa	Non-Executive Director
E N Ngaine	Non-Executive Director
K Thuo	Independent Non-Executive Director
<b>Notes:</b>	
<ul style="list-style-type: none"> <li>* M Kenyatta was appointed to the Board with effect from 1 December 2025.</li> </ul>	

**Background:**

The members of the Board Governance and Nominations Committee for the period 1 January 2025 to 31 December 2025 were:

D A Oyatsi – Chairman  
E N Ngaine  
P R Lopokoityit  
M M H Abdullahi

## NCBA GROUP PLC

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

#### DIRECTORS' REMUNERATION REPORT (CONTINUED)

##### PART 1

#### Remuneration Policy

The remuneration policy establishes guidelines on the remuneration criteria applicable for services rendered by directors to ensure transparency and equitability in implementation. The policy objective is to provide a framework that enables market competitive remuneration that will attract, retain and engage high calibre directors whilst ensuring that the remuneration structure protects, promotes and supports the Group's immediate and long-term strategy and objectives.

#### Remuneration of Executive Directors

Performance parameters for Executive Directors are drawn from the Group's Strategy. The Directors' targets and performance indicators are closely linked with the performance targets for the business, and are anchored on the short-term (annual) and long-term (5-year) strategic objectives of the Group. The targets are set by the Board and measured quarterly, half yearly and annually in line with the release of the business performance reports.

The remuneration of the Executive Directors consists of:

- Salary;
- Performance-based remuneration;
- Deferred remuneration contingent on performance-based remuneration, where applicable; and  
Other Benefits – including company car, housing and utilities, support staff, service subscriptions, medical and life cover, retirement benefits and loan benefits subject to contractual terms as determined by the Board.

#### Remuneration of Non-Executive Directors

The performance of Non-Executive Directors (NEDs) is assessed annually through a Board Evaluation process, which considers individual contribution to the activities of the Board and Board Committees. An Evaluation Report is generated with clear recommendations on the performance of the Directors, not only as a team but also as individuals. Non-Executive Directors are not entitled to a salary, performance-based remuneration or other cash or non-cash benefits. Their remuneration is based on proposals by the Board Governance and Nominations Committee (BGNC) and approved by the Board and the Shareholders.

The remuneration for NEDs consists of:

- Monthly retainer fee;
- Sitting allowance for Board and Board Committee meetings; and
- Other allowances as may be prescribed by the Board for services rendered as a Director during NCBA Group meetings in regional affiliates.

Expenses incurred in respect of travel, accommodation or other services whilst carrying out duties as a Director are reimbursed at cost.

#### Share Option Scheme

During the year 2025, the Group did not have an implemented share option scheme for Directors.

#### Directors' Contracts of Service

The Group Managing Director and the Executive Director have been appointed on open-ended contracts. Their continued service is subject to an annual performance review by the Board.

## NCBA GROUP PLC

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

#### DIRECTORS' REMUNERATION REPORT (CONTINUED)

##### PART 1 (Continued)

##### Directors' Contracts of Service (Continued)

Non-Executive Directors are appointed in accordance with the procedure laid out in the Articles of Association and the Board Charter. NEDs are appointed for a 3-year term and retire by rotation but are eligible for reappointment taking into consideration their performance and the Shareholders' views. The Board Governance and Nominations Committee makes recommendations to the Board on the Board's appropriate composition based on professional skills and experience, independence and ethical standards. New appointments by the Board are subject to applicable regulatory approval(s) by the Central Bank of Kenya and the Capital Markets Authority upon nomination by the Board, and thereafter by the Group's Shareholders at the annual general meeting.

The Notice period for departure from the Board for the Group Managing Director is six (6) months while that of the other Executive Director is three (3) months or payment in lieu of notice in all cases. For NEDs, the notice period where applicable will vary depending on the circumstances of the departure.

On termination of contract, an Executive Director is entitled to any amounts due as per contract terms up to the date of such termination. If such contract is terminated prior to maturity of the notice period, the maximum amount payable will be the salary and applicable benefits payable in lieu of notice.

Non-Executive Directors are entitled to any outstanding dues on the monthly retainer fees and sitting allowances up to the date of termination. No additional amounts are payable to non-executive Directors unless these are expressly approved under special circumstances by the Board of Directors.

##### Statement of the previous General Meeting

A Resolution to approve the Directors' remuneration policy and report for the year ended 31 December 2024 was passed through a poll vote by shareholders at the Annual General Meeting held on 28 May 2025. The results, which were published in the national dailies and on the Group website (<https://ke.ncbagroup.com/>) on 29th May 2025 were as follows:

	Resolution	Votes Cast (Shares)	For (Shares)	Against (Shares)	Abstained (Shares)	Result
5.	<b>Directors' Remuneration:</b>					
	To approve the Directors' Remuneration Report and the remuneration paid to the Directors in the year ended 31 <sup>st</sup> December 2024, and to authorise the Board to fix their remuneration of the Directors for the year 2025.	1,203,953,719	1,203,924,999	320	28,400	<b>Passed</b>
		<b>Percentage</b>	<b>100.00%</b>	<b>0%</b>	<b>0%</b>	

## NCBA GROUP PLC

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## DIRECTORS' REMUNERATION REPORT (CONTINUED)

## INFORMATION SUBJECT TO AUDIT

## PART 2: IMPLEMENTATION REPORT

The Board is responsible for ensuring that the remuneration policy, and its implementation, are aligned with the Group's strategies and objectives. The policy is designed to avoid instances where the Directors act in their own interests or take risks that are not in line with the Group's strategy and risk appetite. Where other benefits are granted, the Board ensures that these are in line with market norms.

In interpreting the disclosures made in this report:

- The remuneration details for the year 2025 outline payments relating to qualifying services rendered as Directors for the period served on the Board.
- The Directors' remuneration is consolidated for services rendered as a Director on the Company's and related subsidiary company Boards.
- In the year ended 31 December 2025, there were no other allowances paid apart from sitting allowances and no expenses incurred by non-executive directors whilst carrying out duties in respect of qualifying services.

The following table shows the remuneration for the Chairman, other Non-Executive Directors (NEDs) and Executive Directors in respect of qualifying services for the year ended 31 December 2025.

Directors Remuneration for the year ended 31 December 2025	Fees <sup>1</sup> KES 000	Salary KES 000	Cash Incentive Remuneration		Other Cash Benefit KES 000	Non- cash benefits KES 000	Retirement Benefits KES 000	Total <sup>2</sup> KES 000
			Non- Deferred KES 000	Deferred KES 000				
J P M Ndegwa – Group Chairman	7,550	-	-	-	-	-	-	7,550
D A Oyatsi – Deputy Group Chairman	7,200	-	-	-	-	-	-	7,200
J Gachora – Group Managing Director	-	105,600	82,000	10,000	2,552	8,365	11,648	220,165
A H Abdi	15,795	-	-	-	-	-	-	15,795
M M H Abdullahi	4,590	-	-	-	-	-	-	4,590
D Abwoga – Executive Director	-	36,685	12,818	-	313	1,325	4,150	55,291
J S Armitage	7,680	-	-	-	-	-	-	7,680
M Kenyatta	4,780	-	-	-	-	-	-	4,780
P R Lopokoityit	10,877	-	-	-	-	-	-	10,877
A S M Ndegwa	9,900	-	-	-	-	-	-	9,900
E N Ngaine	16,679	-	-	-	-	-	-	16,679
K Thuo	5,220	-	-	-	-	-	-	5,220
	<b>90,271</b>	<b>142,285</b>	<b>94,818</b>	<b>10,000</b>	<b>2,865</b>	<b>9,690</b>	<b>15,798</b>	<b>365,727</b>

## Notes:

- Where applicable, fees earned by Directors serving on the Boards of regional subsidiaries have been converted to Kenya Shillings using the trade weighted average indicative rates obtained from the Central Bank of Kenya.
- Directors' total remuneration is consolidated for services rendered as a Director on the NCBA Group PLC Board and related subsidiary company Boards.

## NCBA GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS  
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## DIRECTORS' REMUNERATION REPORT (CONTINUED)

## PART 2: IMPLEMENTATION REPORT (CONTINUED)

The following table shows the remuneration for the Chairman, other Non-Executive Directors (NEDs) and Executive Directors in respect of qualifying services for the year ended 31 December 2024.

Directors Remuneration for the year ended 31 December 2024	Fees <sup>1</sup> KES 000	Salary KES 000	Cash Incentive Remuneration		Other Cash Benefit KES 000	Non- cash benefits KES 000	Retirement Benefits KES 000	Total <sup>2</sup> KES 000
			Non- Deferred KES 000	Deferred KES 000				
J P M Ndegwa <sup>3</sup> – Group Chairman	7,300	-	-	-	-	-	-	7,300
D A Oyatsi – Deputy Group Chairman	6,200	-	-	-	-	-	-	6,200
J Gachora – Group Managing Director	-	99,600	70,000	13,000	307	14,521	10,943	208,371
A H Abdi	19,879	-	-	-	-	-	-	19,879
M M H Abdullahi	1,780	-	-	-	-	-	-	1,780
D Abwoga – Executive Director	-	35,274	14,839	-	494	3,843	3,968	58,418
J S Armitage	9,480	-	-	-	-	-	-	9,480
I O Awuondo <sup>4</sup>	1,590	53,550	34,000	-	176,822	28,960	18	294,940
P R Lopokoiyit	10,654	-	-	-	-	-	-	10,654
A S M Ndegwa	10,350	-	-	-	-	-	-	10,350
E N Ngaine	15,910	-	-	-	-	-	-	15,910
M K R Shah	11,350	-	-	-	-	-	-	11,350
K Thuo	5,520	-	-	-	-	-	-	5,520
	<b>100,013</b>	<b>188,424</b>	<b>118,839</b>	<b>13,000</b>	<b>177,623</b>	<b>47,324</b>	<b>14,929</b>	<b>660,152</b>

## Notes

- Where applicable, fees earned by Directors serving on the Boards of regional subsidiaries have been converted to Kenya Shillings using the annual mean rate obtained from the Central Bank of Kenya.
- Directors' total remuneration is consolidated for services rendered as a Director on the NCBA Group PLC Board and related subsidiary company Boards.
- The total Director's fees for J P M Ndegwa was paid to Asset Managers Limited in respect of Director's services up to April 2024. Effective May 2024, the fees were paid directly to J P M Ndegwa.
- I O Awuondo earned a salary for services rendered as Executive Chairman of the Digital Banking business of the Group up to 30 September 2024, after which he transitioned to being a Non-Executive Director. He received an ex gratia payment in recognition of his services.

## Long Term incentives

There were no long-term incentives granted to NEDs in the year ended 31 December 2025 (2024:Nil).

**NCBA GROUP PLC****ANNUAL REPORT AND FINANCIAL STATEMENTS  
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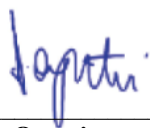
Pension for Executive Directors is provided for under the Group Defined Contribution Pension Scheme, which is registered with the Retirement Benefits Authority and whose members are all employed staff of the Group up to the age of 60 years. Contribution to the scheme is made up of a minimum five percent (5%) contribution of basic salary by the employee and fifteen percent (15%) contribution by the employer. This does not include the statutory contribution to the National Social Security Fund (NSSF). As at 31 December 2025, all the Executive Directors were members of the scheme.

Non-Executive Directors are not entitled to a pension benefit.

**Compensation for past directors**

The Group did not make any payments to past Directors during the year ended 31 December 2025. (2024: Nil).

There was no change in the Group's policy on payments to former directors in the year ended 31 December 2025.

**ON BEHALF OF THE BOARD**

(signature)

**D A Oyatsi**  
**Chair, Governance and Nominations Committee**

**25 March 2026**

**NCBA GROUP PLC****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of its 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 Kenyan Companies Act, 2015. 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 as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

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

Having made an assessment of the Group 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 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 responsibility.

Approved by the Board of directors on 25 March 2026 and signed on its behalf by:



**J P M NDEGWA**  
Group Chairman



**J GACHORA**  
Group Managing Director



Deloitte & Touche LLP  
 Certified Public Accountants (Kenya)  
 Deloitte Place  
 Waiyaki Way, Muthangari  
 P.O. Box 40092 - GPO 00100  
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## REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF NCBA GROUP PLC

### Report on the audit of the consolidated and separate financial statements

#### Opinion

We have audited the accompanying consolidated and separate financial statements of NCBA Group PLC (the “Company”) and its subsidiaries (together, the “Group”), set out on pages 19 to 170, which comprise the consolidated and separate statements of financial position at 31 December 2025, and consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

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

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We are independent of the Group and the company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Kenya. We have also fulfilled our other ethical responsibilities in accordance with these requirements and 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Partners: D.M. Mbogho; A.N. Muraya; F. O. Aloo; B.W. Irungu; I. Karim; F. Okwiri; F.O Omondi; F. Mitambo; P. Seroney; D. Waweru; J Mureithi

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

**REPORT OF THE INDEPENDENT AUDITORS’  
TO THE SHAREHOLDERS OF NCBA GROUP PLC (CONTINUED)**

**Report on the audit of the consolidated and separate financial statements (Continued)**

**Key audit matters (Continued)**

Key audit matter	How our audit addressed the matter
<p><b><i>Estimation of expected credit losses on loans and advances</i></b></p> <p>Loans and advances to customers constitute a significant portion of the total assets of the Group. As disclosed in notes 3.2, and 5 (a), management exercises significant judgment when determining the estimates for loan impairment. This is because a number of significant assumptions and inputs go into the determination of expected credit loss (ECL) impairment amounts on loans and advances to customers as required by IFRS 9 <i>Financial Instruments</i>.</p> <p>The key areas where we identified greater levels of management judgment and therefore increased levels of audit focus in the Group’s implementation of IFRS 9 include:</p> <ul style="list-style-type: none"> <li>• The judgments made to determine the categorisation (staging) of individual loans and advances accounts in line with IFRS 9. In particular, the identification of a Significant Increase in Credit Risk (“SICR”) and Default definition criteria require 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;</li> <li>• Where there is uncertainty in respect of the respective models’ ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates, and macroeconomic events, additional provisions are made via management overlays. Significant judgement is made in determining the management overlays;</li> <li>• Identification and measurement of economic scenarios to measure ECLs on a forward-looking basis reflecting a range of future economic conditions; and</li> <li>• Modelling for estimation of ECL parameters: <ul style="list-style-type: none"> <li>• Probabilities of Default (PDs)</li> <li>• Loss Given Default (LGD); and</li> <li>• Exposure at Default (EAD).</li> </ul> </li> </ul> <p>Because of the significance of these estimates, judgments and the size of loans and advances portfolio, the audit of loan impairment provisions is considered a key audit matter.</p>	<p>Our audit of the impairment of loans and advances included, amongst others, the following audit procedures performed together with the assistance of our internal credit risk specialists:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group’s methodology for determining expected credit losses, and evaluated this against the requirements of IFRS 9, Financial Instruments;</li> <li>• Tested the design and implementation of critical controls across all ECL-related processes, particularly the allocation of assets into stages and management overlays;</li> <li>• On a sample of contracts, we assessed the identification of loans and advances that had experienced a significant increase in credit risk or met the Group’s default definition criteria for classification purposes. This was performed by reviewing documentation and credit performance to determine whether the staging of such facilities was in accordance with Group policy and IFRS 9 standards;</li> <li>• Assessed the reasonableness of management overlays, taking into client credit-specific risk. We recalculated the management overlays and assessed their accuracy in light of our understanding of the model and data limitations;</li> <li>• Tested the assumptions, inputs and formulae used in the ECL models with the support of our internal credit risk specialists (including assessing the appropriateness of model design and formulae used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default;</li> <li>• We corroborated the assumptions used for the determination of forward-looking information (FLI) in the models using publicly available information;</li> <li>• Tested the data used in the ECL calculation by reconciling to source systems; and</li> <li>• Assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards.</li> </ul>

## **REPORT OF THE INDEPENDENT AUDITORS' TO THE SHAREHOLDERS OF NCBA GROUP PLC (CONTINUED)**

### **Report on the audit of the consolidated and separate financial statements (Continued)**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Directors report, Directors' remuneration report and Statement of directors' responsibilities but does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015, as set out below.

In connection with our audit of the consolidated and separate 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 consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors for the consolidated and separate financial statements**

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the 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.

#### **Auditors' responsibilities for the audit of the consolidated and separate financial statements**

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**REPORT OF THE INDEPENDENT AUDITORS'  
TO THE SHAREHOLDERS OF NCBA GROUP PLC (CONTINUED)**

**Report on the audit of the consolidated and separate financial statements (Continued)**

**Auditor's responsibilities for the audit of the consolidated and separate financial statements (continued)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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 consolidated and separate 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 Kenyan Companies Act, 2015**

***Report of the directors***

In our opinion, the information given in the report of directors' report on pages 4 to 7 is consistent with the financial statements.

**Directors' remuneration report**

In our opinion, the auditable part of the directors' remuneration report on pages 8 to 13 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Fredrick Okwiri, Practising Certificate No. 1699**.

*Fredrick Okwiri*

**For and on behalf of Deloitte & Touche LLP  
Certified Public Accountants (Kenya)  
Nairobi**

**26 March 2026**



UNIQUE CODE: 18174260330

## NCBA GROUP PLC

## ANNUAL REPORT AND FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Group		Company	
		2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
Interest income	6	81,764,856	88,620,061	108,384	39,878
Interest expense	7	(24,053,334)	(41,173,285)	-	-
<b>Net interest income</b>		<b>57,711,522</b>	<b>47,446,776</b>	<b>108,384</b>	<b>39,878</b>
Fees and commission income	9	6,034,076	6,221,872	-	-
Fees and commission expense	9	(637,585)	(641,293)	-	-
<b>Net fees and commission income</b>	9	<b>5,396,491</b>	<b>5,580,579</b>	-	-
Insurance revenue	10 (a)	3,473,186	1,717,633	-	-
Insurance service expense	10 (b)	(1,882,066)	(495,692)	-	-
<b>Net insurance service result before reinsurance contracts held</b>		<b>1,591,120</b>	<b>1,221,941</b>	-	-
Net expenses from reinsurance contracts held	11	(1,075,569)	(813,216)	-	-
<b>Insurance service result</b>		<b>515,551</b>	<b>408,725</b>	-	-
Net finance expense from insurance contracts	12(a)	(224,155)	(427,132)	-	-
Net finance income from reinsurance contracts	12(b)	124,489	169,353	-	-
<b>Net insurance finance expense</b>	12	<b>(99,666)</b>	<b>(257,779)</b>	-	-
<b>Net insurance result</b>		<b>415,885</b>	<b>150,946</b>	-	-
Net foreign exchange income	13	5,079,771	6,249,763	-	-
Gain on disposal of financial instruments	14	550,892	334,328	-	-
Fair value loss on financial assets	15 (a)	-	(94,249)	-	-
Other income	15 (b)	2,677,392	2,328,478	14,872,816	12,449,879
Bargain purchase gain	51 (e)	-	(273,111)	-	-
Loss on remeasurement of investment in associate	51 (d)	-	266,832	-	-
<b>Non-interest income</b>		<b>14,120,431</b>	<b>14,543,565</b>	<b>14,872,816</b>	<b>12,449,879</b>
<b>Net operating income</b>		<b>71,831,953</b>	<b>61,990,341</b>	<b>14,981,200</b>	<b>12,489,757</b>
Operating expenses	16	(37,131,182)	(31,889,883)	(957,843)	(460,787)
<b>Operating profit before impairment losses</b>		<b>34,700,771</b>	<b>30,100,458</b>	<b>14,023,357</b>	<b>12,028,970</b>

## NCBA GROUP PLC

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

## FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Group		Company	
		2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
Credit impairment losses	8	(6,902,153)	(5,046,435)	-	-
<b>Profit before share of associate's profit</b>		<b>27,798,618</b>	<b>25,054,023</b>	<b>14,023,357</b>	<b>12,028,970</b>
Share of associates profit	30	91,612	87,025	-	-
<b>Profit before income tax</b>		<b>27,890,230</b>	<b>25,141,048</b>	<b>14,023,357</b>	<b>12,028,970</b>
Income (tax expense)/credit	18	(4,496,712)	(3,275,281)	16,132	(123,269)
<b>Profit for the year</b>		<b>23,393,518</b>	<b>21,865,767</b>	<b>14,039,489</b>	<b>11,905,701</b>
<b>Profit for the year attributable to:</b>					
Equity holders of the Group		23,400,299	21,881,139	14,039,489	11,905,701
Non-controlling interests		(6,781)	(15,372)	-	-
		<b>23,393,518</b>	<b>21,865,767</b>	<b>14,039,489</b>	<b>11,905,701</b>
<b>Earnings per share – basic and diluted (KES)</b>	20	<b>14.20</b>	<b>13.28</b>	<b>8.52</b>	<b>7.23</b>
<b>Profit for the year</b>		<b>23,393,518</b>	<b>21,865,767</b>	<b>14,039,489</b>	<b>11,905,701</b>
<b>Other comprehensive income/(loss) net of income tax:</b>					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Fair value gains on financial assets measured at FVOCI, net of tax	45	3,979,928	2,327,070	-	-
Exchange differences on translation of foreign operations		(189,392)	(2,597,810)	-	-
<b>Net other comprehensive income / (loss) that may be reclassified to the profit or loss in subsequent period</b>		<b>3,790,536</b>	<b>(270,740)</b>	<b>-</b>	<b>-</b>
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>					
Revaluation surplus on property measured at FVOCI, net of tax	46	-	106,020	-	-
<b>Net other comprehensive income that will not be reclassified to the profit or loss in subsequent period</b>		<b>-</b>	<b>106,020</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income / (loss) for the year, net of income tax</b>		<b>3,790,536</b>	<b>(164,720)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>27,184,054</b>	<b>21,701,047</b>	<b>14,039,489</b>	<b>11,905,701</b>
<b>Attributable to:</b>					
Equity holders of the Group		27,190,835	21,716,419	14,039,489	11,905,701
Non-controlling interests		(6,781)	(15,372)	-	-
		<b>27,184,054</b>	<b>21,701,047</b>	<b>14,039,489</b>	<b>11,905,701</b>

## NCBA GROUP PLC

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	Group		Company	
		2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
<b>ASSETS</b>					
Cash and balances with Central Banks	21	63,774,068	43,679,381	-	-
Item in the course of collection	22	687,951	553,733	-	-
Due from banking institutions	23	51,367,772	52,956,080	-	-
Derivative assets	24	6,432	18,089	-	-
Government securities	25	221,551,079	207,516,292	-	-
Investment securities	26	15,512,628	15,226,830	-	-
Customer loans and advances	27	306,917,975	293,932,350	-	-
Current income tax recoverable	18	538,983	1,880,967	-	-
Insurance contract assets	28 (a)	52,362	-	-	-
Reinsurance contract assets	28 (b)	1,307,474	1,720,552	-	-
Other assets	29	25,266,155	19,268,491	785,640	674,533
Due from group companies	48	-	-	495,401	1,371,864
Investment in associates	30	3,416,233	3,366,767	-	-
Investment in subsidiaries	31	-	-	75,488,682	75,488,682
Intangible assets	32	7,263,963	7,455,118	-	-
Property and equipment	33	4,719,475	4,333,185	-	-
Deferred income tax	34	9,955,077	10,014,063	227,358	88,406
Lease prepayments – leasehold land	35	521,750	521,875	-	-
Right of use asset	36	3,153,780	3,465,991	-	-
Goodwill	37	34,000	34,000	-	-
<b>Total assets</b>		<b>716,047,157</b>	<b>665,943,764</b>	<b>76,997,081</b>	<b>77,623,485</b>
<b>LIABILITIES</b>					
Customer deposits	38	531,866,221	502,016,493	-	-
Due to banking institutions	39	10,337,119	13,407,659	-	-
Due to group companies	48	-	-	2,101,137	7,892,756
Insurance contract liabilities	28 (a)	1,990,012	2,151,016	-	-
Reinsurance contract liabilities	28 (b)	87,381	62,469	-	-
Other liabilities	40	29,601,342	24,240,852	1,563,032	974,613
Borrowings	41	7,565,293	10,172,225	-	-
Current income tax payable	18	3,293,893	7,697	11,916	1,372
Lease liabilities	42	3,880,330	4,170,604	-	-
<b>Total liabilities</b>		<b>588,621,591</b>	<b>556,229,015</b>	<b>3,676,085</b>	<b>8,868,741</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	43	8,237,598	8,237,598	8,237,598	8,237,598
Share premium	44	21,424,322	21,424,322	21,424,322	21,424,322
Investment revaluation reserve	45	1,525,409	(2,454,519)	-	-
Revaluation surplus on property	46	106,020	106,020	-	-
Retained earnings		89,423,201	77,720,291	36,080,486	33,738,386
Foreign currency translation reserve		(840,559)	(658,029)	-	-
Proposed dividend		7,578,590	5,354,438	7,578,590	5,354,438
<b>Total capital and reserves attributable to equity holders of the Group</b>		<b>127,454,581</b>	<b>109,730,121</b>	<b>73,320,996</b>	<b>68,754,744</b>
Non-controlling interests		(29,015)	(15,372)	-	-
<b>Total shareholders' equity</b>		<b>127,425,566</b>	<b>109,714,749</b>	<b>73,320,996</b>	<b>68,754,744</b>
<b>Total liabilities and shareholders' equity</b>		<b>716,047,157</b>	<b>665,943,764</b>	<b>76,997,081</b>	<b>77,623,485</b>

The financial statements on pages 19 to 170 were approved for issue by the Board of directors on **25 March 2026** and were signed on its behalf by:



J P M Ndegwa  
Group Chairman



J Gachora  
Group Managing Director



A H Abdi  
Independent Non-Executive Director

## NCBA GROUP PLC

## ANNUAL REPORT AND FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital KES '000	Share premium KES '000	Investment revaluation reserve KES '000	Revaluation surplus on property KES '000	Retained earnings KES '000	Foreign currency translation reserve KES '000	Proposed dividend KES '000	Capital and reserves attributable to equity holders of the Group KES '000	Non-controlling interest	Total equity KES '000
<b>At 1 January 2025</b>	<b>8,237,598</b>	<b>21,424,322</b>	<b>(2,454,519)</b>	<b>106,020</b>	<b>77,720,291</b>	<b>(658,029)</b>	<b>5,354,438</b>	<b>109,730,121</b>	<b>(15,372)</b>	<b>109,714,749</b>
<b>Total comprehensive income for the year, net of tax</b>										
Profit for the year	-	-	-	-	23,400,299	-	-	23,400,299	(6,781)	23,393,518
Gain on revaluation of financial assets at FVOCI	-	-	3,979,928	-	-	-	-	3,979,928	-	3,979,928
Currency translation differences	-	-	-	-	-	(182,530)	-	(182,530)	(6,862)	(189,392)
<b>Total comprehensive income</b>	<b>8,237,598</b>	<b>21,424,322</b>	<b>1,525,409</b>	<b>106,020</b>	<b>101,120,590</b>	<b>(840,559)</b>	<b>5,354,438</b>	<b>136,927,818</b>	<b>(29,015)</b>	<b>136,898,803</b>
<b>Transaction with equity holders</b>										
Dividends:										
2024 Final dividend paid	-	-	-	-	-	-	(5,354,438)	(5,354,438)	-	(5,354,438)
2025 Interim dividend paid	-	-	-	-	(4,118,799)	-	-	(4,118,799)	-	(4,118,799)
2025 Proposed final dividend	-	-	-	-	(7,578,590)	-	7,578,590	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,697,389)</b>	<b>-</b>	<b>2,224,152</b>	<b>(9,473,237)</b>	<b>-</b>	<b>(9,473,237)</b>
<b>At 31 December 2025</b>	<b>8,237,598</b>	<b>21,424,322</b>	<b>1,525,409</b>	<b>106,020</b>	<b>89,423,201</b>	<b>(840,559)</b>	<b>7,578,590</b>	<b>127,454,581</b>	<b>(29,015)</b>	<b>127,425,566</b>

## NCBA GROUP PLC

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

## FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital KES '000	Share premium KES '000	Investment revaluation reserve KES '000	Revaluation surplus on property KES '000	Retained earnings KES '000	Foreign currency translation reserve KES '000	Proposed dividend KES '000	Capital and reserves attributable to equity holders of the Group KES '000	Non-controlling interest	Total equity KES '000
At 1 January 2024	8,237,598	21,424,322	(4,781,589)	-	64,900,509	1,939,781	4,942,557	96,663,178	-	96,663,178
<b>Total comprehensive income for the year, net of tax</b>										
Profit for the year	-	-	-	-	21,881,139	-	-	21,881,139	(15,372)	21,865,767
Gain on revaluation of financial assets at FVOCI	-	-	2,327,070	-	-	-	-	2,327,070	-	2,327,070
Currency translation differences	-	-	-	-	-	(2,597,810)	-	(2,597,810)	-	(2,597,810)
Gain on revaluation of property at FVOCI	-	-	-	106,020	-	-	-	106,020	-	106,020
<b>Total comprehensive income</b>	<b>8,237,598</b>	<b>21,424,322</b>	<b>(2,454,519)</b>	<b>106,020</b>	<b>86,781,648</b>	<b>(658,029)</b>	<b>4,942,557</b>	<b>118,379,597</b>	<b>(15,372)</b>	<b>118,364,225</b>
<b>Transaction with equity holders</b>										
Dividends:										
2023 Final dividend paid	-	-	-	-	-	-	(4,942,557)	(4,942,557)	-	(4,942,557)
2024 Interim dividend paid	-	-	-	-	(3,706,919)	-	-	(3,706,919)	-	(3,706,919)
2024 Proposed final dividend	-	-	-	-	(5,354,438)	-	5,354,438	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,061,357)</b>	<b>-</b>	<b>411,881</b>	<b>(8,649,476)</b>	<b>-</b>	<b>(8,649,476)</b>
At 31 December 2024	8,237,598	21,424,322	(2,454,519)	106,020	77,720,291	(658,029)	5,354,438	109,730,121	(15,372)	109,714,749

## NCBA GROUP PLC

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital KES '000	Share premium KES '000	Retained earnings KES '000	Proposed dividend KES '000	Total equity KES '000
<b>At 1 January 2025</b>	<b>8,237,598</b>	<b>21,424,322</b>	<b>33,738,386</b>	<b>5,354,438</b>	<b>68,754,744</b>
Total comprehensive income for the year	-	-	14,039,489	-	14,039,489
<b>Transactions with owners, recorded directly through equity</b>					
Dividends:					
- 2024 Final dividend paid	-	-	-	(5,354,438)	(5,354,438)
- 2025 Interim dividend paid	-	-	(4,118,799)	-	(4,118,799)
- 2025 Proposed final dividend	-	-	(7,578,590)	7,578,590	-
-	-	-	-	-	-
<b>Total Transaction with Equity Holders</b>	<b>-</b>	<b>-</b>	<b>(11,697,389)</b>	<b>2,224,152</b>	<b>(9,473,237)</b>
<b>At 31 December 2025</b>	<b>8,237,598</b>	<b>21,424,322</b>	<b>36,080,486</b>	<b>7,578,590</b>	<b>73,320,996</b>
<b>At 1 January 2024</b>	<b>8,237,598</b>	<b>21,424,322</b>	<b>30,894,042</b>	<b>4,942,557</b>	<b>65,498,519</b>
Total comprehensive income for the year	-	-	11,905,701	-	11,905,701
<b>Transactions with owners, recorded directly through equity</b>					
Dividends:					
- 2023 Final dividend paid	-	-	-	(4,942,557)	(4,942,557)
- 2024 Interim dividend paid	-	-	(3,706,919)	-	(3,706,919)
- 2024 Proposed final dividend	-	-	(5,354,438)	5,354,438	-
-	-	-	-	-	-
<b>Total Transaction with Equity Holders</b>	<b>-</b>	<b>-</b>	<b>(9,061,357)</b>	<b>411,881</b>	<b>(8,649,476)</b>
<b>At 31 December 2024</b>	<b>8,237,598</b>	<b>21,424,322</b>	<b>33,738,386</b>	<b>5,354,438</b>	<b>68,754,744</b>

## NCBA BANK KENYA PLC

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Group		Company	
		2025 KES '000	2024* KES '000	2025 KES '000	2024 KES '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before income tax		27,890,230	25,141,048	14,023,357	12,028,970
Non-cash items	50	(47,400,221)	(39,513,142)	-	-
Changes in operating assets and liabilities	50	8,369,234	(43,474,189)	(5,384,204)	(1,314,552)
Income tax paid	18	(1,355,814)	(3,983,752)	(112,276)	(115,063)
Interest received		74,342,470	88,067,693	108,384	39,876
Interest paid		(23,614,078)	(40,694,997)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash generated from/(used in) operating activities</b>		<b>38,231,821</b>	<b>(14,457,339)</b>	<b>8,635,261</b>	<b>10,639,231</b>
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment in subsidiaries	51	-	(866,856)	-	(1,075,000)
Purchase of government securities		(121,450,266)	(73,668,934)	-	-
Proceeds from matured government securities		114,597,561	90,759,782	-	-
Purchase of investment securities		(4,132,084)	(2,111,424)	-	-
Proceeds from sale of investments		3,636,238	4,532,678	-	-
Purchase of intangible assets	32	(1,004,631)	(817,215)	-	-
Purchase of property and equipment	33	(1,562,921)	(2,696,205)	-	-
Proceeds on sale of equipment		33,896	32,830	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash (used in)/ generated from in investing activities</b>		<b>(9,882,207)</b>	<b>15,164,656</b>	<b>-</b>	<b>(1,075,000)</b>
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid		(9,473,237)	(8,649,476)	(9,473,237)	(8,649,476)
Repayment of long-term borrowings	41(b)	(2,306,472)	(1,854,207)	-	-
Payment towards lease liabilities	42	(979,929)	(865,022)	-	-
Proceeds from borrowings	41(b)	-	6,843,499	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash used in financing activities</b>		<b>(12,759,638)</b>	<b>(4,525,206)</b>	<b>(9,473,237)</b>	<b>(8,649,476)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>15,589,976</b>	<b>(3,817,889)</b>	<b>(837,976)</b>	<b>914,755</b>
<b>Cash and cash equivalents at 1 January*</b>	49	<b>87,178,442</b>	<b>90,504,283</b>	<b>1,333,377</b>	<b>418,622</b>
<b>Foreign currency exchange difference</b>		<b>(235,021)</b>	<b>492,048</b>	<b>-</b>	<b>-</b>
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	49	<b>102,533,397</b>	<b>87,178,442</b>	<b>495,401</b>	<b>1,333,377</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

\*Comparative figures have been restated. Refer to note 49 (b)

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

#### 1. General information

NCBA Group PLC (the “Company/Parent”) and its subsidiaries (together, the “Group”) provide retail, corporate and digital banking, brokerage, bancassurance, insurance and investment banking services. NCBA Group PLC is incorporated in Kenya under the Kenyan Companies Act, 2015 as a public limited liability company and is domiciled in Kenya. The Company’s shares are listed on the Nairobi Securities Exchange (NSE). NCBA Group PLC operates in Kenya, Tanzania, Uganda, Rwanda, Cote d’Ivoire and Ghana through its associates and subsidiaries as captured in notes 30 and 31 respectively.

The address of its registered office is as follows:

NCBA Centre  
Mara and Ragati Roads, Upper Hill P.O. Box 44599 – 00100  
Nairobi, Kenya

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

#### 2. Material accounting policies

##### 2.1 Basis of preparation

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

##### (i) Compliance with IFRS

The financial statements have been prepared in compliance with IFRS<sup>®</sup> accounting standards as issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee of the IASB (IFRS IC) applicable to companies reporting under IFRS and the requirements of the Kenyan Companies Act, 2015. The financial statements are presented in thousands of Kenya shillings rounded to the nearest thousand (KES ‘000) and are prepared under the historical cost convention except where otherwise stated in the accounting policies below. For those assets at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Having made an assessment of the Group 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 and Company’s ability to continue as a going concern.

##### (ii) Use of estimates

The preparation of financial statements in conformity with IFRS<sup>®</sup> requires the use of certain critical accounting estimates and assumptions. It also requires the directors to exercise judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

##### (iii) Changes in accounting policies and disclosures

###### *Standards, amendments and interpretations to existing standards that are effective in the year*

These amendments apply for the first time in the year, but do not have significant impact on the audited financial statements of the Group and Company

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (Continued)****2.1 Basis of preparation (Continued)****(iii) Changes in accounting policies and disclosures (Continued)*****Standards, amendments and interpretations to existing standards that are effective in the year (Continued)*****Amendments to IAS 21 – Lack of Exchangeability**

The amendment is effective for annual periods beginning on or after 1 January 2025.

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group***

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are listed below:

<b>New standards or amendments</b>	<b>Effective for annual period beginning on or after</b>
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 Jan 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 Jan 2026
Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity	1 Jan 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 Jan 2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 Jan 2027
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS S1 and IFRS S2 (issued in June 2023)	Voluntary – 01 January 2024 Mandatory – 01 January 2027

**Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments**

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later.

**Key requirements**

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:

- Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
- Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2 Material accounting policies (continued)****2.1 Basis of preparation (continued)****(iii) Changes in accounting policies and disclosures (continued)**

*Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)*

Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial (continued)

- Clarifies the treatment of non-recourse assets and contractually linked instruments terms that requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

The publication of the amendments concludes the classification and measurement phase of the IASB's post implementation review (PIR) of IFRS 9 Financial Instruments. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

Annual Improvements to IFRS Accounting Standards – Volume 11

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11.

The following is a summary of the amendments from the Annual Improvements to IFRS Accounting Standards—Volume 11:

IFRS 1 First-time Adoption of International Financial Reporting Standards	<p>Hedge Accounting by a First-time Adopter</p> <p>Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.</p> <p>An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.</p>
IFRS 7 Financial Instruments: Disclosures	<p>Gain or Loss on Derecognition</p> <p>The amendments update the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.</p> <p>An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.</p>
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	<p>Introduction</p> <p>The amendments to paragraph IG1 of the Guidance on implementing IFRS 7 clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.</p>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 2 Material accounting policies (continued)

## 2.1 Basis of preparation (continued)

## (iii) Changes in accounting policies and disclosures (continued)

*Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)*

Annual Improvements to IFRS Accounting Standards – Volume 11 (continued)

Guidance on implementing IFRS 7 Financial Instruments: Disclosures	<p>Disclosure of Deferred Difference between Fair Value and Transaction Price</p> <p>Paragraph IG14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.</p>
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	<p>Credit Risk Disclosures</p> <p>Paragraph IG20B of the Guidance on implementing IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.</p>
IFRS 9 Financial Instruments	<p>Transaction Price</p> <p>Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9.</p> <p>An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.</p>
IFRS 10 Consolidated Financial Statements	<p>Determination of a 'De Facto Agent'</p> <p>Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents.</p> <p>An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.</p>
IAS 7 Statement of Cash Flows	<p>Cost Method</p> <p>Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.</p> <p>An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.</p>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.1 Basis of preparation (continued)****(iii) Changes in accounting policies and disclosures (continued)**

*Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)*

Annual Improvements to IFRS Accounting Standards – Volume 11 (continued)

The directors do not expect that the adoption of these amendments will have a material impact on the financial statements of the Bank.

Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity

The amendment is effective for annual periods beginning on or after 1 January 2026.

The amendments include:

- Clarifying the application of the ‘own-use’ requirements
- Permitting hedge accounting if these contracts are used as hedging instruments
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows

The clarifications regarding the ‘own use’ requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

IFRS 18 – Presentation and Disclosure in Financial Statements

The standard is effective for annual periods beginning on or after 1 January 2027.

IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for ‘operating profit or loss’, ‘profit or loss before financing and income taxes’ and ‘profit or loss’.

Management-defined performance measures

IFRS 18 introduces the concept of a management-defined performance measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management’s view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity’s MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS accounting standard.

The directors are currently assessing the impact of IFRS 18, which is expected to affect the presentation and disclosure of its statement of profit or loss and other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.2 Basis of preparation (continued)****(iii) Changes in accounting policies and disclosures (continued)**

*Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)*

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

The standard is effective for annual periods beginning on or after 1 January 2027.

In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures (Continued)

An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance.

An entity may elect to apply IFRS 19 if at the end of the reporting period:

- It is a subsidiary as defined in IFRS 10;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards

An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19, unless IFRS 19 or another IFRS accounting standard permits or requires otherwise.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

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.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.1 Basis of preparation (continued)****(iii) Changes in accounting policies and disclosures (continued)**

*Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)*

IFRS S1 and IFRS S2 (issued in June 2023)

In 2021, IFRS established the International Sustainability Standards Board (ISSB) to develop sustainability & climate-related disclosure standards that provide investors and other capital market players with information on sustainability-related risks and opportunities for decision making. The disclosure standards were released in June 2023.

IFRS S1 (General Sustainability-related Disclosures) 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.

IFRS S2 (Climate-related Disclosures) applies to climate-related risks to which the entity is exposed, which are: climate-related physical risks, climate-related transition risks and climate-related opportunities available to the entity.

The directors are assessing the impact of the standard ahead of the adoption of the standard in the Group.

**2.2 Consolidation**

The consolidated financial statements comprise the financial statements of NCBA Group PLC (the "Company") and its subsidiaries (see note 31) and equity accounted stake in associates (see note 30 ) up to 31 December 2025 (together the "Group"). All inter-company transactions, balances and gains or losses on transactions between Group companies are eliminated in full on consolidation.

**i) Investment in subsidiaries**

Subsidiary undertakings are those companies in which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date when it ceases. Investment in subsidiaries are carried in the Company's statement of financial position at cost less provision for impairment losses.

**ii) Investment in associates**

An associate is a company in which the Group has significant influence, but not control, as defined by *IFRS 10: Consolidated financial statements*. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The consolidated financial statements include the Group's share of net assets of the associate on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. At Company level, associates are recognised at cost less impairment.

**iii) Changes in ownership interest**

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.2 Consolidation (Continued)**

## iv) Non-controlling interest (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**2.3 Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase consideration is recognised in profit and loss immediately.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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.

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

**2.4 Interest income and expense recognition**

## Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.4 Interest income and expense recognition (Continued)**

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

**2.5 Fee and commission income**

Fee and commission income and expense that are integral to the effective interest rate on a financial assets or financial liability are included in the effective interest rate. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fee and commission revenue, including transactional fees, account servicing fees, investment management fees and sales commissions are recognised as the performance obligations under the related services' contracts are completed. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Other fees and commissions revenue are in the scope of IFRS 15.

Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-proportionate basis. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

**2.6 Other income**

Other income includes dividends received from subsidiaries and associate investments, fair value gains and losses on investment securities at fair value through profit or loss, dividends relating to those financial instruments.

Dividends on equity instruments are recognised in the profit or loss when the Group's right to receive payment is established.

**2.7 Foreign currency translation****i) Functional and presentation currency**

The financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings, which is the Group's Presentation Currency. Except as indicated, financial information presented in Kenya Shillings has been rounded to the nearest thousand. The functional currency of the company is Kenya Shillings.

**ii) Transactions and balances**

The results and financial position of the subsidiaries have been translated into the presentation currency as follows:

- (i) Assets and liabilities at each reporting period are translated at the closing rate at the reporting date;
- (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates

Foreign currency transactions that are transactions denominated, or that require settlement, in a foreign currency are translated into the respective functional currencies of the operations using the exchange rates prevailing at the dates of the transactions.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.7 Foreign currency translation (Continued)****ii) Transactions and balances (Continued)**

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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

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

**2.8 Financial assets****i) Recognition and subsequent measurement**

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss.

The Group determines the appropriate classification of its financial assets at initial recognition. It recognises a financial asset in its statement of financial position when it becomes party to the contractual provisions of the instrument.

Financial assets (except those carried at fair value through profit or loss) are initially recognised in the financial statements at fair value plus transaction costs.

The Group classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss (“FVTPL”);
- Financial assets measured at amortised cost; and
- Financial assets at fair value through other comprehensive income (“FVTOCI”).

The Group’s classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (‘SPPI’), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in ‘Interest income’ using the effective interest rate method.

**FVTOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVTOCI. 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.

**FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss 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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 2. Material accounting policies (continued)

## 2.8 Financial assets (Continued)

## i) Recognition and subsequent measurement (Continued)

The classification of financial instruments can be seen in the table below:

	<b>Class as defined by IFRS 9 and as determined by the Group</b>	<b>Subclasses</b>
On Balance sheet Financial assets	Financial assets at fair value through profit and loss (FVPL)	<ul style="list-style-type: none"> <li>• Government securities held for trading</li> <li>• Investment Securities</li> <li>• Derivative assets</li> <li>• Loans</li> </ul>
	Investments as at fair value through other comprehensive income (FVOCI)	<ul style="list-style-type: none"> <li>• Government securities acquired for both holding and selling</li> <li>• Property and Equipment (Building)</li> </ul>
	Financial assets at amortised cost	<ul style="list-style-type: none"> <li>• Loans and advances to customers</li> <li>• Deposits and balances due from banking Institutions</li> <li>• Government securities held to collect contractual cashflows</li> <li>• Investment securities</li> <li>• Cash and balances with Central Banks</li> <li>• Other assets*</li> </ul>
On balance sheet Financial liabilities	Financial liabilities at armortised cost	<ul style="list-style-type: none"> <li>• Deposits from customers</li> <li>• Deposits and balances due to banking institutions</li> <li>• Other liabilities**</li> <li>• Borrowings</li> </ul>
	Financial liabilities at FVPL	None
Off-balance sheet financial instruments	Off-balance sheet financial instruments	Guarantees, acceptances, letter of credit and other commitments.
*This includes funding for mobile initiated transactions		
** This majorly includes funding for mobile initiated transactions		

**Contractual characteristics of a financial asset / SPPI:** Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

**Group's business model:** The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.8 Financial assets (Continued)****i) Recognition and subsequent measurement (Continued)**

Factors considered by the Group in determining the business model for a group of assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported by key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets is held by the Group as part of liquidity management and is generally classified with the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the "other" business model and measured at FVPL.

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

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

**ii) Modification of loans**

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

If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.

- Whether any substantial new terms are introduced, such as a profit share/equity based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in interest rate; and
- Change in the currency of the loan - Insertion of collateral, other security or credit enhancement that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a "new" asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

Before renegotiation, the Group 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 de-recognition.

As a result of the Bank's forbearance activities financial assets might be modified. The following tables refer to modified financial assets where modification does not result in derecognition.

	<b>2025</b>	<b>2024</b>
	KES '000	KES '000
<b>Financial assets (with loss allowance based on lifetime ECL) modified during the period</b>		
Carrying amount before modification	3,236,982	19,346,681
Loss allowance before modification	(371,575)	(4,887,680)
<b>Net amortised cost before modification</b>	<b>2,865,407</b>	<b>14,459,001</b>
Net modification loss	(194,065)	(292,246)
<b>Net amortised cost after modification</b>	<b>2,671,342</b>	<b>14,166,755</b>
Loss allowance after modification	<b>333,753</b>	<b>4,449,954</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.8 Financial assets (continued)****ii) Modification of loans (Continued)**

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

**i) Derecognition other than on a modification**

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

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

- i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- ii) Is prohibited from selling or pledging the assets; and
- iii) Has an obligation to remit any cash it collects from assets without material delays.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of predetermined repurchase price, and the criteria for de-recognition are therefore not met. This also applies to certain securitization transactions in which the Group retains a subordinated residual interest.

**ii) Impairment of financial assets**

The Group assesses on a forward-looking basis the expected credit loss (“ECL”) associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The Group recognises loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVPL: Government securities held to collect contractual cashflows, Customer loans and advances, investment securities and cash and bank balances.

The measurement of ECL reflects:

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

Refer to Note 3.2 (c) for further details on how ECLs are determined, including some of the significant assumptions underpinning their computation.

**Equity Instruments**

Equity instruments are instruments that meet the definition of equity from the issuer’s perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer’s net assets e.g. basic ordinary shares.

The Group measures all equity investments at fair value through profit or loss, except where the Group’s management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group’s right to receive payment is established. Gains and losses on equity investments at FVPL are included in the “Other income” line in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.9 Financial liabilities**

Financial liabilities are classified and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss such as derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair values of the financial liability that is attributable to changes in the credit risk of that liability) and partially profit or loss (the remaining amount of change in the fair value of the liability);
- Financial liabilities arising from the transfer of financial assets which did not qualify for de-recognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments

The Group's holding in financial liabilities comprises mainly of borrowings, deposits from Banks and customers, balances due to Group companies and other liabilities. Such financial liabilities are initially recognised at fair value, generally being their issue proceeds, net of directly attributable transaction costs incurred. They are subsequently measured at amortised cost and interest is recognised using the effective interest method.

Borrowing costs that relate to qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value, are capitalised. All other borrowing costs are recognised in profit or loss. Borrowing costs consist of interest and other costs that an entity incurred in connection with the borrowing of funds.

**Derecognition and of financial liabilities**

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

**Modification of financial liabilities**

When the modification of the terms of an existing financial liability is not judged to be substantial and, consequently, does not result in derecognition, the amortised cost of the financial liability is recalculated by computing the present value of estimated future contractual cash flows that are discounted at the financial liability's original Effective Interest Rate. Any resulting difference is recognised immediately in profit or loss. For financial liabilities, the Group considers a modification to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.

**2.10 Financial guarantee contracts and loan commitments**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.11 Offsetting financial instruments**

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

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

**2.12 Insurance contracts****(i) Summary of measurement approaches**

The Group issues general insurance products to individuals and companies. These include property, financial lines, marine, personal accident and motor products. These products offer protection of a policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Group also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

The Group does not issue any contracts with direct participating features. No contracts are within the scope of the Variable Fee Approach

**(ii) Definition and classification**

A contract is recognized as an insurance contract if it involves the assumption by the Company of significant insurance risk. Insurance risk is transferred to the Group where it agrees to compensate a policyholder if a specified uncertain future event, other than those caused by changes in a financial variable such as interest and foreign exchange rates, adversely affects the policyholder. The Group uses judgement to assess whether a contract transfers insurance risk (i.e., if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the insurance risk accepted is significant. Once a contract has been classified as an insurance contract, it remains an insurance contract until derecognized even if the insurance risk becomes insignificant during this period.

In the ordinary course of business, the Group places reinsurance with affiliated and unaffiliated reinsurance and insurance companies in order to manage exposures by limiting its maximum net loss arising from large risks or catastrophic events and protect the capital position of the Group. A reinsurance contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all of the insurance risk from the reinsured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

A variety of traditional reinsurance products are used in connection with the Group's risk management strategy. These products include all lines quota share treaties as well as an accident year stop loss treaty.

All references to 'insurance contracts' in these financial statements apply equally to insurance contracts issued or acquired (including assumed reinsurance contracts from reinsurance and insurance companies) and reinsurance contracts held, unless specifically stated otherwise.

Any contract that has the legal form of an insurance contract but does not involve the transfer of significant insurance risk is accounted for as an investment contract. Transactions under investment contracts are not recognized through the Statement of Profit or Loss and Other Comprehensive Income and are accounted for as financial instruments under IFRS 9.

**(iii) Combination and separation of insurance contracts**

Before measuring an insurance contract under the requirements of IFRS 17, the Group evaluates whether the contract contains components that should be separated. IFRS 17 distinguishes the following categories of non-insurance components that are required to be identified and accounted for separately:

- Cash flows related to embedded derivatives identified and, where applicable, measured applying IFRS 9;
- Cash flows related to distinct investment components measured applying IFRS 9; and
- Promises to transfer distinct goods or non-insurance services, measured applying IFRS 15, Revenue from Contracts with Customers ("IFRS 15").

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.11 Insurance contracts (Continued)****(iii) Combination and separation of insurance contracts (Continued)**

The Group applies IFRS 17 to all remaining components of the contract that are not separated. Where multiple insurance components are incorporated into a single contract, these multiple insurance components are measured separately where facts and circumstances indicate that separation more appropriately reflects the economic substance of the contract.

Where a set or series of insurance contracts is issued to the same or a related counterparty and achieves, or is designed to achieve, an overall commercial effect, the Group combines the set or series of contracts as a whole to reflect the economic substance of the individual contracts.

**(iv) Unit of account**

The Group identifies portfolios of insurance contracts that are subject to similar risks and managed together. Each portfolio is further disaggregated into groups of insurance contracts that are issued within a calendar year (annual cohorts) and are:

- a. contracts that are onerous at initial recognition;
- b. contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Once established at initial recognition, the composition of the groups is not reassessed subsequently.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and, for the remaining contracts, whether they have no significant possibility of becoming onerous subsequently. This level of granularity determines sets of insurance contracts. The Group uses judgement to determine the level at which the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogenous that they can be allocated to the same group without performing an individual contract assessment. Where no such information is identified, insurance contracts are allocated to a group on the basis of a contract-by-contract review.

Where the Group is constrained by laws or regulation from setting a price to different policyholders fully reflective of their different risk profiles, the effect of such constraints is disregarded when applying the aggregation requirements of IFRS 17.

For insurance contracts measured using the PAA, the Group assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts may be onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous contracts. For non-onerous contracts, the Group assesses the likelihood of changes in relevant facts and circumstances in subsequent periods in determining whether contracts have no significant possibility of becoming onerous subsequent to initial recognition.

Portfolio of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued and, unless the economic substance of the Group's rights and obligations under reinsurance contracts held meet the separation requirements, a group of reinsurance contracts held may provide coverage for underlying contracts that are included in different groups.

Within a portfolio, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

- a. contracts for which there is a net gain at initial recognition;
- b. contracts that at initial recognition, there is no significant possibility of a net gain arising subsequently; or
- c. other remaining contracts.

Reinsurance contracts are assessed for grouping purposes on an individual contract basis.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.11 Insurance contracts (Continued)****(v) Recognition and derecognition**

The Group initially recognizes a group of insurance contracts issued from the earlier of the following:

- The beginning of the coverage period;
- The date when the first payment from a policyholder in the group becomes due or, if there is no due date, is actually received; and
- The date when the Group determines that the group becomes onerous.

The Group recognizes a group of reinsurance contracts held that cover losses of separate (underlying) insurance contracts on a proportionate basis (proportionate or quota share reinsurance) at the later of:

- The beginning of the coverage period of the group of reinsurance contracts held; or
- The date of initial recognition of any underlying contract.

A group of reinsurance contracts held that cover aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognized at the beginning of the coverage period of the group.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Only contracts that meet the recognition criteria at the reporting date are included within the groups. Where contracts meet the recognition criteria after the reporting date, they are added to groups in the reporting period in which the recognition criteria are met, subject to meeting the annual cohorts' requirements. The composition of groups is not reassessed in subsequent periods.

**(vi) Accounting for contract modification and derecognition**

An insurance contract is derecognized when:

- it is extinguished (i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified, subject to certain conditions being met.

Where the terms of a contract are modified by agreement between the parties to the contract or by a change in regulation, the Group accounts for any changes in expected fulfilment cash flows ("FCF") as a change in estimates unless any of the following conditions are present, in which case the Group derecognizes the original contract and treats the modified contract as a new contract. The relevant conditions are that:

- a. If the modified terms had been included in the contract at its inception:
  - i. The modified contract would not have been within scope of IFRS 17;
  - ii. The Group would have separated different components from the host contract, resulting in different insurance components to which IFRS 17 is applied;
  - iii. The modified contract would have a different contract boundary; or
  - iv. The modified contract would have been in a different group.
- b. The original contract was accounted for under the PAA, but the modifications mean that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract accounted for under the PAA is derecognized, adjustments to the FCF to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- a. if the contract is extinguished, any net difference between the derecognized part of the LRC of the original contract and any other cash flows arising from extinguishment;
- b. if the contract is transferred to the third party, any net difference between the derecognized part of the LRC of the original contract and the premium charged by the third party;
- c. if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.11 Insurance contracts (Continued)****(vii) Fulfilment cash flows****Fulfilment cash flows within the contract boundary**

The FCF are current estimates of all the future cash flows within the boundary of each contract in the group that the Group expects to collect from premiums and disburse for claims and related expenses, adjusted to reflect the timing and uncertainty of those amounts.

The estimates of future cash flows are:

- A probability weighted mean of the full range of expected outcomes;
- Reflective of the perspective of the Group, provided that estimates of any relevant market variables are consistent with observable market prices for those variables;
- Current, reflecting conditions existing at the measurement date; and
- Explicit – the Group estimates the adjustment for non-financial risk separately from other estimates. Cash flows are also estimated separately from the adjustment for the time value of money and financial risk, except where the most appropriate measurement technique combines these estimates.

The estimates for future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent that financial risks are not included in the estimates of future cash flows. The discount rates applied to the future cash flows:

- Reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- Are consistent with observable current market prices (where available) for financial instruments with cash flows with characteristics similar to those of the insurance contracts, including in terms of timing, currency and liquidity; and
- Excludes the effect of factors that influence the observable market prices but that do not impact the future cash flows of the insurance contracts.

An explicit risk adjustment for non-financial risk is estimated separately from other components of measurement. For contracts measured under the PAA, provided the contracts are not onerous, the explicit risk adjustment for non-financial risk is only estimated for the LIC.

In the measurement of reinsurance contracts held, the present value of the probability weighted mean of future cash flows includes an allowance for potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group uses consistent assumptions to measure the estimates of the present value of the future cash flows for groups of reinsurance contracts held as for the estimates for the groups of underlying insurance contracts.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

**Contract boundary**

The measurement of a group of insurance contracts includes all the cash flows within the boundary of each contract in the group. The assessment of the contract boundary is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- a. The Group has the practical ability to reprice the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- b. Both of the following criteria are satisfied:
  - The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; or

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.11 Insurance contracts (Continued)****(vii) Fulfilment cash flows (Continued)****Contract boundary (continued)**

The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

In assessing the practical ability to reprice, the Group considers all risks transferred from the policyholder to the Group, such as insurance risk and financial risk; with other non-policyholder risks, such as lapse or surrender and expense risk, being excluded.

Riders, being optional add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at an additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all the cash flows within its boundary.

Cash flows outside of the boundary of the insurance contract are excluded from measurement. These cash flows relate to future insurance contracts.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The Group's quota share reinsurance contracts held have an unlimited duration but are cancellable for new business with a [period to be inserted] notice period by either party. This cancellation period is included within the contract boundary of the reinsurance contracts. Estimates of future cash flows arising from all underlying contracts either: issued at the reporting date; or, expected to be issued during the cancellation period after the reporting date, are included in each of the reinsurance contracts' measurement.

**Insurance acquisition cash flows**

Insurance acquisition cash flows represent cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued).

Such costs include:

- Costs directly attributable to individual contracts and groups of contracts; and
- Costs directly attributable to the portfolio of insurance contracts to which the group belongs.

The Group uses a reasonable and consistent method to allocate insurance acquisition cashflow as below:

- a. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
  - i) To that group; and
  - ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- b. Insurance acquisition cash flows directly attributable to the portfolio of insurance contracts that are not directly attributable to a group of insurance contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred prior to the recognition of the related group of insurance contracts in the Statement of Financial Position, a separate asset for insurance acquisition cash flows is recognized for each related group.

An asset for insurance acquisition cash flows is derecognized and included in the measurement of the group of insurance contracts when the group to which they are allocated is initially recognized. Where, in a reporting period, the Group only recognizes some of the insurance contracts expected to be included in the group, the Group determines the related portion of the asset for insurance acquisition cash flows for the group on a systematic and rational basis, taking into consideration the expected timing of recognition of contracts in the group. The Group derecognizes that portion and includes it in the measurement of the group of insurance contracts.

At the end of each reporting period, the Group assesses the recoverability of any asset for insurance acquisition cash flows. If facts and circumstances indicate that the asset may be impaired, the Group adjusts the carrying amount of the asset and recognizes an impairment loss in profit or loss. To the extent that an impairment condition no longer exists or has improved, the Group recognizes a reversal of some or all of an impairment previously recognized and increases the carrying amount of the asset

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.11 Insurance contracts (Continued)****(vii) Fulfilment cash flows (Continued)****Other pre-recognition cash flows**

Before a group of insurance contracts is recognized, the Group recognizes an asset or liability for any cash flows related to a group of insurance contracts other than insurance acquisition cash flows either due to the occurrence of the cash flows or due to the requirements of another IFRS standard. Cash flows are related to a group of insurance contracts if they would have been included as FCF at initial recognition of the group if they had been paid or received at that date. These cash flows are included within the measurement of the related portfolios of insurance contracts issued or reinsurance contracts held.

**Risk adjustment for non-financial risk**

Amount and timing of the cash flows that arises from non-financial risk as the Group fulfils insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

**viii) Initial and subsequent measurement – Groups measured under the PAA**

The Group uses the PAA for measuring insurance contracts where:

- The coverage period of the contracts is one year or less; or
- The Group has determined that the LRC measured under the PAA for a group of insurance contracts would not differ materially from the LRC measured under the GMM.

The Group has determined that all insurance contracts issued and reinsurance contracts held by the Group are eligible to apply the PAA and the Group has elected to apply this measurement model to all insurance contracts.

For insurance contracts issued, insurance acquisition costs are deferred and recognized over the coverage period of the contracts in a group.

The Group applies the Premium Allocation Approach to all insurance contracts issued, as permitted under IFRS 17, because each contract has a coverage period of 12 months or less.

**Initial recognition**

For insurance contracts issued, the Group measures the LRC for the group of insurance contracts:

- a. at the amount of premiums received, if any, in cash; plus
- b. any insurance acquisition cash flows paid at that date plus or minus
- c. any amounts arising from the derecognition at that date of:
  - i) any asset for insurance acquisition cash flows; and
  - ii) any other asset or liability previously recognized for cash flows related to the group of contracts.

For reinsurance contracts held, the asset for remaining coverage is measured at the amount of ceding premiums paid.

**Subsequent measurement**

For insurance contracts issued, the carrying amount of a group of insurance contracts at the reporting date is the sum of:

- a. The LRC, measured as discussed below; and
- b. The LIC, comprising the FCF related to past service allocated to the group at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.11 Insurance contracts (Continued)****viii) Initial and subsequent measurement – Groups measured under the PAA (continued)****Subsequent measurement (continued)**

At each subsequent reporting date, the LRC for a group of insurance contracts is comprised of:

- The amount of the LRC at the beginning of the period; plus
- Premiums received in cash during the period; less
- Insurance acquisition cash flows paid; less
- Amounts of expected premiums recognized as insurance revenue for services provided in the period; plus
- Amortisation of insurance acquisition cash flows recognized as insurance service expenses for services provided in the period plus or minus
- The effect of any currency exchange differences on the LRC plus or minus
- An adjustment to a financing component.

Where a policyholder remits premiums to an intermediary that is acting as an agent of the Group, premiums are recognised as received when the policyholder remits cash to the intermediary. The amount due to the Group from the intermediary is in scope of IFRS 9 and recognized as a receivable amount within Other Assets.

For reinsurance contracts held, the carrying amount of a group of insurance contracts at the reporting date is the sum of:

- The asset for remaining coverage (“ARC”); and
- The asset for incurred claims recoveries (“AIC”), comprising the FCF related to past service allocated to the group at the reporting date.

At each subsequent reporting date, the ARC for a group of reinsurance contracts held is comprised of:

- The amount of the remaining coverage at the beginning of the period; plus
- Ceding premiums paid in cash during the period; less
- Amounts of ceding premiums recognized as reinsurance expenses for services received in the period plus or minus
- The effect of any currency exchange differences on the ARC plus or minus
- An adjustment to a financing component.

The AIC is measured similarly to the LIC measurement under the PAA

**Adjustment to a financing component**

Where insurance contracts in a group of insurance contracts have a significant financing component, the Group adjusts the carrying amount of the LRC to reflect the time value of money and the effect of financial risk using the discount rates determined at initial recognition. The Group has elected not to adjust the carrying amount of the LRC for the time value of money and the effect of financial risk where the period between the Group providing insurance services and the due date for the receipt of the related premium is no more than one year.

The Group has also elected not to adjust the carrying amount of the LIC for the time value of money and the effect of financial risk where the period between the date a claim is incurred and the expected settlement date of the relevant cash flows is one year or less.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****2. Material accounting policies (continued)****2.11 Insurance contracts (Continued)****viii) Initial and subsequent measurement – Groups measured under the PAA (continued)***Onerous contracts*

Where a group of insurance contracts is onerous, either at initial recognition or subsequently, the Group increases the carrying amount of the LRC to be equivalent to the FCF determined under the GMM, with the increase recognised immediately in insurance service expenses and presented as a loss component of the LRC for the group. In subsequent periods, the Group amortizes the loss component of the LRC, decreasing insurance service expenses.

The reversal of the loss component is based on the passage time over the remaining coverage period of contracts included within the onerous group. Where facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage period has changed, the Group remeasures the FCF, applying the principles of the GMM, and recognizes any change in the FCF by adjusting the loss component until the loss component is reduced to zero.

*Reinsurance contracts held*

When a loss is recognized on initial recognition of an onerous group of underlying insurance contracts, the Group adjusts the carrying amount of the ARC for a related reinsurance contract held by the amount of income recognized in profit or loss and establishes or adjusts a loss-recovery component of the ARC for the amount of income recognised.

**Amounts recognized in total comprehensive income****Insurance service result from insurance contracts issued****Insurance revenue**

Insurance revenue for the period depicts the transfer of promised insurance services at an amount that reflects the portion of consideration the Group expects to be entitled to in exchange for those services.

For groups of contracts measured under the PAA, the Group allocates expected premium receipts and recognises insurance revenue during the coverage period based on the passage of time, unless the expected pattern of release from risk during the coverage period differs significantly from the passage of time, in which case the allocation is made on the basis of the expected timing of incurred insurance service expenses.

**Insurance service expenses**

Insurance service expenses include the following:

- Incurred claims and benefits excluding investment components, including an estimate for claims incurred but not reported at the reporting date;
- Other incurred directly attributable insurance service expenses;
- Amortisation of insurance acquisition cash flows;
- Changes that relate to past service (i.e., changes in FCF relating to the LIC);
- Changes that relate to future service – losses (and reversals of losses) on onerous groups of insurance contracts from changes in the loss components); and
- Impairment, and reversals of impairment, of an asset for insurance acquisition cash flows

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. Material accounting policies (continued)

##### 2.11 Insurance contracts (Continued)

###### viii) Initial and subsequent measurement – Groups measured under the PAA (continued)

###### Insurance service result from reinsurance contracts held

The financial performance of groups of reinsurance contracts held is presented on a net basis comprising:

- Reinsurance expenses;
- Incurred claims recoveries;
- Other incurred directly attributable insurance service expenses;
- Effect of changes in risk of reinsurer non-performance;
- Changes relating to past service (i.e., changes that adjust expected amounts recoverable for incurred claims); and
- Amounts relating to the accounting for onerous groups of underlying insurance contracts issued;
- Income on initial recognition of onerous underlying contracts;

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognized in the reporting period depicts the transfer of reinsurance services received at an amount that reflects the portion of ceding premium the Group expects to pay in exchange for those services. For groups of reinsurance contracts held measured under the PAA, the Group recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

###### Insurance service result from reinsurance contracts held

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

For groups of insurance contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- Interest accreted on the LRC and LIC;
- The effect of changes in interest rates and other financial assumptions; and
- Foreign exchange differences arising from contracts denominated in a foreign currency.

The Group includes all insurance finance income or expense for the period in profit or loss and does not apply the OCI option.

##### 2.12 Property and equipment

Property and equipment except building are initially recorded at cost, and subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets.

Costs incurred in the process of acquiring or constructing an item of property and equipment are recognised as capital work in progress. Once acquisition or construction is complete and the item is ready for use, the carrying amount is transferred to the relevant property and equipment category. Depreciation commences when the item of property or equipment is ready for intended use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated intangible assets, is recognised in profit or loss as incurred.

The assets' residual values and useful lives are reviewed annually and adjusted if appropriate. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. Material accounting policies (continued)

##### 2.12 Property and equipment (continued)

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the cost of each asset to its residual value over its expected useful life as follows:

Assets class	Useful Life in 2025	Useful Life in 2024
Buildings and improvements on leasehold land	lesser of 40 years and the unexpired period of lease	lesser of 40 years and the unexpired period of lease
Equipment, furniture and fittings	3-10 years	3 to 8 years
Motor vehicles	4 to 5 years	4 to 5 years

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

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

##### **Fair value measurement of the Group's leased building**

Building on leased property is measured at fair value, less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

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

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

##### **Changes in accounting estimate**

As part of the Group periodic review process, and in accordance with IAS 16 – Property and Equipment, in 2025 the Group carried out a comprehensive reassessment of the estimated useful lives of key asset categories. As a result, the changes to useful life estimates were estimated as indicated above.

Additionally, the assets have been allocated a residual value based on a percentage of the cost of the assets. This change will apply a prospective application for the revised depreciation going forward.

##### **Financial impact**

The revised useful lives and the introduction of residual values will be applied prospectively (from year 2025) to:

- Existing assets that still have a carrying amount; and
- All future asset acquisitions.

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. Material accounting policies (continued)

##### 2.13 Intangible assets

The Group's intangible assets include computer software license, goodwill and other intangible assets arising out of business combinations and goodwill.

##### i) Software

Intangible assets comprise acquired computer software license costs which are recognised on the basis of expenditure incurred to acquire and bring the specific software to use. These costs are amortised over estimated useful lives of three to ten years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. During development of these software products, direct costs such as the software development employee costs and an appropriate portion of relevant overheads are recorded as work in progress and amortised from the point at which the asset is ready for use.

Computer software development costs recognised as assets are amortised over an estimated useful life of three to eight years. Costs associated with the maintenance of computer software are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives.

##### ii) Goodwill

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 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.

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

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

The useful life of the Group's goodwill is indefinite.

##### 2.14 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise cash on hand, non-restricted balances with central banks, treasury bills and amounts due from or to banks on demand or with an original maturity of three months or less, net of amounts due to other banks on demand or with an original maturity of three months or less. These are subject to insignificant risk of changes in their fair value.

##### 2.15 Provisions and contingent liabilities

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

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

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. Material accounting policies (continued)

##### 2.16 Employee benefits

###### i) Retirement benefit obligations

The Group operates defined contribution schemes, the assets of which are held in separate trustee-administered funds. The schemes are funded by contributions from both the Group and employees. The Group and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme. The Group's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate.

###### ii) Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

##### 2.17 Income tax

###### i) Income tax charge

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

###### ii) Current income tax

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

###### iii) Deferred income tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and which affects neither accounting nor taxable profit. It is also not recognised for temporary differences related to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future and the investor is able to control the timing of the reversal of the temporary difference.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws applicable at the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. Material accounting policies (continued)

##### 2.18 Derivative financial instruments

A derivative is a financial instrument whose fair value changes in response to an underlying variable, requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors and is settled at a future date. Derivatives are initially recognised at fair value on the date on which the derivatives are entered into and subsequently re-measured at fair value.

All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative, subject to offsetting principles as described under the heading offsetting financial instruments.

Embedded derivatives on financial liabilities include hybrid instruments and are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a stand-alone derivative and the combined contract is not measured at fair value through profit or loss. The financial host contracts are accounted for and measured applying the rules of the relevant financial instrument category.

All gains and losses from changes in the fair values of derivatives are recognised immediately in profit or loss as trading income.

##### 2.19 Leases

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

Lease accounting depend on whether the Group is the lessee or the lessor

###### i) The Group is the lessee

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

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

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

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

All right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any re-measurement of the lease liabilities. Depreciation is calculated using the straight-line method to write-down the cost of each asset to its residual value over its estimated useful life.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset if of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period. Some leases of office premises contain extension options exercisable by the Group up to one term after the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. Material accounting policies (continued)

##### 2.19 Leases (Continued)

###### ii) With the Group as lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised 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.

##### 2.20 Sale and repurchase agreements

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

##### 2.21 Assets obtained by taking possession of collateral

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

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

##### 2.22 Dividends

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

Proposed dividends are appropriated from retained earnings into a separate component of equity until they are declared.

##### 2.23 Share capital

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

##### 2.24 Off balance sheet letters of credit, acceptances and guarantees

Letters of credit, acceptances and guarantees are accounted for as off-balance sheet transactions.

##### 2.25 Fiduciary activities

The Group commonly acts as nominee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and income arising thereon are excluded from these financial statements as they do not belong to the Group.

##### 2.26 Statutory loan loss reserve

Further to the credit loss allowances computed in line with international financial reporting standards, the Central Banks have, in their prudential guidelines, specified certain minimum loan loss provisions to be held against various categories of loans and advances. Where credit loss allowances computed in line with the Central Bank regulations exceed those computed on the same loan balances under International financial reporting standards, the excess is recognised as a regulatory loss reserve and is accounted for as an appropriation of retained earnings. The statutory loan loss reserve is non-distributable.

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. Material accounting policies (continued)

##### 2.11 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or Group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Board of Directors as its chief operating decision maker. All transactions between business segments are conducted on commercial terms basis with intra-segment revenue and costs being eliminated at Group level.

##### 2.12 Earnings per share

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

##### 2.13 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. Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

##### 2.14 Comparatives

Where necessary, comparative figures are restated to conform to changes in presentation in the reporting period.

#### 3 Financial risk management

##### 3.1 Risk management framework

The Group's activities expose it to a variety of financial risks, including credit risk and the risks of changes in debt and equity market prices, foreign currency exchange rates, liquidity risk and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Risk management is carried out under policies approved by the Board of directors. The Board provides written principles for overall risk management as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and the investment of surplus funds

By their nature, the Group's activities are principally related to the use of financial instruments, including derivatives. The Group accepts deposits from customers at both fixed and floating rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Group seeks to raise its interest margins by obtaining above-average margins, net of allowances, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on-balance sheet loans and advances; the Group also enters into guarantees and other commitments such as letters of credit and performance, and other bonds.

The Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments to take advantage of short-term market movements in bond prices and currency and interest rates. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions.

Foreign exchange and interest rate exposures associated with derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 3. Financial risk management (Continued)

##### 3.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty may be unable to pay amounts in full, when due. The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in respect of any borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a continuous basis and subject to annual or more frequent review. Limits on the level of credit risk by product, industry sector and by country are approved by the Board of directors.

The exposure to any one borrower including banks is further restricted by sub-limits covering on and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as foreign exchange forward contracts. Actual exposures against set limits are monitored on a daily basis.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Impairment provisions are made for losses that have been incurred at the reporting date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration of the Group's portfolio, could result in losses that are different from those provided for at the reporting date. Directors therefore carefully manage the exposure to credit risk.

##### a) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans and advances.

Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than loans and advances.

Commitments to extend credit represent un-utilised portions of authorised credit in the form of loans and advances, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss to the extent of the total un-utilised commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

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

The amount that best represents the Group's maximum exposure to credit risk is the carrying value in the statement financial position. Loans and advances to customers are secured by collateral in the form of charges over land and buildings and/or plant and machinery or corporate guarantees and other collaterals accepted by the laws of the land. However, there are loans and advances to major corporations and individuals that are unsecured. In these cases, the Group undertakes stringent credit risk assessments before any disbursements are made.

The directors are confident in its ability to continue to control exposure of credit risk to the Group resulting from both its loan and advances portfolio and debt securities based on the following:

- The Group exercises stringent controls over the granting of new loans.
- 87% (2024: 80%) of the loans and advances portfolio are neither past due nor impaired.
- 93% (2024: 93%) of the debt securities are government securities.

##### b) Loans and advances

The Group aligns the classification criteria for assets that are past due or impaired in line with regulatory guidelines. In the determination of the classification of accounts, performance is the primary consideration. The classification of an account reflects a judgment about risks of default and loss associated with the credit facility. The classification process establishes a consistent approach to problem recognition, problem labeling, remedial action and the initiation of credit write-offs.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3 Financial risk management (Continued)

## 3.3 Credit risk (Continued)

## b) Loans and advances (Continued)

i) *Expected credit loss measurement*

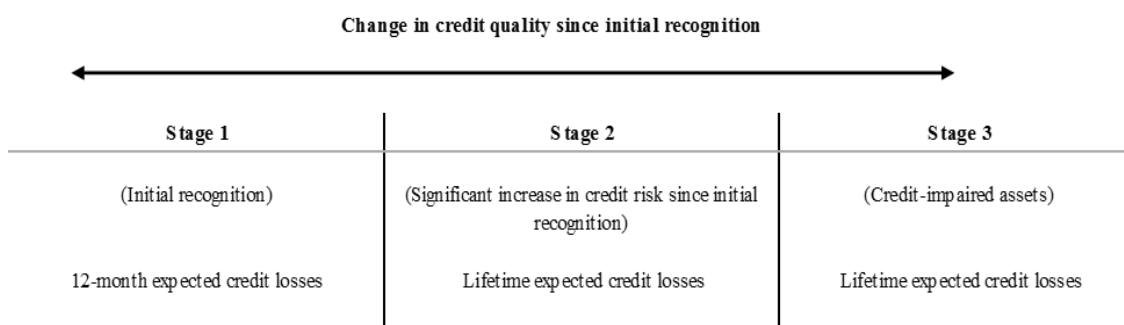
IFRS 9 outlines a ‘three-Stage’ model for impairment based on changes in credit quality since initial recognition as summarised below:

- **Stage 1:** Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, The Group recognises a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.
- **Stage 2:** Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the Group measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the EIR multiplied by the gross of carrying amounts.
- **Stage 3:** For debt instruments that have both a significant increase in credit risk plus observable evidence of impairment i.e. have defaulted.

Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):



The key judgments and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

ii) *Significant Increase in credit risk (SICR)*

The Group’s decision on whether to recognize 12-month or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is performed at each reporting date.

When making the assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. This forms the basis of stage 1, 2 and 3 classification and subsequent migration.

The Group applies qualitative and quantitative criteria for stage classification and for its forward and backward credit risk migration.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (Continued)

## 3.2 Credit risk (Continued)

## b) Loans and advances (Continued)

i) *Expected credit loss measurement (Continued)*Quantitative Criteria

The quantitative criteria is based on relative and not absolute changes in credit quality driven by counterparty ratings and days past due.

The Group considers that financial instruments for which default patterns are not concentrated at a specific point during the expected life of the financial instrument, changes in the risk of a default occurring over the next 12 months may be a reasonable approximation of the changes in the lifetime risk of a default occurring and could be used to determine whether credit risk has increased significantly since initial recognition.

The appropriateness of using changes in the risk of a default occurring over the next 12 months to determine whether lifetime expected credit losses should be recognised depends on the specific facts and circumstances. Risk of default occurring over the next 12 months is not a suitable basis for determining whether credit risk has increased on a financial instrument with a maturity of more than 12 months when:

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

The Group's quantitative credit grading, as compared to banking regulators' prudential guidelines credit grading is as per the table below:

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

Qualitative Criteria

In addition to the above, the Group considers other qualitative factors in determining the classification above, and may accelerate the classification of credit facilities where deemed appropriate. They include but not limited to:

- Significant changes in the terms of the same instrument if it were issued at the reporting date that indicate a change in credit risk since initial recognition, e.g.: increase in credit spread; more stringent covenants; increased amounts of collateral or guarantees; or higher income coverage.
- Significant changes in external market indicators of credit risk for the same financial instrument (or similar instrument of the borrower), e.g.: credit spread; credit default swap prices; length of time or the extent to which the fair value of a financial asset has been less than its amortised cost; other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments; or external credit rating (actual or expected).
- Changes in the Group's credit management approach in relation to the financial instrument (e.g. based on emerging indicators of changes in the credit risk of the financial instrument, the Group's credit risk management practice is expected to become more active or focused on managing the instrument, including the instrument becoming more closely monitored or controlled, or the Group specifically intervening with the borrower).

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (continued)

## 3.2 Credit risk (continued)

## b) Loans and advances (continued)

ii) *Significant Increase in credit risk (SICR) (Continued)*Qualitative Criteria (Continued)

- Actual or expected adverse changes in business, financial or economic conditions significantly affecting borrower's ability to meet its debt obligations (e.g. increase in interest rates or unemployment rates); operating results of the borrower e.g. declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems or changes in the scope of business or organizational structure (such as the discontinuance of a segment of the business) that results in a significant change in the borrower's ability to meet its debt obligations; or regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations (e.g. a decline in the demand for the borrower's sales product because of a shift in technology).
- Significant changes in the value of collateral or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to pay or otherwise affect the probability of default; or quality of a guarantee provided by a shareholder (or an individual's parents) if the shareholder (or parents) have an incentive and financial ability to prevent default by capital or cash infusion.
- Expected changes in the loan documentation (e.g. breach of contract leading to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees).
- Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group (e.g. increase in delayed contractual payments or number of credit card borrowers expected to approach or exceed their credit limit or who are expected to be paying the minimum monthly amount).

ii) *Definition of default and credit-impaired assets*

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

Qualitative criteria

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

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

The group has not rebutted the 90 days past due (DPD) rule for identifying default.

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

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

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 3. Financial risk management (continued)

##### 3.2 Credit risk (continued)

##### b) Loans and advances (continued)

##### *iii) Measuring expected credit loss – inputs, assumptions and estimation techniques*

“ECL” is defined as the amount on a probability-weighted basis as the difference between the cash flows that are due to the Group in accordance with the contractual terms of a financial instrument and the cash flows that the Group expects to receive.

ECL is formula driven, i.e.  $ECL = PD \times LGD \times EAD$  (discounted using the EIR)

ECLs are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

LGD refers to the loss that is expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cash flows due and those that the Group expects to receive. The Group estimate LGD based on the history of recovery rates and consider the recovery of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans.

The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and a credit grade. This is supported by a historical analysis.

Where there is uncertainty in respect of the respective models’ ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates, and macroeconomic events, additional provisions are made via management overlays. Significant judgement was made in determining the management overlays.

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

- For amortising products or bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayments/refinance assumptions are also incorporated.
- For revolving products, the exposure at default is predicted by taking the current drawn-down balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group’s recent default data.
- The 12-month and lifetime LGDs are determined based on the factors which impact the recoverable amount post default. These vary by product type:

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 3. Financial risk management (continued)

##### 3.2 Credit risk (continued)

###### b) Loans and advances (continued)

###### iii) *Measuring expected credit loss – inputs, assumptions and estimation techniques (Continued)*

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and prices.

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

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change – are monitored and reviewed on an annual basis.

###### iv) *Grouping of instruments for losses measured on a collective basis*

For expected credit losses provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogenous. In performing this grouping, there must be sufficient information for the group to be statistically credible. In concluding on how to group its exposures, the Group considered its approach to credit risk management and how aspects such as regulatory compliance and internal concentration limits are managed. As such, the Group grouped its loans and advances at amortised cost based on industries such as Agriculture, Business Services, Mining and Quarrying, Manufacturing, Individuals, Building and construction, Tourism, Transport and Communication among others. The appropriateness of groupings is monitored and reviewed on a periodic basis.

In the year, there were some exposures deemed to be individually significant to merit individual assessment, other than those in Stage 3. These were assessed individually.

###### v) *Forward-looking information incorporated in the ECL models*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses, segmented by portfolio and country. These economic variables and their associated impact on PD, EAD and LGD vary by industry/portfolio segmentation and in different countries.

Forecasts of the base economic scenario and the possible bearish and bullish scenarios along with scenario weightings are prepared by an expert economic team. The impact of these economic variables on the PD, EAD and LGD is determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to an inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearity's and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible outcomes

The key macro-economic factors that were evaluated by the Group and deemed to be most correlated to the historical and forecasted default statistics include interest and foreign exchange rates, Inflation, GDP growth and population statistics for different countries.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (continued)

## 3.2 Credit risk (continued)

## b) Loans and advances (continued)

v) *Forward-looking information incorporated in the ECL models(continued)*

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have been considered, but are not deemed to have a material impact on therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness annually.

The table below summarises the principal macroeconomic indicators included in the economic scenarios used at 31 December 2025 for the years 2025 to 2029.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 20 years.

Macro-Economic Factors	Base Case			Best Case			Worst Case		
	2025	2026	Remaining Forecast Period	2025	2026	Remaining Forecast Period	2025	2026	Remaining Forecast Period
GDP Growth (YoY%)	13.92%	9.52%	8.97%	14.62%	9.99%	9.41%	13.22%	9.04%	8.52%
GDP Per Capita (YoY%)	3.06%	3.22%	3.63%	3.21%	3.38%	3.81%	2.91%	3.06%	3.45%
FX Rate (YoY%)	0.16%	1.00%	4.19%	0.17%	1.05%	4.40%	0.15%	0.95%	3.98%
Lending Rate-Base Rate (%)	12.70%	11.98%	2.12%	12.07%	11.38%	2.02%	13.34%	12.58%	2.23%
Household Spending (YoY%)	9.67%	9.84%	5.50%	10.16%	10.33%	5.78%	9.19%	9.35%	5.23%
Foreign Reserves (YoY%)	35.00%	10.00%	5.98%	36.75%	10.50%	6.28%	33.25%	9.50%	5.68%
Consumer Price Index (YoY%)	4.30%	5.10%	11.01%	4.09%	4.85%	10.46%	4.52%	5.36%	11.56%

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (continued)

## 3.2 Credit risk (continued)

## b) Loans and advances (continued)

v) *Forward-looking information incorporated in the ECL models (continued)*

Macro-Economic Factors	Base Forecast			Best Case			Worst Case		
	2024	2025	Remaining Forecast Period	2024	2025	Remaining Forecast Period	2024	2025	Remaining Forecast Period
GDP Growth (YoY%)	13.27%	10.64%	8.93%	13.93%	11.17%	9.38%	12.61%	10.11%	8.49%
GDP Per Capita (YoY%)	3.01%	3.44%	3.36%	3.16%	3.61%	3.53%	2.86%	3.27%	3.20%
FX Rate (YoY%)	(14.36%)	2.24%	2.00%	(15.08%)	2.35%	2.10%	(13.64%)	2.13%	1.90%
Lending Rate-Base Rate (%)	15.97%	11.61%	10.89%	16.77%	12.19%	11.43%	15.17%	11.03%	10.35%
Household Spending (YoY%)	10.28%	9.36%	10.39%	10.79%	9.83%	10.91%	9.77%	8.89%	9.87%
Foreign Reserves (YoY%)	25.00%	10.01%	11.25%	26.25%	10.51%	11.81%	23.75%	9.51%	10.69%
Consumer Price Index (YoY%)	2.90%	5.10%	5.75%	3.05%	5.36%	6.04%	2.76%	4.85%	5.46%

vi) *Write-off policy*

The Group writes off financial assets, in whole or in 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 (i) ceasing enforcement activity and (ii) where the Group's recovery methods foreclosing on collateral and the value of the collateral are such that there is no reasonable expectations of recovering in full. The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity is KES 48.2 billion (2024: KES 51.1 billion).

Although the Group may write-off financial assets that are still subject to enforcement activity, it still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of recovering in full.

vii) *Restructured/renegotiated facilities*

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

viii) *The breakdown of loans and advances based on their staging is summarised below:*

The following tables set out information about credit quality of loans and advances. The breakdown of loans and advances based on their staging is summarised below;

The breakdown of loans and advances based on their staging is summarised below:

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (continued)

## 3.2 Credit risk (continued)

## b) Loans and advances (continued)

x) *The breakdown of loans and advances based on their staging is summarised below:*

Group At 31 December	2025 KES '000	2024 KES '000
<b>Gross loans and advances</b>		
Stage 1	278,746,816	244,430,156
Stage 2	19,413,711	35,173,100
Stage 3	24,001,786	26,150,563
	<hr/>	<hr/>
<b>Total gross loans advanced</b>	<b>322,162,313</b>	<b>305,753,819</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Impairment allowances</b>		
Stage 1	2,175,004	2,103,843
Stage 2	2,154,114	1,392,471
Stage 3	14,241,643	11,716,301
	<hr/>	<hr/>
<b>Impairment allowances</b>	<b>18,570,761</b>	<b>15,212,615</b>
	<hr/>	<hr/>
<b>Fair-value</b>		
Loan notes at FVTPL	3,326,423	3,391,146
	<hr/>	<hr/>
<b>Net loans and advances</b>	<b>306,917,975</b>	<b>293,932,350</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Coverage ratio of the individually impaired loans and advances</b>	<b>59%</b>	<b>45%</b>
	<hr/> <hr/>	<hr/> <hr/>

Included in loans and advances above are loan notes valued at KES 3.3 billion (2024: KES 3.4 billion) which were held at fair value through profit or loss. All other loans and advances are classified at amortised cost.

**Staging of loans and advances**

Portfolio management is an integral part of the credit risk management process that enables the Group to limit concentrations, reduce volatility, increase liquidity and achieve optimum earnings. The responsibility for portfolio management lies primarily with business units, with oversight and review by credit risk management while the Board Credit Committee is responsible for credit approvals. The Group's portfolio management plan entails:

- The setting up of portfolio targets and concentrations.
- Establishing target market risk acceptance criteria and key success factors. These are subject to regular review to ensure their continued appropriateness.
- Monitoring the portfolio risk profile, risk-adjusted returns, risk concentrations, economic market and competitive data.
- Identifying and analysing trends and concentrations that could affect the risk and performance of the portfolio.
- Stress testing of the portfolio for the purpose of measuring potential losses.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (continued)

## 3.2 Credit risk (continued)

## b) Loans and advances (continued)

x) *The breakdown of loans and advances based on their staging is summarised below (Continued)*

Credit quality of loans and advances

An analysis of the Group's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

**Loans and advances to customers at amortised cost****Year ended 31 December 2025**

	Stage 1 12-month ECL KES '000	Stage 2 KES '000	Stage 3 Lifetime ECL KES '000	Total KES '000
Grade 1: Normal	278,746,816	-	-	278,746,816
Grade 2: Watch	-	19,413,711	-	19,413,711
Grade 3: Substandard	-	-	2,539,516	2,539,516
Grade 4: Doubtful	-	-	18,386,230	18,386,230
Grade 5: Loss	-	-	3,076,040	3,076,040

<b>Total gross carrying amount</b>	<b>278,746,816</b>	<b>19,413,711</b>	<b>24,001,786</b>	<b>322,162,313</b>
Loss allowance	(2,095,663)	(2,137,904)	(14,189,411)	(18,422,978)

<b>Carrying amount</b>	<b>276,651,153</b>	<b>17,275,807</b>	<b>9,812,375</b>	<b>303,739,335</b>
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**Year ended 31 December 2024**

Grade 1: Normal	244,430,156	-	-	244,430,156
Grade 2: Watch	-	35,173,100	-	35,173,100
Grade 3: Substandard	-	-	3,416,365	3,416,365
Grade 4: Doubtful	-	-	20,591,195	20,591,195
Grade 5: Loss	-	-	2,143,003	2,143,003

<b>Total gross carrying amount</b>	<b>244,430,156</b>	<b>35,173,100</b>	<b>26,150,563</b>	<b>305,753,819</b>
Loss allowance	(2,055,448)	(1,349,680)	(11,714,304)	(15,119,432)

<b>Carrying amount</b>	<b>242,374,708</b>	<b>33,823,420</b>	<b>14,436,259</b>	<b>290,634,387</b>
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Letters of credit, guarantees and acceptances

**Year ended 31 December 2025**

	Stage 1 12-month ECL KES '000	Stage 2 Lifetime ECL KES '000	Stage 3 KES '000	Total KES '000
Grade 1: Normal	43,799,422	-	-	43,799,422
Grade 2: Watch	-	7,969,910	-	7,969,910
Grade 3: Substandard	-	-	2,461	2,461
Grade 4: Doubtful	-	-	14,527	14,527
Grade 5: Loss	-	-	129	129

<b>Total gross carrying amount</b>	<b>43,799,422</b>	<b>7,969,910</b>	<b>17,117</b>	<b>51,786,449</b>
Loss allowance	(79,341)	(16,210)	(52,232)	(147,783)

<b>Carrying amount</b>	<b>43,720,081</b>	<b>7,953,700</b>	<b>(35,115)</b>	<b>51,638,666</b>
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## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (continued)

## 3.2 Credit risk (continued)

## b) Loans and advances (continued)

x) *The breakdown of loans and advances based on their staging is summarised below (Continued)*

Letters of Credit, Guarantees and Acceptances (continued)  
Year ended 31 December 2024

	Stage 1 12-month ECL KES '000	Stage 2 KES '000	Stage 3 Lifetime ECL KES '000	Total KES '000
Grade 1: Normal	50,991,244	-	-	50,991,244
Grade 2: Watch	-	3,788,090	-	3,788,090
Grade 3: Substandard	-	-	1,027	1,027
Grade 4: Doubtful	-	-	136,365	136,365
<b>Total gross carrying amount</b>	<b>50,991,244</b>	<b>3,788,090</b>	<b>137,392</b>	<b>54,916,726</b>
Loss allowance	(48,395)	(42,791)	(1,997)	(93,183)
<b>Carrying amount</b>	<b>50,942,849</b>	<b>3,745,299</b>	<b>135,395</b>	<b>54,823,543</b>

## c) Other non-loan financial assets

ECL on non-loan financial assets the Group uses simplified approach such is measured as follows:

- Use of external credit ratings as proxies to infer approximate PDs;
- Assigns equal 'loss' and 'no loss' scenarios based on expert judgment; and
- EADs are estimated based on the expected maturities of the instruments, most of which are less than 12 months.

The other financial assets mainly relate to government securities balances held with Central Banks and other financial institutions that are highly rated and therefore considered low risk.

**Group**

The summarised information on other financial instruments is tabulated below:

	2025				2024			
	Gross Balances KES '000	Stage	ECL KES '000	Net KES '000	Gross Balance KES '000	Stage	ECL KES '000	Net KES '000
Balances with the central banks	47,263,377	2	6,607	47,256,770	24,633,951	2	120	24,633,831
Items in the course of collection	687,951	2	-	687,951	553,733	2	-	553,733
Due from banking institutions	51,407,016	2	39,244	51,367,772	53,007,679	2	51,599	52,956,080
Investment securities	15,377,610	1	233,849	15,143,761	15,007,964	1	15,079	14,992,885
Investment securities	368,867	3	134,951	233,916	233,945	3	-	233,945
Government securities	221,709,255	2	158,176	221,551,079	207,652,187	2	135,895	207,516,292
Other assets	22,067,359	2	-	22,067,359	16,688,226	2	-	16,688,226
<b>Gross maximum exposure</b>	<b>358,881,435</b>		<b>572,827</b>	<b>358,308,608</b>	<b>317,777,685</b>		<b>202,693</b>	<b>317,574,992</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (continued)

## 3.2 Credit risk (continued)

## c) Other non-loan financial assets (continued)

The following table breaks down gross maximum credit exposure at carrying amounts (without taking into account any collateral held or other credit support). The ECL on items in the course of collection and investment securities is immaterial hence has not been recognised.

	2025 KES '000	2024 KES '000
Balances with central banks	47,256,770	24,633,831
Due from banking institutions	51,367,772	52,956,080
Items in the course of collection	687,951	553,733
Government securities	221,551,079	207,516,292
Investment securities	15,512,628	15,226,830
Derivatives	6,432	18,089
Customer loans and advances	306,917,975	293,932,350
Other assets (financial)*	22,067,359	16,688,226
	<u>665,367,966</u>	<u>611,525,431</u>
<b>Credit risk exposures relating to off-balance sheet items are as follows:</b>		
Letters of credit	19,357,079	21,031,011
Acceptances	2,894,534	6,709,153
Guarantees	29,534,836	27,176,562
	<u>51,786,449</u>	<u>54,916,726</u>
<b>Total credit risk exposure</b>	<u>717,154,415</u>	<u>666,442,157</u>

\*Other assets relate to suspense accounts and funding for mobile initiated transactions.

**Credit risk exposure for Company**

The company's liquidity relates to balances due from group companies and other assets. These are classified under stage 1 and no provisions for ECL have been made. The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

	2025			2024		
	Balance KES '000	Stage	ECL KES '000	Balance KES '000	Stage	ECL KES '000
Other assets	785,640	1	-	785,640	1	-
Due from group companies	495,401	1	-	495,401	1	-
<b>Total</b>	<u>1,281,041</u>		<u>-</u>	<u>1,281,041</u>		<u>-</u>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (continued)

## 3.2 Credit risk (continued)

## d) Concentrations of risk

To avoid excessive concentration in any one of several industrial sectors and, by extension, the overall safety of the Group, the lending portfolio is monitored and managed at all times. Equally, care is taken to avoid over-exposure to any one borrower. There are restrictions to the maximum exposure permitted with respect to any one name based on capital and these restrictions which are strictly adhered to, are laid down by regulation. Any changes made to the portfolio management plan are subject to the approval of the Board of Directors.

The economic sector risk concentrations within the customer loans and advances portfolios at the end of the year were as follows:

## Group

	2025	2024
	%	%
Manufacturing	20.5	23.9
Trade	24.7	13.9
Personal and household	20.5	20.4
Transport and communications	12.4	14.7
Energy and water	2.8	3.2
Financial services	4.2	5.2
Mining and quarrying	2.7	8.4
Building and construction	3.5	3.6
Real estate	5.2	4.3
Tourism, restaurant and hotels	1.2	1.0
Agriculture	2.3	1.4
	<u>100</u>	<u>100</u>

The economic sector risk concentrations within off balance sheet items at the end of the year were as follows:

## Group

	2025	2024
	%	%
Manufacturing	10.7	23.0
Trade	15.6	7.5
Personal and household	4.7	2.3
Transport and communications	17.3	5.3
Energy and water	5.1	5.4
Financial services	37.9	38.2
Mining and quarrying	0.1	12.8
Building and construction	7.0	4.6
Real estate	0.7	0.2
Tourism, restaurant and hotels	0.4	0.3
Agriculture	0.5	0.5
	<u>100.0</u>	<u>100.0</u>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (continued)

## 3.2 Credit risk (continued)

## d) Concentrations of risk (continued)

	Gross carrying amount				Allowance for ECL				ECL coverage %			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	12-month Gross KES '000	Lifetime Gross KES '000	Lifetime Gross KES '000		12-month ECL KES '000	Lifetime ECL KES '000	Lifetime ECL KES '000		12-month ECL KES '000	Lifetime ECL KES '000	Lifetime ECL KES '000	
<b>Analysis based on industry - 2025</b>												
Manufacturing	54,085,425	4,693,901	7,422,055	<b>66,201,381</b>	170,137	327,394	4,371,124	<b>4,868,655</b>	0.31%	6.97%	58.89%	<b>7.35%</b>
Trade	72,586,350	2,810,101	4,136,804	<b>79,533,255</b>	325,728	240,454	2,756,415	<b>3,322,597</b>	0.45%	8.56%	66.63%	<b>4.18%</b>
Personal and household	58,403,607	1,831,197	5,656,077	<b>65,890,881</b>	1,314,625	526,145	4,117,070	<b>5,957,840</b>	2.25%	28.73%	72.79%	<b>9.04%</b>
Transport and communications	37,738,507	419,831	1,842,599	<b>40,000,937</b>	119,017	26,351	837,731	<b>983,099</b>	0.32%	6.28%	45.46%	<b>2.46%</b>
Energy and water	5,730,650	3,021,834	353,001	<b>9,105,485</b>	12,148	472	247,577	<b>260,197</b>	0.21%	0.02%	70.13%	<b>2.86%</b>
Financial services	9,578,682	3,981,024	125,295	<b>13,685,001</b>	39,516	917,134	100,611	<b>1,057,261</b>	0.41%	23.04%	80.30%	<b>7.73%</b>
Mining and quarrying	8,175,931	156,125	209,334	<b>8,541,390</b>	8,300	36,078	115,836	<b>160,214</b>	0.10%	23.11%	55.34%	<b>1.88%</b>
Real estate	12,733,894	686,847	3,015,508	<b>16,436,249</b>	29,069	21,060	1,043,470	<b>1,093,599</b>	0.23%	3.07%	34.60%	<b>6.65%</b>
Building and Construction	9,509,777	1,298,207	717,608	<b>11,525,592</b>	52,156	22,149	321,038	<b>395,343</b>	0.55%	1.71%	44.74%	<b>3.43%</b>
Tourism, restaurant and hotels	3,267,387	429,085	251,927	<b>3,948,399</b>	10,130	11,524	74,127	<b>95,781</b>	0.31%	2.69%	29.42%	<b>2.43%</b>
Agriculture	6,936,606	85,559	271,578	<b>7,293,743</b>	14,837	9,143	204,412	<b>228,392</b>	0.21%	10.69%	75.27%	<b>3.13%</b>
<b>Total</b>	<b>278,746,816</b>	<b>19,413,711</b>	<b>24,001,786</b>	<b>322,162,313</b>	<b>2,095,663</b>	<b>2,137,904</b>	<b>14,189,411</b>	<b>18,422,978</b>	<b>0.75%</b>	<b>11.01%</b>	<b>59.12%</b>	<b>5.72%</b>
<b>Analysis based on industry - 2024</b>												
Manufacturing	52,208,840	10,841,416	10,000,328	<b>73,050,584</b>	80,330	307,903	3,968,149	<b>4,356,382</b>	0.15%	2.84%	39.68%	<b>5.96%</b>
Trade	34,581,816	3,451,406	4,392,611	<b>42,425,833</b>	220,981	138,345	2,271,208	<b>2,630,534</b>	0.64%	4.01%	51.71%	<b>6.20%</b>
Personal and household	55,746,188	2,300,171	4,319,238	<b>62,365,597</b>	1,461,791	431,428	3,283,286	<b>5,176,505</b>	2.62%	18.76%	76.02%	<b>8.30%</b>
Transport and communications	34,100,882	9,062,888	1,755,496	<b>44,919,266</b>	145,502	153,390	807,046	<b>1,105,938</b>	0.43%	1.69%	45.97%	<b>2.46%</b>
Energy and water	7,064,500	2,404,472	444,710	<b>9,913,682</b>	12,877	561	258,054	<b>271,492</b>	0.18%	0.02%	58.03%	<b>2.74%</b>
Financial services	11,196,314	4,499,917	112,755	<b>15,808,986</b>	61,771	91,218	74,806	<b>227,795</b>	0.55%	2.03%	66.34%	<b>1.44%</b>
Mining and quarrying	24,686,387	404,887	480,650	<b>25,571,924</b>	29,246	29,678	235,451	<b>294,375</b>	0.12%	7.33%	48.99%	<b>1.15%</b>
Real estate	9,121,879	1,038,181	2,946,611	<b>13,106,671</b>	38,560	95,778	31,326	<b>165,664</b>	0.42%	9.23%	1.06%	<b>1.26%</b>
Building and Construction	9,597,339	676,995	754,906	<b>11,029,240</b>	41,023	167,009	320,786	<b>528,818</b>	0.43%	24.67%	42.49%	<b>4.79%</b>
Tourism, restaurant and hotels	2,352,192	380,606	650,943	<b>3,383,741</b>	7,858	1,794	299,245	<b>308,897</b>	0.33%	0.47%	45.97%	<b>9.13%</b>
Agriculture	3,773,819	112,161	292,315	<b>4,178,295</b>	3,904	(24,633)	166,944	<b>146,215</b>	0.10%	-21.96%	57.11%	<b>3.50%</b>
<b>Total</b>	<b>244,430,156</b>	<b>35,173,100</b>	<b>26,150,563</b>	<b>305,753,819</b>	<b>2,103,843</b>	<b>1,392,471</b>	<b>11,716,301</b>	<b>15,212,615</b>	<b>0.86%</b>	<b>3.96%</b>	<b>44.80%</b>	<b>4.98%</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (continued)

## 3.2 Credit risk (continued)

## d) Concentrations of risk-Off balance sheet (continued)

	Gross carrying amount				Allowance for ECL				ECL coverage %			
	Stage 1 12-month Gross KES '000	Stage 2 Lifetime Gross KES '000	Stage 3 Lifetime Gross KES '000	Total KES '000	Stage 1 12-month ECL KES '000	Stage 2 Lifetime ECL KES '000	Stage 3 Lifetime ECL KES '000	Total KES '000	Stage 1 12-month ECL KES '000	Stage 2 Lifetime ECL KES '000	Stage 3 Lifetime ECL KES '000	Total KES '000
<b>Analysis based on industry - 2025</b>												
Manufacturing	5,271,933	247,273	9,631	5,528,837	8,585	3,662	4,250	16,497	0.16%	1.48%	44.13%	0.30%
Trade	7,831,733	260,041	2,461	8,094,235	22,625	7,439	-	30,064	0.29%	2.86%	0.00%	0.37%
Personal and household	2,424,046	-	-	2,424,046	2,324	-	-	2,324	0.10%	0.00%	0.00%	0.10%
Transport and communications	1,811,419	7,156,023	1,459	8,968,901	28,077	5,104	777	33,958	1.55%	0.07%	53.26%	0.38%
Energy and water	2,394,236	271,173	-	2,665,409	2,160	-	-	2,160	0.09%	0.00%	0.00%	0.08%
Financial services	19,612,657	8,841	3,000	19,624,498	6,626	5	340	6,971	0.03%	0.06%	11.33%	0.04%
Mining and quarrying	48,450	-	-	48,450	3	-	-	3	0.01%	0.00%	0.00%	0.01%
Real estate	387,612	1,750	-	389,362	25	-	-	25	0.01%	0.00%	0.00%	0.01%
Building and Construction	3,564,834	24,475	-	3,589,309	8,626	-	-	8,626	0.24%	0.00%	0.00%	0.24%
Tourism, restaurant and hotels	185,027	334	-	185,361	135	-	-	135	0.07%	0.00%	0.00%	0.07%
Agriculture	267,475	-	566	268,041	155	-	46,865	47,020	0.06%	0.00%	8280.04%	17.54%
<b>Total</b>	<b>43,799,422</b>	<b>7,969,910</b>	<b>17,117</b>	<b>51,786,449</b>	<b>79,341</b>	<b>16,210</b>	<b>52,232</b>	<b>147,783</b>	<b>0.18%</b>	<b>0.20%</b>	<b>305.15%</b>	<b>0.29%</b>
<b>Analysis based on industry - 2024</b>												
Manufacturing	1,877,453	156,002	-	2,033,455	1,579	873	-	2,452	0.08%	0.56%	0.00%	0.12%
Trade	297,557	7,864	-	305,422	1,499	3,221	5,073	9,793	0.50%	40.95%	0.00%	3.21%
Personal and household	5,946,321	36,551	-	5,982,872	576	135	-	711	0.01%	0.37%	0.00%	0.01%
Transport and communications	322,073	1,531	-	323,604	977	-	-	977	0.30%	0.00%	0.00%	0.30%
Energy and water	1,560,889	111,737	-	1,672,626	1,412	-	-	1,412	0.09%	0.00%	0.00%	0.08%
Financial services	4,387,265	1,124,408	125,647	5,637,320	21,523	4,153	54	25,730	0.49%	0.37%	0.04%	0.46%
Mining and quarrying	19,751,446	244,123	3,000	19,998,569	6,489	18	-	6,507	0.03%	0.01%	0.00%	0.03%
Real estate	1,828,422	111,547	-	1,939,969	2,677	9	-	2,686	0.15%	0.01%	0.00%	0.14%
Building and Construction	4,319,845	223,549	-	4,543,395	4,919	1,375	-	6,294	0.11%	0.62%	0.00%	0.14%
Tourism, restaurant and hotels	93,951	723	1,027	95,701	18	-	46	64	0.02%	0.00%	4.48%	0.07%
Agriculture	11,516,647	859,428	7,718	12,383,793	6,726	33,007	1,897	41,630	0.06%	3.84%	24.58%	0.34%
<b>Total</b>	<b>51,901,870</b>	<b>2,877,464</b>	<b>137,392</b>	<b>54,916,726</b>	<b>48,395</b>	<b>42,791</b>	<b>7,070</b>	<b>98,256</b>	<b>0.09%</b>	<b>1.49%</b>	<b>5.15%</b>	<b>0.18%</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (continued)

## 3.2 Credit risk (continued)

## e) Collateral

The Group uses a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The acceptability of collateral for credit risk mitigation is guided by the Group's procedures and policies. The main types of collateral taken are:

Type of lending	Common collateral type
Mortgage lending	First ranking legal charge over the property financed.
Commercial loans	Debentures over the borrower's assets, cash cover in cash margin account, first ranking legal charge over both commercial and residential properties, directors' personal guarantees and Company guarantees.
Personal loans	Checkoffs and cash backed
Asset finance	Secured by motor vehicles and assets being financed and chattel registrations
Other loans and advances	Debentures over the Company's assets, cash cover in cash margin account, first ranking legal charge over both commercial and residential properties, directors' personal guarantees and Company guarantees.

The Group holds collateral against loans and advances to customers in the form of cash, residential, commercial and industrial property; fixed assets such as plant and machinery; marketable securities; bank guarantees and letters of credit.

Risk mitigation policies control the approval of collateral types. Collateral is valued in accordance with the Group's risk mitigation policy, which prescribes the frequency of valuation for different collateral types. The valuation frequency is driven by the level of price volatility of each type of collateral. Collateral held against impaired loans is maintained at fair value. The valuation of collateral is monitored regularly and is back tested at least annually.

Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse purchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held as at 31 December 2025 and 2024. The forced sale value of the collateral held is undiscounted.

An estimate of the forced sale value (FSV) of collaterals held against loans and advances to customers at the end of the year was as follows:

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (continued)

## 3.2 Credit risk (continued)

## e) Collateral (continued)

Group	Stage 1 KES '000	Stage 2 KES '000	Stage 3 KES '000	Total KES '000
<b>Year ended 2025</b>				
<b>Outstanding loans and advances</b>	<b>278,746,816</b>	<b>19,413,711</b>	<b>24,001,786</b>	<b>322,162,313</b>
Secured	199,777,867	17,165,491	17,843,793	234,787,151
Unsecured	78,968,949	2,248,220	6,157,993	87,375,162
<b>Outstanding off-balance sheet exposure</b>	<b>43,799,422</b>	<b>7,969,910</b>	<b>17,117</b>	<b>51,786,449</b>
Secured	19,714,915	7,910,530	17,117	27,642,562
unsecured	24,084,507	59,380	-	24,143,887
<b>Total outstanding loans and advances and off balance sheet commitments</b>	<b>322,546,238</b>	<b>27,383,621</b>	<b>24,018,903</b>	<b>373,948,762</b>
<b>Collateral held</b>				
Land and property	225,113,687	29,365,685	25,728,523	280,207,895
Debentures	143,132,232	9,113,513	20,000	152,265,745
Motor vehicles and equipment	55,080,152	2,626,356	1,733,391	59,439,899
Others	28,962,304	8,010,513	249,098	37,221,915
<b>Total collateral held</b>	<b>452,288,375</b>	<b>49,116,067</b>	<b>27,731,012</b>	<b>529,135,454</b>
<b>Excess coverage</b>	<b>129,742,137</b>	<b>21,732,446</b>	<b>3,712,109</b>	<b>155,186,692</b>
<b>Year ended 2024</b>				
Outstanding loans and advances	244,430,156	35,173,100	26,150,563	305,753,819
Secured	165,821,263	33,488,434	21,833,193	221,142,890
Unsecured	78,608,893	1,684,666	4,317,370	84,610,929
<b>Outstanding off-balance sheet exposure</b>	<b>50,991,244</b>	<b>3,788,090</b>	<b>137,392</b>	<b>54,916,726</b>
Secured	27,198,275	2,835,383	137,392	30,171,050
Unsecured	23,792,969	952,707	-	24,745,676
<b>Total outstanding loans and advances and off balance sheet commitments</b>	<b>295,421,400</b>	<b>38,961,190</b>	<b>26,287,955</b>	<b>360,670,545</b>
<b>Collateral held</b>				
Land and property	244,439,548	50,222,875	40,024,326	334,686,749
Debentures	65,334,883	14,057,319	852,894	80,245,096
Motor vehicles and equipment	49,607,212	4,053,491	2,441,147	56,101,850
Others	27,027,908	713,371	212,215	27,953,494
<b>Total collateral Held</b>	<b>386,409,551</b>	<b>69,047,056</b>	<b>43,530,582</b>	<b>498,987,189</b>
<b>Excess coverage</b>	<b>90,988,151</b>	<b>30,085,866</b>	<b>17,242,627</b>	<b>138,316,644</b>

The collateral value of tangible assets including land and property, debentures, motor vehicles and equipment as well as Others which include (Government of Kenya Guarantee, standby letters of credit, Shares and Cash) have been disclosed at forced sale value.

**NCBA GROUP PLC****NOTES TO THE FINANCIAL STATEMENTS (Continued)****3. Financial risk management (continued)****3.2 Credit risk (continued)****e) Collateral (continued)***Repossession of collateral*

In the normal credit management process, the Group may repossess collateral. The Group's policy is to dispose of repossessed collateral in the open market, at fair market value. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use.

*Valuation of collateral*

The Group has a panel of valuers who undertake valuation of property and other assets to be used as Collateral. The valuers in the panel are qualified professional valuers with adequate experience in the field of property and machinery valuation. Valuation of collateral are performed within 4 years.

*Financial effect of collateral*

As at 31 December 2025 the Group held collateral amounting to 115% (2024: 166%) of the value of impaired loans.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management

## 3.3 Currency risk

The Group takes deposits and lend in currencies other than the local currency and are therefore exposed to effects of fluctuations in the prevailing foreign currency exchange rates on their financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are both monitored daily. The company's currency position and exposure is managed within the exposure guidelines relating to core capital stipulated by regulation. The Group's significant currency positions were:

Group	USD KES '000	GBP KES '000	EUR KES '000	Other KES '000	Total KES '000
<b>At 31 December 2025</b>					
<b>Assets</b>					
Cash in hand	2,007,247	113,619	323,393	50,561	2,494,820
Central banks balances	2,293,293	756,327	818,312	44,344	3,912,276
Government securities	15,531,555	-	-	-	15,531,555
Due from banking institutions	27,262,123	8,406,151	8,491,221	1,251,024	45,410,519
Customer loans and advances	103,069,899	600,927	1,620,306	3,791	105,294,923
Other assets	165,747	457	14,480	1,400	182,084
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>150,329,864</b>	<b>9,877,481</b>	<b>11,267,712</b>	<b>1,351,120</b>	<b>172,826,177</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>					
Customer deposits	141,628,283	9,885,375	10,587,944	860,490	162,962,092
Due to banking institutions	9,246,099	6,274	8,433	4,206	9,265,012
Borrowings	5,119,301	-	293,135	-	5,412,436
Other liabilities	436,042	-	63,361	310,128	809,531
Lease liability	556,657	-	-	-	556,657
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<b>156,986,382</b>	<b>9,891,649</b>	<b>10,952,873</b>	<b>1,174,824</b>	<b>179,005,728</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net on-balance sheet position</b>	<b>(6,656,518)</b>	<b>(14,168)</b>	<b>314,839</b>	<b>176,296</b>	<b>(6,179,551)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. Financial risk management (Continued)

## 3.3 Currency risk (Continued)

## Group

At 31 December 2024	USD KES '000	GBP KES '000	EUR KES '000	Other KES '000	Total KES '000
<b>Assets</b>					
Cash in hand	1,764,190	180,669	432,124	59,802	2,436,785
Central banks balances	2,603,303	880,744	666,508	47,850	4,198,405
Government securities	15,376,396	-	-	-	15,376,396
Due from banking institutions	32,633,765	5,248,987	8,097,806	737,990	46,718,548
Investment securities	5,259,695	-	-	-	5,259,695
Customer loans and advances	80,975,868	142,192	1,859,263	3,531	82,980,854
Other assets	355,031	55,454	45,031	-	455,516
<b>Total assets</b>	<b>138,968,248</b>	<b>6,508,046</b>	<b>11,100,732</b>	<b>849,173</b>	<b>157,426,199</b>
<b>Liabilities</b>					
Customer deposits	134,277,738	6,319,345	10,169,401	798,217	151,564,701
Due to banking institutions	1,344,983	3,469	14,892	28,384	1,391,728
Other liabilities	2,388,104	-	61,395	21,755	2,471,254
Lease liability	681,885	-	-	-	681,885
Borrowings	8,609,761	-	379,072	-	8,988,833
<b>Total liabilities</b>	<b>147,302,471</b>	<b>6,322,814</b>	<b>10,624,760</b>	<b>848,356</b>	<b>165,098,401</b>
<b>Net on-balance sheet position</b>	<b>(8,334,223)</b>	<b>185,232</b>	<b>475,972</b>	<b>817</b>	<b>(7,672,202)</b>

**Company:** Currency risk arises on financial instruments denominated in foreign currency. The Company assets and liabilities are denominated in local currency hence no foreign currency exposure.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. FINANCIAL RISK MANAGEMENT (Continued)

## 3.4 Interest rate risk

The Group is exposed to various risks associated with the effects of fluctuations in prevailing levels of market interest rates on both fair values and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Assets and Liabilities Committee closely monitors interest rate trends to minimize the potential adverse impact of rate changes. The table below summarises the Group's exposure to interest rate risks. Included in the table are assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Group does not bear any interest rate risk on off-balance sheet items. Customer loans and advances and floating rate financial instruments reprice in response to changes in market interest rates.

Group As At 31 December 2025	Up to 1 month KES '000	1 to 3 months KES '000	3 to 12 months KES '000	1 to 5 years KES '000	Over 5 years KES '000	Non - interest bearing KES '000	Total KES '000
<b>Assets</b>							
Cash in hand	-	-	-	-	-	16,517,299	16,517,299
Central bank balances	18,018,033	-	-	-	-	29,238,737	47,256,770
Government securities	2,200,023	7,439,477	26,936,785	100,748,626	84,226,168	-	221,551,079
Due from banking institutions	24,004,804	746,099	571,237	6,723,151	-	19,322,481	51,367,772
Investment securities	6,762,216	-	-	1,958,726	6,494,010	297,676	15,512,628
Customer loans and advances	306,917,975	-	-	-	-	-	306,917,975
Item in the course of collection	-	-	-	-	-	687,951	687,951
Derivative assets	-	-	-	-	-	6,432	6,432
Other assets	-	-	-	-	-	22,067,359	22,067,359
<b>Total assets</b>	<b>357,903,051</b>	<b>8,185,576</b>	<b>27,508,022</b>	<b>109,430,503</b>	<b>90,720,178</b>	<b>88,137,934</b>	<b>681,885,264</b>
<b>Liabilities</b>							
Customer deposits	238,436,087	94,034,762	53,491,702	1,361,679	286,654	144,255,337	531,866,221
Due to banking institutions	557,688	3,239,155	77,710	2,762,214	-	3,700,352	10,337,119
Other liabilities	-	-	-	-	-	19,844,574	19,844,574
Lease liability	69,027	122,416	649,309	2,396,511	598,067	-	3,880,330
Borrowings	157,603	-	5,571,386	1,083,625	752,679	-	7,565,293
<b>Total liabilities</b>	<b>239,220,405</b>	<b>97,396,333</b>	<b>59,835,107</b>	<b>7,604,029</b>	<b>1,637,400</b>	<b>167,800,263</b>	<b>573,493,537</b>
<b>Interest sensitivity gap</b>	<b>118,682,646</b>	<b>(89,210,757)</b>	<b>(32,327,085)</b>	<b>101,826,474</b>	<b>89,082,778</b>	<b>(79,662,329)</b>	<b>108,391,727</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. FINANCIAL RISK MANAGEMENT (Continued)

## 3.4 Interest rate risk (Continued)

Group As At 31 December 2024	Up to 1 month KES '000	1 to 3 months KES '000	3 to 12 months KES '000	1 to 5 years KES '000	Over 5 years KES '000	Non - interest bearing KES '000	Total KES '000
<b>Assets</b>							
Cash in hand	-	-	-	-	-	19,045,550	19,045,550
Central bank balances	-	-	-	-	-	24,633,831	24,633,831
Government securities	4,670,647	5,939,085	15,971,543	84,826,788	96,108,229	-	207,516,292
Due from banking institutions	22,886,688	12,703,182	757,369	2,854,034	-	13,754,807	52,956,080
Investment securities	8,641,857	403,616	403,616	2,692,617	2,657,771	427,353	15,226,830
Customer loans and advances	293,932,350	-	-	-	-	-	293,932,350
Item in the course of collection	-	-	-	-	-	553,733	553,733
Derivative assets	-	-	-	-	-	18,089	18,089
Other assets	-	-	-	-	-	16,688,226	16,688,226
<b>Total assets</b>	<b>330,131,542</b>	<b>19,045,883</b>	<b>17,132,528</b>	<b>90,373,439</b>	<b>98,766,000</b>	<b>75,121,589</b>	<b>630,570,981</b>
<b>Liabilities</b>							
Customer deposits	232,088,042	65,946,237	83,643,499	707,481	402,187	119,229,047	502,016,493
Due to banking institutions	3,077,247	8,969,098	-	-	-	1,361,312	13,407,657
Other liabilities	-	-	-	-	-	16,610,233	16,610,233
Lease liability	504,997	93,963	503,218	2,468,085	600,341	-	4,170,604
Borrowings	163,444	6,604,389	1,155,066	-	2,249,326	-	10,172,225
<b>Total liabilities</b>	<b>235,833,732</b>	<b>81,613,687</b>	<b>85,301,783</b>	<b>3,175,566</b>	<b>3,251,854</b>	<b>137,200,592</b>	<b>546,377,214</b>
<b>Interest sensitivity gap</b>	<b>94,297,810</b>	<b>(62,567,804)</b>	<b>(68,169,255)</b>	<b>87,197,873</b>	<b>95,514,146</b>	<b>(62,079,003)</b>	<b>84,193,767</b>

The Group did not have other interest earning assets or interest-bearing liabilities. The Group exposure to interest rate risk is therefore nil.

**NCBA GROUP PLC****NOTES TO THE FINANCIAL STATEMENTS (Continued)****3. FINANCIAL RISK MANAGEMENT (Continued)****3.5 Liquidity risk**

The Group is exposed to daily calls on its available cash resources arising from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. The maturity of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group. The Assets and Liabilities Committees of the Group's banking subsidiaries review the maturity profile of liabilities on a weekly basis and ensures that sufficient liquidity is maintained to meet maturing deposit obligations. The Group fully complies with regulatory minimum cash and liquidity ratio requirements. The following tables analyze assets and liabilities of the Group into relevant maturity groupings based on the remaining period to contractual maturity date as at the reporting date.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. FINANCIAL RISK MANAGEMENT (Continued)

## 3.5 Liquidity risk (Continued)

Group	Up to 1 month KES '000	1 to 3 months KES '000	3 to 12 months KES '000	1 to 5 years KES '000	Over 5 years KES '000	Total KES '000
<b>At 31 December 2025</b>						
<b>Financial assets</b>						
Cash in hand	16,517,298	-	-	-	-	16,517,298
Central banks balances	47,204,809	-	51,961	-	-	47,256,770
Government securities	1,759,931	5,087,256	41,404,989	153,704,927	109,246,591	311,203,694
Due from banking institutions	44,013,593	746,631	1,481,003	9,109,770	-	55,350,997
Investment securities	6,078,360	-	27,931	3,243,249	10,349,196	19,698,736
Customer loans and advances	61,368,494	21,197,671	44,756,954	178,214,171	126,561,474	432,098,764
Derivative assets	6,432	-	-	-	-	6,432
Items in course of collection	687,951	-	-	-	-	687,951
Other Financial assets	22,067,359	-	-	-	-	22,067,359
<b>Total financial assets</b>	<b>199,704,227</b>	<b>27,031,558</b>	<b>87,722,838</b>	<b>344,272,117</b>	<b>246,157,261</b>	<b>904,888,001</b>
<b>Financial liabilities</b>						
Customer deposits	391,087,512	86,318,424	56,955,514	638,864	846,922	535,847,236
Due to banking institutions	12,342,768	3,260,579	79,753	2,762,214	-	18,445,314
Other financial liabilities	18,383,800	368,910	985,171	106,693	-	19,844,574
Lease Liability	93,124	157,929	713,505	2,893,265	13,453	3,871,276
Borrowings	8,218	850,483	5,412,436	5,284,671	1,893,658	13,449,466
<b>Total financial liabilities</b>	<b>421,915,422</b>	<b>90,956,325</b>	<b>64,146,379</b>	<b>11,685,707</b>	<b>2,754,033</b>	<b>591,457,866</b>
<b>Net on- balance sheet liquidity gap</b>	<b>(222,211,195)</b>	<b>(63,924,767)</b>	<b>23,576,459</b>	<b>332,586,410</b>	<b>243,403,228</b>	<b>313,430,135</b>
<b>Un-recognised financial instruments</b>						
Letters of credit and bankers' acceptances	(2,043,146)	(9,994,610)	(18,925,504)	(3,922,851)	(7,623,974)	(42,510,085)
Irrevocable un-utilised facilities	(20,141,983)	-	-	-	-	(20,141,983)
<b>Total off-balance sheet notional position</b>	<b>(22,185,129)</b>	<b>(9,994,610)</b>	<b>(18,925,504)</b>	<b>(3,922,851)</b>	<b>(7,623,974)</b>	<b>(62,652,068)</b>
<b>Total on and off-balance sheet net liquidity gap</b>	<b>(244,396,324)</b>	<b>(73,919,377)</b>	<b>4,650,955</b>	<b>328,663,559</b>	<b>235,779,254</b>	<b>250,778,067</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. FINANCIAL RISK MANAGEMENT (Continued)

## 3.5 Liquidity risk (Continued)

Group	Up to 1 month KES '000	1 to 3 months KES '000	3 to 12 months KES '000	1 to 5 years KES '000	Over 5 years KES '000	Total KES '000
<b>At 31 December 2024</b>						
<b>Financial assets</b>						
Cash in hand	19,045,550	-	-	-	-	19,045,550
Central banks balances	24,581,757	-	52,074	-	-	24,633,831
Government securities	1,722,396	6,690,508	36,648,666	143,696,257	123,248,348	312,006,175
Derivative assets	18,089	-	-	-	-	18,089
Due from banking institutions	37,517,190	12,831,292	980,337	2,457,542	-	53,786,361
Investment securities	8,771,274	409,919	638,395	3,879,195	6,646,373	20,345,156
Customer loans and advances	76,085,463	18,129,028	39,241,271	152,374,855	120,605,608	406,436,225
Items in course of collection	553,733	-	-	-	-	553,733
Other financial assets	16,688,226	-	-	-	-	16,688,226
<b>Total financial assets</b>	<b>184,983,678</b>	<b>38,060,747</b>	<b>77,560,743</b>	<b>302,407,849</b>	<b>250,500,329</b>	<b>853,513,346</b>
<b>Financial liabilities</b>						
Customer deposits	354,639,356	74,015,968	84,360,776	772,953	585,521	514,374,574
Due to banking institutions	6,076,611	9,342,537	-	-	-	15,419,148
Due to Group companies	2,826,882	1,280,934	50,978	-	-	4,158,794
Other financial liabilities	15,517,783	-	996,517	95,933	-	16,610,233
Lease liability	433,221	139,156	686,172	2,660,433	582,350	4,501,332
Borrowings	171,661	2,030,243	1,904,602	7,970,017	2,024,898	14,101,421
<b>Total financial liabilities</b>	<b>379,665,514</b>	<b>86,808,838</b>	<b>87,999,045</b>	<b>11,499,336</b>	<b>3,192,769</b>	<b>569,165,502</b>
<b>Net on- balance sheet liquidity gap</b>	<b>(194,681,836)</b>	<b>(48,748,091)</b>	<b>(10,438,302)</b>	<b>290,908,513</b>	<b>247,307,560</b>	<b>284,347,844</b>
<b>Un-recognised financial instruments</b>						
Letters of credit and bankers' acceptances	(7,193,353)	(12,706,951)	(16,247,744)	(6,912,385)	(8,984,304)	(52,044,737)
Irrevocable un-utilised facilities	(17,244,520)	-	-	-	-	(17,244,520)
<b>Total off-balance sheet notional position</b>	<b>(24,437,873)</b>	<b>(12,706,951)</b>	<b>(16,247,744)</b>	<b>(6,912,385)</b>	<b>(8,984,304)</b>	<b>(69,289,257)</b>
<b>Total on and off-balance sheet net liquidity gap</b>	<b>(219,119,709)</b>	<b>(61,455,042)</b>	<b>(26,686,046)</b>	<b>283,996,128</b>	<b>238,323,256</b>	<b>215,058,587</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****3. FINANCIAL RISK MANAGEMENT (Continued)****3.6 a) Market risk sensitivity analysis**

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control risk exposures within acceptable limits, while optimizing return. Overall responsibility for the management of market risk rests with the Assets and Liabilities Committees of the banking subsidiaries of the Group. The Group's Global Markets and Risk divisions are responsible for the development of detailed risk management policies.

The Group is exposed to risks associated with the effects of fluctuations in prevailing levels of market interest. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. At 31 December 2025, the effect of a 100 basis points change in net interest margin would have resulted in an increase or decrease of KES 19 million (2024 - KES 255 million) on the profit after income tax expense and equity.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations. Foreign exchange risk arising from future commercial transactions and recognised assets and liabilities are managed through use of forward contracts. Currency exposure arising from the net assets of foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31 December 2025, if the functional currencies in the economic environment in which the Group operates i.e. the Kenya Shilling had weakened or strengthened by 10% against the world's major currencies, with all other variables held constant, consolidated profit before income tax expense and equity would have been higher or lower as depicted in below table.

	<b>2025</b>	<b>2024</b>
	<b>KES '000</b>	<b>KES '000</b>
<b>10% depreciation/appreciation</b>		
USD	665,652	833,422
GBP	1,417	18,523
EUR	31,484	47,597
	<hr/>	<hr/>
<b>Total</b>	<b>698,553</b>	<b>899,542</b>
	<hr/> <hr/>	<hr/> <hr/>

There were no changes from the previous reporting period in the methods, assumptions, or models used in preparing the sensitivity analyses for interest rate risk and foreign currency risk. The Group continues to apply the same methodologies as previously adopted, including:

- the basis for determining reasonably possible changes in market interest rates;
- the approach for assessing the effect of parallel shifts in yield curves on interest-sensitive assets and liabilities; and
- the method for estimating the impact of foreign exchange fluctuations on monetary assets and liabilities denominated in foreign currencies.

No modifications were made because management assessed that the underlying risk exposure, market conditions, and the nature of the Group's financial instruments remained consistent with those of the prior year. Accordingly, the previously applied assumptions continued to provide a reliable and representative measure of the potential impact of changes in interest rates and foreign exchange rates on the Group's financial performance and position.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. FINANCIAL RISK MANAGEMENT (Continued)

## 3.6 b) Sensitivity analysis to underwriting risk variables (continued)

The following table present information on the sensitivity of insurance contracts assets and liabilities and profit or loss and equity for reasonable changes in estimates and assumptions for underwriting risk variables. As possible changes in underwriting variables only impact the LIC for contracts measured under the PAA, the tables do not include the LRC for these groups of insurance contracts. The analysis is presented for the indicated change in a variable with all other variables remaining constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. No changes were made by the Group in the methods and assumptions used in preparing the above analysis.

	LIC as at 31 December 2025 KES '000	Impact on LIC KES '000	Impact on profit before income tax KES '000	Impact on equity KES '000
Net insurance contract liabilities	1,937,650	-	-	-
Net reinsurance contract assets	(1,220,094)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net insurance contract liabilities	717,556	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Discount rate – 5% increase				
Net insurance contract liabilities	1,929,232	8,418	8,418	5,893
Net reinsurance contract assets	(1,215,078)	(5,016)	(5,016)	(3,511)
	<hr/>	<hr/>	<hr/>	<hr/>
Net insurance contract liabilities	714,154	3,402	3,402	2381.4
	<hr/>	<hr/>	<hr/>	<hr/>
Expense rates – 5% increase				
Net insurance contract liabilities	1,883,034	(54,616)	(54,616)	(38,231)
Net reinsurance contract assets	(1,165,478)	(54,616)	(54,616)	(38,231)
	<hr/>	<hr/>	<hr/>	<hr/>
Net insurance contract liabilities	717,556	(54,616)	(109,232)	(76,462)
	<hr/>	<hr/>	<hr/>	<hr/>
Risk adjustment – 5% increase				
Net insurance contract liabilities	1,868,925	(68,725)	(68,725)	(48,107)
Net reinsurance contract assets	(1,151,369)	(68,725)	(68,725)	(48,107)
	<hr/>	<hr/>	<hr/>	<hr/>
Net insurance contract liabilities	717,556	(137,450)	(137,450)	(96,215)
	<hr/>	<hr/>	<hr/>	<hr/>
Unpaid claims– 5% increase				
Net insurance contract liabilities	2,000,222	(62,572)	(62,572)	(43,800)
Net reinsurance contract assets	(1,157,522)	(62,572)	(62,572)	(43,800)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net insurance contract liabilities</b>	<b>842,700</b>	<b>(125,144)</b>	<b>(125,144)</b>	<b>(87,600)</b>
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## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. FINANCIAL RISK MANAGEMENT (Continued)

## 3.6 b) Sensitivity analysis to underwriting risk variables (continued)

	2024			
	LIC as at 31 December 2024 KES '000	Impact on LIC KES '000	Impact on profit before income tax KES '000	Impact on equity KES '000
Net insurance contract liabilities	2,151,016	-	-	-
Net reinsurance contract assets	(1,658,083)	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net insurance contract liabilities	492,933	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Discount rate – 5% increase				
Net insurance contract liabilities	2,043,465	107,551	107,551	75,286
Net reinsurance contract assets	(1,575,179)	(82,904)	(82,904)	(58,033)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net insurance contract liabilities	468,286	24,647	24,647	17,253
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Expense rates – 5% increase				
Net insurance contract liabilities	2,182,415	(31,399)	(31,399)	(21,979)
Net reinsurance contract assets	(1,626,684)	(31,399)	(31,399)	(21,979)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net insurance contract liabilities	555,731	(62,798)	(62,798)	(43,958)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Risk adjustment – 5% increase				
Net insurance contract liabilities	2,153,499	(2,483)	(2,483)	(1,738)
Net reinsurance contract assets	(1,655,600)	(2,483)	(2,483)	(1,738)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net insurance contract liabilities	497,899	(4,966)	(4,966)	(3,476)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Unpaid claims– 5% increase				
Net insurance contract liabilities	2,168,355	(17,339)	(17,339)	(12,137)
Net reinsurance contract assets	(1,640,744)	(17,339)	(17,339)	(12,137)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Net insurance contract liabilities</b>	<b>527,611</b>	<b>(34,678)</b>	<b>(34,678)</b>	<b>(24,274)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## 3.7 Management of insurance and financial risk

The Group's activities expose it to a variety of risks, including insurance risk, financial risk, credit risk, and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates.

The Group's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and a defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

This section summarises the way the Group manages its key risks:

The Group's activities expose it to a variety of risks, including insurance risk, financial risk, credit risk, and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates.

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 3. FINANCIAL RISK MANAGEMENT (Continued)

##### 3.8 Management of insurance and financial risk (Continued)

The Group's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and a defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

This section summarises the way the Group manages its key risks:

##### **Insurance risk**

Insurance risk refers to fluctuations in the timing, frequency, and severity of insured events relative to the expectations at the time of underwriting. Insurance risk can also refer to fluctuations in the timing and amount of claim settlements and reserves.

Insurance risk is historically the single most significant risk area within the Group. It is split between four principal key risks, which are all managed through the application of controls as well as the use of reinsurance to offset exposures through the transfer of risk. These four key risks are as follows:

##### **Failure of pricing**

The Group faces the risk of incorrect pricing of products resulting in financial losses or reduced profit, through being set too high (therefore losing market share) or too low (therefore resulting in an unacceptable profit contribution for that product). The Group seeks to manage this through the setting and review of pricing guidelines relevant to each business line and the application of a strict hierarchy of underwriting authorities that is in place to ensure that policies are underwritten with management oversight. In addition, large and unusual transactions are referred to the Risk and Capital Committee (RCC) for consideration from a Statement of Financial Position, liquidity and risk portfolio point of view before the Group becomes committed. This helps to ensure compliance with the Board approved risk appetite. The Group also mitigates exposures to pricing risk through purchase of reinsurance.

##### **Ineffective Strategy/Failure of Product**

When an inappropriate strategy or product is introduced for a specific business line or the Group as whole, there is an increased risk that material financial and reputational losses will occur. The Group seeks to manage this through the use of processes and procedures in place over the production, review and analysis of annual business plans and the introduction of new products for each line of business, prior to approval and execution. The Group also has processes in place for the identification, assessment and approval of key projects and strategic investments. Strategic initiatives are tracked monthly and all staff are set personal goals which align to the strategic direction of the Group.

##### **Failure to Manage Risk Aggregation/Accumulation**

The Group may be exposed to an increased likelihood of disproportionate losses for specific perils if insured risks are overly focused on a specific geographical area or type of policy cover. The Group seeks to manage this through the use of pre-bind rules and authorities to manage significant within line and cross-line exposures, as well as quarterly Realistic Disaster Scenario runs to determine whether aggregate exposures are being adequately managed within the parameters of approved business plans for each line of business. In addition, large and unusual transactions that may have a material impact on risk aggregation exposures for an individual line of business are referred to the RCC for further consideration.

**Adverse Reserve Development:** The Group may be exposed to reserve shortfalls or distortions through failing to set sufficient cash reserves or through failing to adopt a robust and consistent reserve strategy across products offered to insured and countries. The Group seeks to manage this through monitoring adherence to established policies and procedures in place governing claims reserving practices. In addition, the Group's Actuarial Team conducts annual reserve reviews of the Group's overall book to determine appropriate IBNR levels and quarterly reviews of the Group's expected reserve adequacy. The Group also employs external consultants to perform reviews of its reserves to provide an independent review of their adequacy.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. FINANCIAL RISK MANAGEMENT (Continued)

## 3.7 Management of insurance and financial risk (continued)

**Concentration risk**

Concentration of insurance risk can be a cause of elevated claims volatility and refers to the possibility of significant financial losses arising from a lack of diversification, either geographical or by product type, of the Group's portfolio. Certain events may give rise to higher levels of adverse development and exhibit geographical concentrations.

The Group's geographical spread and product portfolio creates natural diversification and reduces the extent to which concentrations of insurance risk arise. The Group has a broad geographical footprint across Asia Pacific and its results are not overly dependent upon any one of these individual markets. This provides a natural diversification of geographic concentrations of insurance and other risks (such as political risks).

Concentrations of risk are managed with each market through the monitoring of product sales and size of the in-force book by product. The Group mitigates this risk by adhering to the underwriting and claims management policies and procedures that have been developed based on extensive historical experience. Lastly, reinsurance solutions are also used to help reduce concentration risk.

The table below sets out the concentration of insurance liabilities by type of contract:

	31 December 2025			31 December 2024		
	Net insurance contract liabilities KES '000	Net reinsurance contract assets KES '000	Total KES '000	Net insurance contract liabilities KES '000	Net reinsurance contract assets KES '000	Total KES '000
Motor Private Liability	(599,290)	192,849	(406,441)	(747,635)	598,017	(149,618)
Fire Industrial	(569,029)	405,989	(163,040)	(390,526)	312,373	(78,153)
Personal Accident	(152,848)	154,835	1,987	(297,373)	237,863	(59,510)
Engineering	52,361	(16,935)	35,426	(29,216)	23,369	(5,847)
Marine	(119,666)	114,250	(5,416)	(113,863)	91,077	(22,786)
Motor Commercial	(5,315)	(1,565)	(6,880)	(13,531)	10,823	(2,708)
Theft	(78,886)	25,564	(53,322)	(61,663)	49,323	(12,340)
Fire Domestic	(158,786)	153,561	(5,225)	(285,157)	228,091	(57,066)
Workmen's Compensation	(99,782)	20,886	(78,896)	(35,849)	28,675	(7,174)
Miscellaneous	(258,217)	170,688	(87,529)	(176,172)	140,916	(35,256)
	(554)	(34)	(588)	(31)	25	(6)
<b>Net insurance contract (liability) / (reinsurance contract asset)</b>	<b>(1,990,012)</b>	<b>1,220,088</b>	<b>(769,924)</b>	<b>(2,151,016)</b>	<b>1,720,552</b>	<b>(430,464)</b>

**Financial instruments subject to offsetting, enforceable master netting arrangements or similar agreements**

IAS 32 Financial Instruments: Presentation (IAS 32) requires financial assets and financial liabilities to be offset and the net amount presented in the statement of financial position when, and only when, the Group has a current legally enforceable right to set off recognised amounts, as well as the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group holds master netting agreements for derivative instruments only and has no further netting agreements on other financial instruments. The gross amount of derivative instruments subject to offsetting at 31 December 2025 were below 1% of Group total assets and have been measured at fair value in the statement of financial position. No netting has been applied.

**NCBA GROUP PLC****NOTES TO THE FINANCIAL STATEMENTS (Continued)****3. FINANCIAL RISK MANAGEMENT (Continued)****3.8 Fair value hierarchy****Financial instruments measured at fair value**

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1 above.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

IFRS 7 requires the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation technique based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Valuation technique based on inputs for the asset or liability that are not observable market data (that is, unobservable inputs).

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. FINANCIAL RISK MANAGEMENT (Continued)

## 3.9 Fair value hierarchy (Continued)

## Financial instruments measured at fair value

The following tables present financial assets that are measured at fair value on recurring basis at year end.

	Level 1 KES'000	Level 2 KES'000	Level 3 KES'000	Total KES'000
<b>Group</b>				
<b>At 31 December 2025</b>				
<b>Financial assets at fair value through profit or loss</b>				
Loan notes (Note 27b)	-	3,326,423	-	3,326,423
Government Securities (Note 25)	-	1,736,271	-	1,736,271
Derivative assets	-	6,432	-	6,432
Unit trusts and other investment securities	180,781	-	-	180,781
Other assets	-	90,000	-	90,000
Property and Equipment – building	-	-	634,000	634,000
<b>Financial assets at FVOCI</b>	-	-	-	-
Fixed rate Treasury bills FVOCI – (note 25)	-	4,031,394	-	4,031,394
Fixed rate Treasury bonds FVOCI – (note 25)	-	83,585,714	-	83,585,714
	<u>180,781</u>	<u>92,776,234</u>	<u>634,000</u>	<u>93,591,015</u>
<b>Total assets</b>	<b><u>180,781</u></b>	<b><u>92,776,234</u></b>	<b><u>634,000</u></b>	<b><u>93,591,015</u></b>
<b>Group</b>				
<b>At 31 December 2024</b>				
<b>Financial assets at fair value through profit or loss</b>				
Loan notes	-	3,391,146	-	3,391,146
Derivative assets	-	18,089	-	18,089
Unit trusts and other investment securities	165,476	-	-	165,476
Other assets	-	90,000	-	90,000
Property and Equipment - building	-	-	634,000	634,000
<b>Financial assets at FVOCI</b>	-	-	-	-
Fixed rate Treasury bills FVOCI – (note 25)	-	9,169,977	-	9,169,977
Fixed rate Treasury bonds FVOCI – (note 25)	-	75,482,300	-	75,482,300
	<u>165,476</u>	<u>88,151,512</u>	<u>634,000</u>	<u>88,950,988</u>
<b>Total assets</b>	<b><u>165,476</u></b>	<b><u>88,151,512</u></b>	<b><u>634,000</u></b>	<b><u>88,950,988</u></b>

There were no financial liabilities measured at fair value for the period ending 31 December 2025 (2024: Nil). Additionally, there were no transfers between levels 1,2 and 3 during the year(2024:No transfers between levels 1,2 and 3).

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. FINANCIAL RISK MANAGEMENT (Continued)

## 3.8 Fair value hierarchy (Continued)

## Financial instruments measured at fair value(Continued)

The table below sets out information about the valuation techniques applied at the end of the reporting period in measuring assets and liabilities whose fair value is categorised as Level 2 and 3 in the fair value hierarchy.

Category of asset/liability	Valuation technique	Significant unobservable inputs	Sensitivity
Property and Equipment – building	Discounted Cash Flow Method – Principal Method	Discount rate applied in the valuation of investment properties is determined based on the market-derived All Risks Yield (ARY) and an estimated sustainable rental growth rate. The ARY is obtained from an analysis of historical transactions of commercial properties within the Nairobi market, reflecting prevailing market conditions and risk perceptions. The sustainable rental growth rate represents the long-term expected annual increase in rental income, considering market trends, inflation, and economic fundamentals.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
Loan notes	Quoted prices and/or suitable proxies	Quoted prices and/or suitable proxies which are subjected to different sensitivity assessments	Changes in assumptions about these factors could affect the reported fair value of loan notes. As at 31 December 2025, the fair value of the loan notes would have been estimated at KES Nil on higher / lower if the determined share price was assumed to be 25% higher /lower (2024 – KES 109 million).
Derivative assets	Option pricing	Mark to Market	A slight increase in the input used would result in a significant change in fair value.
Other assets	Observable price changes	Observable price changes	A slight increase in the input used would result in a significant change in fair value.
Fixed rate Treasury bills FVOCI	Market comparables	Face value/nominal value Unamortized discount/premium Mark to Market	A slight increase in the input used would result in a significant change in fair value.
Fixed rate treasury bonds – FVOCI	Market comparables	Fair value/nominal value Unamortized discount/premium Mark to Market	A slight increase in the input used would result in a significant change in fair value.

The Company does not have other assets measured at fair value.

**NCBA GROUP PLC****NOTES TO THE FINANCIAL STATEMENTS (Continued)****3. FINANCIAL RISK MANAGEMENT (Continued)****3.8 Fair value hierarchy (Continued)****Financial instruments not measured at fair value**

## i) Cash and balances with central banks

The carrying amount of cash and balances with central banks are reasonable approximation of fair value.

## ii) Government securities

Government securities at amortised costs are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors have the positive intention and ability to hold to maturity. They are initially recognised at fair value and measured subsequently at amortised cost, using the effective interest met.

## iii) Due from and due to banking institutions

Balances due from and due to banking institutions include inter-bank placements and deposits and items in the course of collection. The carrying amount of floating rate placements and overnight advances and deposits is a reasonable approximation of fair value.

## iv) Customer loans and advances

Loans and advances are net of charges for impairment. The estimated fair value for loans and advances to customers has been estimated using valuation models i.e discounted cash flow techniques. Inputs into the valuation techniques includes expected lifetime credit losses, interests rates, prepayments rates and primary origination.

## v) Customer deposits

The fair values of deposits are approximated by their carrying amount.

## vi) Borrowings

The fair values of borrowings are approximated by their carrying amount.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. FINANCIAL RISK MANAGEMENT (Continued)

## 3.8 Fair value hierarchy (Continued)

## Financial instruments measured at fair value (Continued)

The fair value hierarchy for financial instruments not measured at fair value is as shown in the table below:

## Group

		Level 1 KES '000	Level 2 KES '000	Level 3 KES '000	Fair value KES '000	Carrying value KES '000
<b>At 31 December 2025</b>						
<b>Assets</b>						
Cash and balances with CBK	21	-	-	63,774,068	63,774,068	63,774,068
Items in course of collection	22	-	-	687,951	687,951	687,951
Loans and advances to Customers	27	-	-	303,591,552	303,591,552	303,591,552
Balances due from banking institutions	23	-	-	51,367,772	51,367,772	51,367,772
Government securities – Amortised cost		-	339,191,823	-	339,191,823	339,191,823
Investment securities	26	-	-	15,512,628	15,512,628	15,512,628
Other assets		-	-	25,266,155	25,266,155	25,266,155
<b>Total</b>		<b>-</b>	<b>339,191,823</b>	<b>460,200,126</b>	<b>799,391,949</b>	<b>799,391,949</b>
<b>Liabilities</b>						
Customer deposits	38	-	-	531,866,221	531,866,221	531,866,221
Due to banking institutions	39	-	-	10,337,119	10,337,119	10,337,119
Borrowings	42	-	-	7,565,293	7,565,293	7,565,293
Due to group companies		-	-	-	-	-
Other Liabilities	41	-	-	28,827,795	28,827,795	28,827,795
<b>Total</b>		<b>-</b>	<b>-</b>	<b>578,596,428</b>	<b>578,596,428</b>	<b>578,596,428</b>
<b>At 31 December 2024</b>						
<b>Assets</b>						
Cash and balances with CBK	21	-	-	43,679,381	43,679,381	43,679,381
Items in course of collection	22	-	-	553,733	553,733	553,733
Loans and advances to Customers	27	-	-	290,541,204	290,541,204	290,541,204
Balances due from banking institutions	23	-	-	52,956,080	52,956,080	52,956,080
Government securities – Amortised cost		-	122,864,015	-	122,864,015	122,864,015
Investment securities	26	-	-	15,226,830	15,226,830	15,226,830
Other assets		-	-	19,268,491	19,268,491	19,268,491
<b>Total</b>		<b>-</b>	<b>122,864,015</b>	<b>422,225,719</b>	<b>545,089,734</b>	<b>545,089,734</b>
<b>Liabilities</b>						
Customer deposits	38	-	-	502,016,493	502,016,493	502,016,493
Due to banking institutions	39	-	-	13,407,659	13,407,659	13,407,659
Borrowings	42	-	-	10,172,225	10,172,225	10,172,225
Other Liabilities	41	-	-	23,566,322	23,566,322	23,566,322
<b>Total</b>		<b>-</b>	<b>-</b>	<b>549,162,699</b>	<b>549,162,699</b>	<b>549,162,699</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. FINANCIAL RISK MANAGEMENT (Continued)

## 3.8 Fair value hierarchy (continued)

## Financial instruments not measured at fair value

Company	Level 3 KES' 000	Fair Value KES'000	Carrying value KES'000
<b>At 31 December 2025</b>			
<b>Assets</b>			
Due from group companies	495,401	495,401	495,401
Other assets	785,640	785,640	785,640
	<b>1,281,041</b>	<b>1,281,041</b>	<b>1,281,041</b>
<b>Liabilities</b>			
Due to group companies	2,101,137	2,101,137	2,101,137
Other liabilities	1,574,948	1,574,948	1,574,948
	<b>3,676,085</b>	<b>3,676,085</b>	<b>3,676,085</b>
<b>At 31 December 2024</b>			
<b>Assets</b>			
Due from group companies	1,371,867	1,371,867	1,371,867
Other assets	674,531	674,531	674,531
	<b>2,046,398</b>	<b>2,046,398</b>	<b>2,046,398</b>
<b>Liabilities</b>			
Due to group companies	7,892,756	7,892,756	7,892,756
Other liabilities	975,985	975,985	975,985
	<b>8,868,741</b>	<b>8,868,741</b>	<b>8,868,741</b>

## 4. CAPITAL MANAGEMENT

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are to comply with the capital requirements set by the regulators and safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders as well as maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital for the banking subsidiaries are monitored regularly by the directors, employing techniques based on guidelines developed by the Basel Committee, as implemented by the regulatory authorities for supervisory purposes. Returns on capital adequacy are filed with the regulators on a regular basis.

The level of capital is reviewed on an annual basis and is determined principally by the level of business growth realised during the period. This informs the directors' decision on dividend payout while ensuring stability and sustainability of business.

In Kenya, the Central Bank (CBK) requires each banking institution to:

- hold a minimum level of regulatory capital of KES 3 billion (2024: KES 1 billion). This is expected to increase in 2026 to KES 5 billion and 2027 to KES 7 billion.
- maintain a ratio of core capital to the risk weighted assets and contingencies at a minimum of 10.5%;
- maintain a ratio of core capital to total deposit liabilities at a minimum of 8%; and
- maintain a ratio of total capital to risk weighted assets and contingencies at a minimum of 14.5%.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 4. CAPITAL MANAGEMENT (Continued)

During the year under review, the Group maintained capital adequacy ratios at levels above the stipulated minimum regulatory benchmarks. In line with Basel and local regulatory guidelines, total capital is divided into two tiers as follows:

- Tier 1 capital (core capital): comprises share capital, share premium and retained earnings.
- Tier 2 capital (supplementary capital): comprises 25% (subject to regulatory approval) of property revaluation reserves, statutory credit risk reserve, subordinated debt not exceeding 50% of tier I capital and hybrid capital instruments. Qualifying tier II capital is limited to 100% of tier I capital.
- Statutory credit risk reserve qualifying as tier II capital cannot exceed 1.25% of risk weighted assets total value.

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

The table below summarises the composition of regulatory capital and capital adequacy ratios of the Group's Banking subsidiaries as at 31 December 2025.

As at 31 December 2025	Kenya KES '000	Tanzania KES '000	Uganda KES '000	Rwanda KES '000
Tier I capital(Core)	92,330,703	4,879,202	7,861,126	3,826,294
Tier II capital	-	-	116,058	218,175
<b>Total capital</b>	<b>92,330,703</b>	<b>4,879,202</b>	<b>7,977,184</b>	<b>4,044,469</b>
<b>Risk-weighted assets</b>				
Credit risk weighted assets	315,599,983	13,492,833	16,886,225	12,496,310
Market risk weighted assets equivalent	34,452,116	394,354	1,332,257	113,865
Operational risk equivalent assets	97,787,612	1,622,778	-	3,721,139
<b>Total risk-weighted assets (TRWA)</b>	<b>447,839,711</b>	<b>15,509,965</b>	<b>18,218,482</b>	<b>16,331,314</b>
	<b>Kenya</b>	<b>Tanzania</b>	<b>Uganda</b>	<b>Rwanda</b>
Core capital/TRWA	22.62%	31.46%	43.15%	23.43%
Regulator minimum requirement	10.50%	12.50%	12.50%	12.50%
Total capital/TRWA	22.62%	31.46%	43.79%	24.77%
Regulator minimum requirement	14.50%	14.50%	14.50%	16.60%

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 4. CAPITAL MANAGEMENT (Continued)

As at 31 December 2024	Kenya KES '000	Tanzania KES '000	Uganda KES '000	Rwanda KES '000
Tier I capital	89,085,488	4,109,824	6,406,237	3,268,770
Tier II capital	-	-	106,577	133,671
<b>Total capital</b>	<b>89,085,488</b>	<b>4,109,824</b>	<b>6,512,814</b>	<b>3,402,441</b>
<b>Risk-weighted assets</b>				
Credit risk weighted assets	313,707,388	13,114,418	15,222,222	12,656,144
Market risk weighted assets equivalent	31,264,526	355,450	1,639,588	35,223
Operational risk equivalent assets	92,851,721	1,586,905	-	3,272,045
<b>Total risk-weighted assets (TRWA)</b>	<b>437,823,635</b>	<b>15,056,773</b>	<b>16,861,810</b>	<b>15,963,412</b>
	Kenya	Tanzania	Uganda	Rwanda
Core capital/TRWA	20.3%	27.3%	38.0%	20.5%
Regulator minimum requirement	10.5%	12.5%	12.5%	12.5%
Total capital/TRWA	20.3%	27.3%	38.0%	21.3%
Regulator minimum requirement	14.5%	14.5%	14.5%	15.0%

**Capital management insurance entity (NCBA Insurance Company Limited)**

The table below summarises the composition of regulatory capital and capital adequacy ratios of the Group's Insurance subsidiary as at 31 December 2025.

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the Statement of Financial Position, are:

- to comply with the capital requirements as set out in the Insurance Act;
- to comply with regulatory solvency requirements as set out in the Insurance Act.
- to safeguard the NCBA Insurance Company Limited's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

Under the Risk Based Capital (RBC) regime, the minimum regulatory capital is set as the higher of:

- absolute minimum floor amount of KES 600 million;
- 20% of prior year's net premiums earned; and
- RBC requirement, which is made up of capital required for operational risk plus the square root of the sum of the squares of the capital required for insurance risk, market risk and credit risk.

The Group has complied with the RBC requirements as at 31 December 2025.

Capital adequacy and the solvency margin are monitored regularly by management. The required information is filed with the Insurance Regulatory Authority on a quarterly basis. During the year the NCBA Insurance Company Limited held the minimum paid up capital required as well as met the required solvency margins.

The NCBA Insurance Company Limited's Capital Adequacy Ratio (CAR) position as at 31 December 2025 and 2024 is illustrated below:

	31 December 2025 KES '000	31 December 2024 KES '000
Total capital available	1,912,585	1,971,467
Minimum required capital	633,332	600,000
<b>Capital adequacy ratio</b>	<b>302%</b>	<b>329%</b>
<b>Required capital adequacy Ratio (%)</b>	<b>200%</b>	<b>200%</b>

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are continually evaluated and are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### a) Impairment losses on financial assets at amortised cost and FVOCI

The Group reviews its financial assets especially the loan and receivables portfolio to assess impairment on a continuous basis. The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area where the Group 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 requirement for measuring ECL, such as:

- Determining the qualitative and quantitative criteria for identifying financial instruments that experience significant increase in credit risk and/or default;
- Choosing the appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets (credit segmentation) for the purposes of measuring ECL;
- Establishing the number and relative weightings of forward-looking scenarios for various financial assets' segmentation and the associated ECL;
- Determining the relevant period of exposure to credit risk when measuring ECL for credit cards and revolving credit facilities; and
- For instrument in default, the methodology and assumptions used for estimating both the amount and timing of future cash flows.

The above assumptions are reviewed regularly to reduce any differences between loss estimates and actual loss experience. As at 31 December 2025, were the net present value of estimated cash flows to differ by +/-1%, the impairment loss is estimated to be KES 109 million higher or lower (2024: KES 109.0 million).

The most significant period-end assumptions used for the ECL estimate as at 31 December 2025 was cost of recovery.

##### b) Amortised cost investments

The Group follows the guidance of IFRS 9 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturities as financial investments at amortised cost. The Group evaluates its business model and the cashflow characteristics of the instruments, including its intention and ability to hold such investments to collect contractual cashflows. If the Group fails to keep these investments to collect contractual cashflows other than for the specific circumstances - for example, selling insignificant portions thereof, infrequently - it is required to classify the entire class as FVOCI.

The investments would therefore be measured at fair value and not at amortised cost. If all financial investments at amortised cost were to be so reclassified, the carrying value would increase by KES 8.288 million (2024: increase by KES 10,211 million), with a corresponding entry in the fair value reserves in shareholders' equity.

##### c) Income taxes

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

Where objective estimates of the potential tax liabilities that may crystallize from such tax disputes are determinable, the Group recognises provision in line with IFRIC 23. In such cases, if the final tax determination is different from the amounts that were initially recorded, the difference will impact the current income tax and deferred income tax provisions in the period in which such determination is made. (Note 18 and 34)

Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

## d) Valuation of loan notes held at fair value

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

The Group holds loan notes that are measured at fair value through profit or loss. For these, fair value is composed of two key cashflow components, being the interest receivable on the loan notes 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.

To determine the value of the shares, the Group utilises valuation models that incorporate both observable and unobservable inputs such as quoted prices and/or suitable proxies. These prices are then subjected to different sensitivity assessments. The selection and application of these models and the related inputs is judgmental.

Changes in assumptions about these factors could affect the reported fair value of loan notes. As at 31 December 2025, the fair value of the loan notes would have been estimated at KES 109 million higher / lower if the determined share price was assumed to be 25% higher /lower (2024 – KES 109 million).

## e) Critical Judgements in the application of IFRS 17

Areas of potential judgement	Applicable to the company
<b>Onerous contracts</b>	
<p>Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts.</p> <p>Similar grouping assessment for reinsurance contracts held. Areas of potential judgements include:</p> <p>(a) the determination of contract sets within portfolios and whether the Company has reasonable and supportable information to conclude that all contracts within a set would fall into the same group, and</p> <p>(b) judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.</p> <p>For contracts measured under the PAA, the assessment of the likelihood of adverse changes in applicable facts and circumstances is an area of potential judgement.</p> <p>(c) For insurance contracts issued measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.</p>	<p>Refer to note 2.11 for a description of judgements applied by the Group.</p> <p>Refer to note 2.11 for a description of judgements applied by the Group.</p> <p>This has been considered and the company identified facts or circumstances that indicated that a group of contracts measured under the PAA had become onerous. The Group has developed a methodology for identifying indicators of possible onerous contracts, which includes historical combined ratios, expense ratios and budgeted loss ratios. In addition, the Group has developed models for measuring potential onerous contract losses.</p>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

## e) Judgements in the application of IFRS 17 (Continued)

Areas of potential judgement	Applicable to the company
<b>Measurement – Fulfilment cash flows</b>	
<p>The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract within the scope of IFRS 17. Judgements might be involved to determine when the Company is capable of repricing the entire contract to reflect the reassessed risks, when policyholders are obliged to pay premiums, and when premiums reflect risks beyond the coverage period.</p> <p>An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.</p>	<p>Refer to note 2.11 for a description of judgements applied by the Group for measurement of fulfilment cash flows.</p>
<b>Risk adjustment for non-financial risk</b>	
<p>The risk adjustment represents compensation that is required for bearing uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company’s degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates.</p>	<p>The risk adjustment is calculated at the Group level and then allocated down to each group of insurance contracts in accordance with their risk profiles. The gross risk adjustment estimation approach uses a statistical modelling tool to generate an independent risk coefficient of variation (CoV). The CoV is used as inputs and actuarial judgement is exercised to derive the gross risk adjustment for non-financial risk. The gross and ceded risk adjustment is calibrated at a 75% level of sufficiency after taking into account diversification benefits.</p>
<b>Estimates of fulfilment cash flows to fulfil insurance contracts</b>	
<p>The cash flows related to the Liability for Incurred Claims (“LIC”) can generally be categorized into two distinct groups. One group is short-tail classes of business consisting mainly of motor private and fire industrial. The other group is long-tail classes consisting mainly of liability lines of business.</p>	<p>The estimates for short tail classes are more reliant on the case estimate on individual claims and utilize loss development methodologies in the projection of the future development of these case estimates.</p> <p>Long-tail classes generally relate to coverage where litigation is frequent or where there is an element of bodily injury, especially in situations with long term injury. For these classes it may take some time from the date of accident for the claim to emerge and for claims to be settled from notification date due to the time taken to establish liability. Estimation of ultimate net indemnity losses and loss expenses for long-tail lines of business is a complex process and depends on a number of factors, including the class and volume of business involved as well as the complexity of the individual claim and the uncertainty of the business environment. The actuarial methods used by the Group for most long-tail commercial lines include loss development methods and expected loss ratio methods, including the Bornhuetter-Ferguson and basic chain ladder methods. Exceptional large claims or events, to the extent that these distort the historical development, are often removed from the analysis and considered separately.</p>

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

##### f) Significant judgements and estimates in applying IFRS 17

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the financial information.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provides an explanation of each below.

##### (i) Estimates and assumptions

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provides an explanation of each below.

In applying the measurement requirements of IFRS 17, the following methods and inputs were used that include significant estimates.

##### (ii) Estimates of future cash flows to fulfil insurance contracts

The cash flows related to the LIC can generally be categorized into two distinct groups. One group is short-tail classes of business consisting mainly of property, consumer lines, marine and energy. The other group is long-tail commercial lines of business which includes primary liability, Directors and Officers (D&O), professional liability, employers' liability, general liability and related classes.

Short-tail classes do not have a significant delay from the date of accident to date of report to the Group and then settled by the Group. The estimates for these classes are more reliant on the case estimate on individual claims and utilize loss development methodologies in the projection of the future development of these case estimates.

Long-tail classes generally relate to coverage where litigation is frequent or where there is an element of bodily injury, especially in situations with long term injury. For these classes it may take some time from the date of accident for the claim to emerge and for claims to be settled from notification date due to the time taken to establish liability. Estimation of ultimate net indemnity losses and loss expenses for long-tail lines of business is a complex process and depends on a number of factors, including the class and volume of business involved as well as the complexity of the individual claim and the uncertainty of the business environment.

The actuarial methods used by the group for most long-tail commercial lines include loss development methods and expected loss ratio methods, including the Bornhuetter-Ferguson method. Exceptional large claims or events, to the extent that these distort the historical development, are often removed from the analysis and considered separately.

##### (iii) Discount rates

The Group applies a bottom-up approach to deriving the discount rate for each group of insurance contracts. The Group determines the discount rates based on a liquid risk-free yield curve and then adjusts this to take into account the difference between the liquidity characteristics of the group of insurance contracts and the liquidity characteristics of the assets used to determine the yield curve.

The yield curves that have been used to discount estimates of future cash flows to fulfil insurance contracts are as follows.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

## f) Significant judgements and estimates in applying IFRS 17 (Continued)

## (iii) Discount rates (Continued)

## 31 December 2025

	1 year	2 years	3 years	5 years	10 years	20 years
Risk free rate	9.46%	10.27%	11.12%	11.02%	13.63%	17.99%
Illiquidity premium	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total</b>	<b>9.46%</b>	<b>10.27%</b>	<b>11.12%</b>	<b>11.02%</b>	<b>13.63%</b>	<b>17.99%</b>

## 31 December 2024

	1 year	2 years	3 years	5 years	10 years	20 years
Risk free rate	11.41%	13.25%	16.04%	14.05%	13.51%	21.21%
Illiquidity premium	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>11.41%</b>	<b>13.25%</b>	<b>16.04%</b>	<b>14.05%</b>	<b>13.51%</b>	<b>21.21%</b>

The Group has elected to use zero illiquidity risk premium adjustment since from a qualitative and quantitative analysis the impact is considered immaterial. Further, government bond markets where the Group transacts that have been used for discounting are not sufficiently deep and transparent to derive reliable estimates for the credit risk premia and as a consequence the liquidity risk premia.

## (iv) Risk adjustment

The risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favorable and unfavorable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment is calculated at the entity level and then allocated down to each group of insurance contracts in accordance with their risk profiles. The gross risk adjustment estimation approach uses a statistical modelling tool to generate an independent risk coefficient of variation (CoV). The CoV is used as inputs and actuarial judgement is exercised to derive the gross risk adjustment for non-financial risk. The ceded risk adjustment is calibrated at a 75% level of sufficiency after taking into account diversification benefits.

## 6. INTEREST INCOME

	Group		Company	
	2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
Debt Instruments at amortised cost	14,250,042	14,475,166	-	-
Debt Instruments at fair value through OCI (mandatory)	10,008,143	10,083,771	-	-
Debt Instruments at fair value through PL (mandatory)	121,423	-	-	-
Customer loans and advances	39,398,084	47,229,128	-	-
Loans and advances – mobile loans	13,916,671	12,304,342	-	-
Due from banking institutions	3,297,280	3,594,669	108,384	39,878
Investment securities	773,213	932,985	-	-
	<b>81,764,856</b>	<b>88,620,061</b>	<b>108,384</b>	<b>39,878</b>

Interest income is recognised using the effective interest method.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7 INTEREST EXPENSE

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
Customer deposits	22,209,878	38,067,748	-	-
Deposit from other banking institutions	922,659	1,996,807	-	-
Borrowings – note 41	509,723	662,079	-	-
Lease liabilities – note 42	411,074	446,651	-	-
	<u>24,053,334</u>	<u>41,173,285</u>	<u>-</u>	<u>-</u>

Interest expense is recognised using the effective interest method.

## 8 IMPAIRMENT LOSSES

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
<b>Impairment charge for loans and advances</b>				
Stage 1	1,029,157	(10,135)	-	-
Stage 2	297,045	(1,315,717)	-	-
Stage 3	8,868,435	9,943,628	-	-
	<u>10,194,637</u>	<u>8,617,776</u>	<u>-</u>	<u>-</u>
Bad debts recoveries	(2,922,350)	(3,630,397)	-	-
<b>Other impairment charges</b>				
Impairment (release) /charges on other assets	(370,134)	59,056	-	-
	<u>6,902,153</u>	<u>5,046,435</u>	<u>-</u>	<u>-</u>
<b>Total impairment charges</b>	<u>6,902,153</u>	<u>5,046,435</u>	<u>-</u>	<u>-</u>
<b>Total impairment charges, may be analysed as follows:</b>				
Loans and advances to customers	7,272,287	4,987,379	-	-
Other impairment (release)/charges	(370,134)	59,056	-	-
	<u>6,902,153</u>	<u>5,046,435</u>	<u>-</u>	<u>-</u>

The Group has elected, as an accounting policy choice, to present all bad debt recoveries within the expected credit loss (ECL) allowance. Accordingly, any subsequent recoveries of amounts previously written off are recognised as adjustments within the ECL, rather than being presented separately in the profit or loss statement.

Other impairment charges includes ECL on balances with Central Banks, due from banking institutions, Governments securities, and Investments securities.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 9. NET FEES AND COMMISSION INCOME

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>
<b>Fees and commission income</b>				
Service and transaction fees	4,566,791	5,151,000	-	-
Fees and commission on bills, letters of credit and guarantees	1,467,285	1,070,872	-	-
	<u>6,034,076</u>	<u>6,221,872</u>	<u>-</u>	<u>-</u>
<b>Gross fees and commission income</b>				
Fees and commission expense	(637,585)	(641,293)	-	-
	<u>5,396,491</u>	<u>5,580,579</u>	<u>-</u>	<u>-</u>
<b>Net fees and commission income</b>				

## 10. (a) INSURANCE REVENUE

An analysis of insurance revenue by product line for contracts measured under the PAA is included in the following table

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>
Motor private	1,007,632	584,754	-	-
Liability	666,098	237,795	-	-
Fire industrial	626,290	439,832	-	-
Others	1,173,166	455,252	-	-
	<u>3,473,186</u>	<u>1,717,633</u>	<u>-</u>	<u>-</u>

Others include relate to revenues from property, financial lines, marine, personal accident product lines.

## (b) INSURANCE SERVICE EXPENSES

## 31 December 2025

	<b>Motor</b>		<b>Fire</b>		<b>Total</b>
	<b>Private</b>	<b>Liability</b>	<b>Industrial</b>	<b>Others</b>	<b>KES '000</b>
	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>	<b>KES '000</b>
Incurring claims	573,210	54,194	137,708	141,855	906,967
Other directly attributable expenses	172,069	160,191	106,061	233,586	671,907
Other movements related to current service	(24,102)	(6,658)	(1,906)	(11,895)	(44,561)
Amortisation of insurance acquisition cash flows	95,533	101,536	122,644	171,785	491,498
Changes that relate to past service	(60,525)	14,708	(42,508)	(13,109)	(101,434)
Changes that relate to future service	(29,122)	-	-	(13,189)	(42,311)
	<u>727,063</u>	<u>323,971</u>	<u>321,999</u>	<u>509,033</u>	<u>1,882,066</u>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 10. (b) INSURANCE SERVICE EXPENSES (Continued)

31 December 2024

	<b>Motor Private KES '000</b>	<b>Liability KES '000</b>	<b>Fire Industrial KES '000</b>	<b>Others KES '000</b>	<b>Total KES '000</b>
Incurring claims	377,854	(314,003)	(123,228)	(206,952)	<b>(266,329)</b>
Other directly attributable expenses	(16,006)	59,383	56,616	183,561	<b>283,554</b>
Other movements related to current service	(13,235)	(94,118)	(22,546)	(37,358)	<b>(167,257)</b>
Amortisation of insurance acquisition cash flows	29,919	85,034	65,120	53,809	<b>233,882</b>
Changes that relate to past service	(201,666)	310,459	81,909	354,911	<b>545,613</b>
Changes that relate to future service	(30,984)	(55,956)	(10,781)	(36,050)	<b>(133,771)</b>
	<u>145,882</u>	<u>(9,201)</u>	<u>47,090</u>	<u>311,921</u>	<u>495,692</u>
<b>Total</b>	<b>145,882</b>	<b>(9,201)</b>	<b>47,090</b>	<b>311,921</b>	<b>495,692</b>

## 11. NET EXPENSES FROM REINSURANCE CONTRACTS HELD

31 December 2025

	<b>Motor Private KES '000</b>	<b>Liability KES '000</b>	<b>Fire Industrial KES '000</b>	<b>Others KES '000</b>	<b>Total KES '000</b>
Allocation of the premiums paid	82,544	445,163	289,581	535,938	1,353,226
<b>Less amounts recovered from reinsurance:</b>					
Incurring insurance service expenses	(46,761)	(38,711)	(77,495)	(36,528)	(199,495)
Changes that relate to past service	(4,066)	(48,850)	2,240	(39,265)	(89,941)
Changes that relate to future service	5,264	-	-	6,515	11,779
	<u>36,981</u>	<u>357,602</u>	<u>214,326</u>	<u>466,660</u>	<u>1,075,569</u>
<b>Net expenses from reinsurance contracts held</b>	<b>36,981</b>	<b>357,602</b>	<b>214,326</b>	<b>466,660</b>	<b>1,075,569</b>

31 December 2024

	<b>Motor Private KES '000</b>	<b>Liability KES '000</b>	<b>Fire Industrial KES '000</b>	<b>Others KES '000</b>	<b>Total KES '000</b>
Allocation of the premiums paid	(167,700)	(120,837)	(173,174)	(283,412)	(745,123)
<b>Less amounts recovered from reinsurance:</b>					
Incurring insurance service expenses	(268,254)	250,546	45,502	(182,437)	(154,643)
Changes that relate to past service	(519,754)	1,377,231	478,498	(336,223)	999,752
Changes that relate to future service	1,082	(353,200)	(360,989)	(200,095)	(913,202)
	<u>(954,626)</u>	<u>1,153,740</u>	<u>(10,163)</u>	<u>(1,002,167)</u>	<u>(813,216)</u>
<b>Net expenses from reinsurance contracts held</b>	<b>(954,626)</b>	<b>1,153,740</b>	<b>(10,163)</b>	<b>(1,002,167)</b>	<b>(813,216)</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NET FINANCE INCOME FROM INSURANCE AND REINSURANCE CONTRACTS

31 December 2025

	Motor Private KES '000	Liability KES '000	Fire Industrial KES '000	Others KES '000	Total KES '000
<b>(a) Net finance expenses from insurance contracts</b>					
Interest accreted on present value cash flows	(33,146)	(40,286)	(15,188)	(53,642)	(142,262)
Interest accreted on risk adjustment	(2,248)	(5,382)	(810)	(5,626)	(14,066)
Effect of financial risk and changes in financial risk	(14,916)	(29,811)	(4,343)	(18,757)	(67,827)
	<u>(50,310)</u>	<u>(75,479)</u>	<u>(20,341)</u>	<u>(78,025)</u>	<u>(224,155)</u>
<b>(b) Net finance income from insurance contracts</b>					
Interest accreted on present value cash flows	9,361	25,326	8,121	30,427	73,235
Interest accreted on risk adjustment	616	3,465	437	3,169	7,687
Effect of financial risk and changes in financial risk	4,641	24,596	2,573	11,757	43,567
	<u>14,618</u>	<u>53,387</u>	<u>11,131</u>	<u>45,353</u>	<u>124,489</u>
<b>Net insurance finance expenses</b>	<u><b>(35,692)</b></u>	<u><b>(22,092)</b></u>	<u><b>(9,210)</b></u>	<u><b>(32,672)</b></u>	<u><b>(99,666)</b></u>

31 December 2024

<b>(a) Net finance income from insurance contracts</b>					
Interest accreted on present value cash flows	(148,206)	(87,268)	(69,466)	84,258	(220,682)
Interest accreted on risk adjustment	(9,794)	(16,874)	(6,238)	9,747	(23,159)
Effect of financial risk and changes in financial risk	(10,709)	19,564	4,485	(196,631)	(183,291)
	<u>(168,709)</u>	<u>(84,578)</u>	<u>(71,219)</u>	<u>(102,626)</u>	<u>(427,132)</u>
<b>(b) Net finance expenses from reinsurance contracts</b>					
Interest accreted on present value cash flows	6,915	8,530	9,329	76,199	100,973
Interest accreted on risk adjustment	768	1,171	432	14,957	17,328
Effect of financial risk and changes in financial risk	6,147	22,318	4,162	18,425	51,052
	<u>13,830</u>	<u>32,019</u>	<u>13,923</u>	<u>109,581</u>	<u>169,353</u>
<b>Net insurance finance expenses</b>	<u><b>(154,879)</b></u>	<u><b>(52,559)</b></u>	<u><b>(57,296)</b></u>	<u><b>6,955</b></u>	<u><b>(257,779)</b></u>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 13. NET FOREIGN EXCHANGE INCOME

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
Realised gains	5,091,671	6,253,099	-	-
Unrealised loss	(11,900)	(3,336)	-	-
	<u>5,079,771</u>	<u>6,249,763</u>	<u>-</u>	<u>-</u>

## 14. NET GAINS ON DISPOSAL OF FINANCIAL ASSETS

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
Financial assets mandatorily measured at fair value through profit or loss	165,041	14,977	-	-
Financial assets designated at fair value through other comprehensive income	385,851	319,351	-	-
	<u>550,892</u>	<u>334,328</u>	<u>-</u>	<u>-</u>

Net gain on disposal of financial instruments relates to sale of government securities.

## 15. OTHER INCOME

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
<b>(a) Fair value loss of financial assets</b>				
Fair value loss of loan note through profit and loss*(note 27 b)	-	(94,249)	-	-
<b>(b) Other income</b>				
Dividend income	-	-	14,541,999	12,144,600
Wealth management fees	998,446	641,929	-	-
Insurance brokerage commission	598,353	676,028	-	-
Management fees (group recharges)	-	-	330,817	305,279
Operating lease rentals	538,176	583,970	-	-
Gain on disposal of property and equipment	32,293	21,283	-	-
Corporate finance/advisory income	151,111	92,188	-	-
Other**	359,013	313,080	-	-
	<u>2,677,392</u>	<u>2,328,478</u>	<u>14,872,816</u>	<u>12,449,879</u>

\*Fair value loss of financial assets relates to loans note with guarantee by Government of Kenya for an advance to the national airline (Kenya Airways). The value of the loan note is impacted by qualitative, judgmental 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. The valuation is based on discounted value of expected future cash flows.

\*\*Other income mainly includes brokerage commissions.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 16. OPERATING EXPENSES

	Notes	Group		Company	
		2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
Employee benefits	17 (a)	16,600,877	13,897,679	422,568	354,747
Premises and maintenance expenses		737,944	713,865	-	-
Equipment and motor vehicle expenses		522,594	580,728	-	-
Marketing and business development expenses		1,965,942	1,956,482	-	-
Security and insurance expenses		1,217,453	1,002,023	-	-
Information technology expenses		4,886,311	4,890,185	-	-
Communication and stationery		1,022,373	921,751	-	-
Professional fees		1,051,365	924,257	-	-
Depreciation of property and equipment	33	1,158,129	936,674	-	-
Amortisation of intangible assets (software)	32	1,188,932	1,193,001	-	-
Amortisation of operating lease	35	125	125	-	-
Regulatory deposits insurance		851,956	842,769	-	-
Auditors' remuneration (inclusive of VAT)	17 (b)	103,352	70,841	1,447	1,767
Depreciation on right of use assets	36	955,711	1,023,765	-	-
Other expenses *		5,539,072	3,228,580	533,828	104,273
<b>Total expenses</b>		<b>37,802,136</b>	<b>32,182,725</b>	<b>957,843</b>	<b>460,787</b>
Non attributable expenses**		(670,954)	(292,842)	-	-
		<b>37,131,182</b>	<b>31,889,883</b>	<b>957,843</b>	<b>460,787</b>

\*Other expenses mainly include operational expenses and credit card expenses.

\*\*Non-attributable expenses are overhead costs that are excluded from the measurement of insurance contract liabilities and hence not part of insurance service result.

## 17. (a) EMPLOYEE BENEFITS

	Group 2025 KES '000	Group 2024 KES '000	Company 2025 KES '000	Company 2024 KES '000
Salaries and allowances	13,068,113	10,559,103	400,276	203,261
Contributions to defined contribution scheme	1,163,109	999,640	21,682	148,142
Medical	727,758	632,364	-	(3,686)
Training	329,173	235,734	-	-
Staff benefits	286,985	357,151	-	-
Other staff costs*	1,025,739	1,113,687	610	7,030
	<b>16,600,877</b>	<b>13,897,679</b>	<b>422,568</b>	<b>354,747</b>
<b>Number of employees as at 31 December</b>	<b>4,002</b>	<b>3,790</b>	<b>6</b>	<b>6</b>

\*Other staff costs mainly include recruitment and other staff wellness costs.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 17. (b) AUDITORS' REMUNERATION

	Group		Company	
	2025	2024	2025	2024
	KES 000	KES 000	KES 000	KES 000
Statutory audit fees	44,374	43,444	1,447	1,359
Other regulatory mandated audits	28,015	24,386	-	-
Prior year audit overruns*	6,998	-	-	-
Other fees**	23,965	3,011	-	408
	<u>103,352</u>	<u>70,841</u>	<u>1,447</u>	<u>1,767</u>

The above auditor's remuneration fees relate to statutory audit services offered by Deloitte & Touche LLP to all the Group entities with the exception of NCBA Bank Uganda Limited, NCBA Bank Rwanda PLC and NCBA Insurance Kenya Limited which are audited by KPMG, KPMG and PWC consecutively.

\*Prior year audit overruns mainly include one off cost relating to business combination review and cyber controls related review.

\*\*Other fees in 2025 mostly relate to additional scope related to the audit by the Kenya Revenue Authority.

## 18. INCOME TAX EXPENSE

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
<b>Current tax</b>				
Income tax based on taxable profit for the year	6,098,292	2,566,642	122,995	118,561
Prior year (over) /under provision of current tax	(10,921)	(344,721)	(175)	661
<b>Deferred tax:</b>				
Deferred income tax (credit)/charge (note 34)	(1,126,252)	1,127,338	(138,951)	39,526
(Over)/under provision of deferred tax in prior year (note 34)	(464,407)	(77,521)	(1)	(35,479)
Deferred tax on tax losses not recognized (note 34)	-	3,543	-	-
	<u>4,496,712</u>	<u>3,275,281</u>	<u>(16,132)</u>	<u>123,269</u>
<b>Profit before tax</b>	<b>27,890,230</b>	<b>25,141,048</b>	<b>14,023,357</b>	<b>12,028,970</b>
Income tax at statutory rates*	8,324,179	7,514,964	4,207,007	3,608,692
Expenses not deductible for tax purposes	1,281,776	692,917	66,223	91,573
Income not assessable for tax purposes**	(4,542,303)	(4,426,876)	(4,289,186)	(3,542,178)
Share of profits taxed on associates	(91,612)	(87,025)	-	-
(Over)/under provision of current tax in prior year	(10,921)	(344,721)	(175)	661
Under provision of deferred tax in prior year	(464,407)	(77,521)	(1)	(35,479)
Deferred income tax not recognised	-	3,543	-	-
	<u>4,496,712</u>	<u>3,275,281</u>	<u>(16,132)</u>	<u>123,269</u>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 18. INCOME TAX EXPENSE (Continued)

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
<b>Current income tax (recoverable)/ payable</b>				
At 1 January	(1,873,270)	148,444	1,372	(2,786)
NCBA Insurance acquisition	-	(294,561)	-	-
Exchange difference on translation	(103,377)	34,678	-	-
Tax charge - current year	6,098,292	2,566,642	122,995	118,561
Prior year (over)/under provision of current tax	(10,921)	(344,721)	(175)	660
Income tax paid	(1,355,814)	(3,983,752)	(112,276)	(115,063)
<b>At 31 December</b>	<b>2,754,910</b>	<b>(1,873,270)</b>	<b>11,916</b>	<b>1,372</b>
<i>Comprising:</i>				
Current income tax recoverable	(538,983)	(1,880,967)	-	-
Current income tax payable	3,293,893	7,697	11,916	1,372
<b>At 31 December</b>	<b>2,754,910</b>	<b>(1,873,270)</b>	<b>11,916</b>	<b>1,372</b>

\*Income tax for the Group has been computed based on a notional 30% rate (28% for NCBA Bank Rwanda PLC).

\*\*Income not assessable for tax purposes primarily relates to interest earned on infrastructure bonds, which is exempt from tax under the Kenya Income Tax Act.

## 19. DIVIDENDS PER SHARE

Dividend per share is based on the dividends paid and proposed for the year and the number of ordinary shares at year end. Proposed dividends are accounted for as a separate component of equity until they have been ratified at an Annual General Meeting.

At the Annual General Meeting to be held on 26 May 2026, a final dividend in respect of the year ended 31 December 2025 of KES 4.60 per share is to be proposed (2024: KES 3.25 per share) amounting to KES 7.6 billion (2024: KES 5.4 billion). During the year, the interim dividend paid for 2025 was KES 2.50 per share (2024: KES 2.25 per share) amounting to KES 4.1 billion (2024: KES 3.7 billion).

Dividends paid are subject to withholding tax at the rate of 5% and 15% for residents and non-residents respectively where applicable.

The below is a summary of distributions made and proposed:

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
<b>Cash dividends on ordinary shares declared and paid:</b>				
Final dividend	5,354,438	4,942,557	5,354,438	4,942,557
Interim dividend	4,118,799	3,706,919	4,118,799	3,706,919
<b>Total dividends paid</b>	<b>9,473,237</b>	<b>8,649,476</b>	<b>9,473,237</b>	<b>8,649,476</b>
<b>Proposed final dividend</b>	<b>7,578,590</b>	<b>5,354,438</b>	<b>7,578,590</b>	<b>5,354,438</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 20. EARNINGS PER SHARE (EPS)

Earnings per share (EPS) is calculated by dividing the profit for the year after taxation by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive shares outstanding at 31 December 2025 or 2024. Diluted earnings per share are therefore equal to basic earnings per share.

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
<b>Group net profit</b>	23,400,299	21,881,139	14,039,489	11,905,701
<b>Weighted average number of ordinary shares</b>				
Number of shares issued/deemed to be outstanding at 1 January ('000)	1,647,519	1,647,519	1,647,519	1,647,519
Weighted average number of shares ('000) at 31 December	1,647,519	1,647,519	1,647,519	1,647,519
<b>Basic EPS (KES)</b>	<b>14.20</b>	<b>13.28</b>	<b>8.52</b>	<b>7.23</b>

## 21. CASH AND BALANCES WITH CENTRAL BANKS

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
Cash in hand	16,517,298	19,045,550	-	-
Balances with central banks	28,967,069	2,803,408	-	-
Mandatory reserve deposits	18,296,308	21,830,543	-	-
Less: Impairment loss allowance	(6,607)	(120)	-	-
	<b>63,774,068</b>	<b>43,679,381</b>	-	-

The mandatory reserve deposits funds with the central banks in Kenya, Uganda, Tanzania and Rwanda are not interest earning and are based on the value of deposits as adjusted by central banks' requirements from time to time. Mandatory reserves deposit relating to Kenya are not fully restricted and can be accessed for settlement transactions.

## 22. ITEMS IN THE COURSE OF COLLECTION

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
Clearing account balances	687,951	553,733	-	-

These are clearing instruments, which included issued cheques and payments instructions that are payable on presentation.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 23. DUE FROM BANKING INSTITUTIONS

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
Current accounts, overnight and call deposits	29,257,527	23,454,990	-	-
Time deposits	22,149,489	29,552,689	-	-
Impairment loss allowance	(39,244)	(51,599)	-	-
	<u>51,367,772</u>	<u>52,956,080</u>	<u>-</u>	<u>-</u>

All the balances due from banking institutions had maturities of less than 91 days from date of placement and are classified as current assets.

The weighted average interest rate on due from banking institutions as at 31 December 2024 was 6.3% (2024: 6.0%).

## 24. DERIVATIVE ASSETS

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
Derivative assets	<u>6,432</u>	<u>18,089</u>	<u>-</u>	<u>-</u>

The amount represents the fair value of forward foreign exchange contracts. These derivative assets and liabilities are measured at fair value through profit or loss.

## 25. GOVERNMENT SECURITIES

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
Fixed rate Treasury bonds – amortised cost	121,827,117	119,754,941	-	-
Fixed rate Treasury bonds – FVOCI	83,585,714	75,482,300	-	-
Treasury bills – amortised cost	10,370,583	3,109,074	-	-
Treasury bills – FVOCI	4,031,394	9,169,977	-	-
Fixed rate treasury bonds – FVTPL	1,736,271	-	-	-
	<u>221,551,079</u>	<u>207,516,292</u>	<u>-</u>	<u>-</u>
<b>Maturity analysis</b>				
Maturing within 91 days from date of acquisition	1,183,487	5,893,863	-	-
Maturing after 91 days but within 360 days from date of acquisition	15,549,707	12,071,895	-	-
Maturing after 360 days from date of acquisition	204,817,885	189,550,534	-	-
	<u>221,551,079</u>	<u>207,516,292</u>	<u>-</u>	<u>-</u>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 25. GOVERNMENT SECURITIES (Continued)

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
<b>The movement in treasury bonds at amortised cost was as follows:</b>				
<b>At start of year</b>	119,754,941	131,675,531	-	-
Additions during the year	14,533,863	5,260,271	-	-
Maturities and disposals	(12,468,345)	(13,236,747)	-	-
Impairment charge	(7,383)	(9,449)	-	-
Foreign exchange movement	14,041	(3,934,665)	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>At end of year</b>	<b>121,827,117</b>	<b>119,754,941</b>	<b>-</b>	<b>-</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>The movement in treasury bonds – FVOCI was as follows:</b>				
<b>At start of year</b>	75,482,300	82,494,116	-	-
NCBA Insurance Kenya Limited acquisition	-	1,876,590	-	-
Additions during the year	28,333,976	22,136,968	-	-
Maturities and disposals	(25,937,235)	(33,284,585)	-	-
Changes in fair value	5,561,539	3,320,726	-	-
Impairment (charge)/release	(8,646)	1,324	-	-
Foreign exchange movement	153,780	(1,062,839)	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>At end of year</b>	<b>83,585,714</b>	<b>75,482,300</b>	<b>-</b>	<b>-</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>The movement in treasury bills at amortised cost was as follows:</b>				
<b>At start of year</b>	3,109,074	12,718,799	-	-
NCBA Insurance Kenya Limited acquisition	-	13,017	-	-
Additions during the year	8,939,585	3,047,310	-	-
Maturities and disposals	(982,149)	(11,496,584)	-	-
Impairment (charge)/release	(5,046)	4,180	-	-
Foreign exchange movement	(690,881)	(1,177,648)	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>At end of year</b>	<b>10,370,583</b>	<b>3,109,074</b>	<b>-</b>	<b>-</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>The movement in treasury bills at FVOCI was as follows:</b>				
<b>At start of year</b>	9,169,977	1,972,527	-	-
Additions during the year	32,645,359	49,199,503	-	-
Maturities and disposals	(38,085,791)	(41,840,097)	-	-
Changes in fair value	140,181	3,660	-	-
Impairment charge	(407)	(4,070)	-	-
Foreign exchange movement	162,075	(161,546)	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>At end of year</b>	<b>4,031,394</b>	<b>9,169,977</b>	<b>-</b>	<b>-</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 25. GOVERNMENT SECURITIES (Continued))

	2025 KES '000	Group 2024 KES '000	2025 KES '000	Company 2024 KES '000
<b>The movement in Treasury bonds at FVTPL was as follows:</b>				
At start of year	-	-	-	-
Additions during the year	38,180,970	-	-	-
Maturities and disposals	(36,427,791)	-	-	-
Impairment	(799)	-	-	-
Changes in fair value	(16,109)	-	-	-
	<u>1,736,271</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expected credit losses movement was as follows:</b>				
At start of year	(135,895)	(126,935)	-	-
NCBA Insurance Kenya Limited acquisition	-	(945)	-	-
Impairment charge	(22,281)	(8,015)	-	-
	<u>(158,176)</u>	<u>(135,895)</u>	<u>-</u>	<u>-</u>

The weighted average interest rate on Government securities as at 31 December 2024 was 11.4% (2024:11.3%).

## 26. INVESTMENT SECURITIES

	Group 2025 KES '000	2024 KES '000	Company 2025 KES '000	2024 KES '000
Unit trusts at FVTPL (mandatory)	66,666	49,882	-	-
Other investment securities at FVTPL – (mandatory)	72,105	72,124	-	-
Other investment securities at FVOCI- (mandatory)	42,010	43,470	-	-
Other investment securities at amortised cost	572,681	824,553	-	-
Financial assets at amortised cost	14,759,166	14,236,801	-	-
	<u>15,512,628</u>	<u>15,226,830</u>	<u>-</u>	<u>-</u>
<b>Expected credit losses movement was as follows:</b>				
At start of year	(15,079)	(2,360)	-	-
Increase in ECL	(218,770)	(12,719)	-	-
	<u>(233,849)</u>	<u>(15,079)</u>	<u>-</u>	<u>-</u>
<b>The movement in financial assets held at amortised cost was as follows:</b>				
At start of year	14,236,801	15,330,847	-	-
Additions	4,125,501	1,931,452	-	-
Disposals	(3,384,366)	(3,012,779)	-	-
Increase in ECL	(218,770)	(12,719)	-	-
	<u>14,759,166</u>	<u>14,236,801</u>	<u>-</u>	<u>-</u>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 26. INVESTMENT SECURITIES

	Group		Company	
	2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
<b>The movement in equity securities was as follows:</b>				
At start of year	-	1,519,899	-	-
Disposal in the year	-	(1,519,899)	-	-
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>The movement in unit trusts at fair value through profit or loss was as follows:</b>				
At start of year	49,882	59,097	-	-
Fair value gain/(loss)	16,784	(9,215)	-	-
<b>At end of year</b>	<b>66,666</b>	<b>49,882</b>	<b>-</b>	<b>-</b>
<b>The movement in other investment securities at fair value through profit or loss was as follows:</b>				
At start of year	72,124	73,995	-	-
Fair value loss	(19)	(1,871)	-	-
<b>At end of year</b>	<b>72,105</b>	<b>72,124</b>	<b>-</b>	<b>-</b>
<b>The movement in other investment securities at amortised costs was as follows:</b>				
At start of year	824,553	651,003	-	-
Disposals	(251,872)	-	-	-
Additions	-	173,550	-	-
<b>At end of year</b>	<b>572,681</b>	<b>824,553</b>	<b>-</b>	<b>-</b>
<b>The movement in other investment securities at fair value through other comprehensive incomes was as follows:</b>				
At start of year	43,470	50,607	-	-
Foreign currency movement	(1,460)	(7,137)	-	-
<b>At end of year</b>	<b>42,010</b>	<b>43,470</b>	<b>-</b>	<b>-</b>
<b>Classified as:</b>				
Non-current	15,484,697	14,381,664	-	-
Current	27,931	845,166	-	-
<b>Total</b>	<b>15,512,628</b>	<b>15,226,830</b>	<b>-</b>	<b>-</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 26. INVESTMENT SECURITIES (Continued)

The weighted average interest rate on Investment securities as at 31 December 2025 was 5.0% (2024:5.7%).

Equity securities comprise of shares quoted in the New York Stock Exchange (“NYSE”), “listed shares” and are stated at their fair value on the last day of business in the year. These values are subject to frequent variations due to changes in their market prices. The shares were disposed in 2024.

## 27. CUSTOMER LOANS AND ADVANCES - GROUP

## i) Summary of customer loans and advances

	2025 KES '000	2024 KES '000
<b>Loans and advances classified as:</b>		
a) Loans and receivables (amortised cost) net of ECL	303,591,552	290,541,204
b) Loan notes at FVTPL	3,326,423	3,391,146
	<u>306,917,975</u>	<u>293,932,350</u>
<b>(a) Loans and advances at amortised cost</b>		
Overdrafts	24,492,743	26,674,529
Term loans	288,742,650	271,158,394
Credit cards	1,310,626	1,365,660
Bills discounted	7,616,294	6,555,236
	<u>322,162,313</u>	<u>305,753,819</u>
<b>Provisions for impairment</b>		
Stage 3	(14,241,643)	(11,716,301)
Stage 2	(2,154,114)	(1,392,471)
Stage 1	(2,175,004)	(2,103,843)
	<u>(18,570,761)</u>	<u>(15,212,615)</u>
<b>Net loans and advances at amortised cost</b>	<u><u>303,591,552</u></u>	<u><u>290,541,204</u></u>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 27. CUSTOMER LOANS AND ADVANCES - GROUP (Continued)

## i) Summary of customer loans and advances (Continued)

	2025 KES '000	2024 KES '000
<b>(b) Loan notes at fair value through profit or loss</b>		
Loans notes	3,326,423	3,391,146
At start of year	3,391,146	4,095,870
Fair value loss	-	(94,249)
Foreign currency exchange movements	(64,723)	(610,275)
<b>At end of year</b>	<b>3,326,423</b>	<b>3,391,146</b>
<b>(c) Current and non-current analysis</b>		
Current	112,789,148	129,698,250
Non-current	194,128,827	164,234,100
	<b>306,917,975</b>	<b>293,932,350</b>

Significant changes in the gross carrying amounts of loans and advances to customers that contributed to movements in loss allowances were new loans advanced in the year, as well as write off of impaired loans.

The table below shows the movement in gross loans and advances between the various credit quality stages in the year.

	Stage 1 12-month KES '000	Stage 2 Lifetime KES '000	Stage 3 Lifetime KES '000	Total KES '000
<b>Gross carrying amount as at 1 January 2025</b>	<b>244,430,156</b>	<b>35,173,100</b>	<b>26,150,563</b>	<b>305,753,819</b>
Transfer to stage 1	11,153,114	(10,800,885)	(352,229)	-
Transfer to stage 2	(2,651,881)	3,140,546	(488,665)	-
Transfer to stage 3	(2,886,338)	(1,076,515)	3,962,853	-
Net new financial assets originated or purchased	89,990,393	2,484,839	4,048,293	96,523,525
Foreign exchange and other changes	(25,769,307)	(7,756,126)	(1,788,848)	(35,314,281)
Repayments	(35,040,225)	(1,468,676)	(523,004)	(37,031,905)
Write-offs	(479,096)	(282,572)	(6,809,835)	(7,571,503)
Changes due to modifications that did not result in derecognition	-	-	(197,342)	(197,342)
<b>Gross carrying amounts as at 31 December 2025</b>	<b>278,746,816</b>	<b>19,413,711</b>	<b>24,001,786</b>	<b>322,162,313</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 27. CUSTOMER LOANS AND ADVANCES - GROUP (Continued)

## i) Summary of customer loans and advances (Continued)

	Stage 1 12-month ECL KES '000	Stage 2 Lifetime ECL KES '000	Stage 3 Lifetime ECL KES '000	Total KES '000
<b>Gross carrying amount as at 1 January 2024</b>	<b>283,598,769</b>	<b>26,954,101</b>	<b>36,253,433</b>	<b>346,806,303</b>
Transfer to stage 1	2,671,162	(2,226,972)	(444,190)	-
Transfer to stage 2	(22,656,845)	28,194,429	(5,537,584)	-
Transfer to stage 3	(3,543,519)	(6,095,084)	9,638,603	-
Net new financial assets originated or purchased	34,428,954	1,100,784	5,717,685	41,247,423
Foreign exchange and other changes	(35,190,604)	(10,739,778)	(5,542,681)	(51,473,063)
Repayments	(14,805,490)	(1,864,682)	(2,545,190)	(19,215,362)
Write Off	(72,271)	(149,698)	(11,389,513)	(11,611,482)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Gross carrying amounts as at 31 December 2024</b>	<b>244,430,156</b>	<b>35,173,100</b>	<b>26,150,563</b>	<b>305,753,819</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Impairment of financial assets**

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

- Transfers between Stage 1 and Stage 2 or stage 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the period, and the consequent “step up” or “step down” between 12-month and lifetime ECL;
- Additional allowance for new financial instruments recognised during the period, as well as releases for financial instruments derecognised 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;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 27. CUSTOMER LOANS AND ADVANCES – GROUP (Continued)

The following tables provide details of the changes in the loss allowance in the year due to these factors:

	Stage 1 12-month ECL KES '000	Stage 2 Lifetime ECL KES '000	Stage 3 Lifetime ECL KES '000	Total KES '000
<b>Year 2025</b>				
<b>At start of year</b>	<b>2,103,843</b>	<b>1,392,471</b>	<b>11,716,301</b>	<b>15,212,615</b>
Transfer to stage 1	471,686	(367,807)	(103,879)	-
Transfer to stage 2	(38,312)	61,541	(23,229)	-
Transfer to stage 3	(35,237)	(144,360)	179,597	-
Net new impairments created	452,439	871,968	8,870,230	10,194,637
<b>Total charge to profit or loss</b>	<b>850,576</b>	<b>421,342</b>	<b>8,922,719</b>	<b>10,194,637</b>
Foreign exchange and other movements	(300,319)	622,873	412,458	735,012
Write-offs	(479,096)	(282,572)	(6,809,835)	(7,571,503)
<b>At 31 December 2025</b>	<b>2,175,004</b>	<b>2,154,114</b>	<b>14,241,643</b>	<b>18,570,761</b>
<b>Year 2024</b>				
<b>At start of year</b>	<b>2,372,860</b>	<b>2,437,697</b>	<b>15,877,191</b>	<b>20,687,748</b>
Transfer to stage 1	466,463	(259,317)	(207,146)	-
Transfer to stage 2	(67,880)	159,771	(91,891)	-
Transfer to stage 3	(98,662)	(762,289)	860,951	-
Net new impairments (released) /created	(59,771)	(673,747)	9,351,294	8,617,776
<b>Total charge/(release) to profit or loss</b>	<b>240,150</b>	<b>(1,535,582)</b>	<b>9,913,208</b>	<b>8,617,776</b>
Foreign exchange and other movements	(436,896)	592,803	(2,442,232)	(2,286,325)
Write-offs	(72,271)	(102,447)	(11,631,866)	(11,806,584)
<b>At 31 December 2024</b>	<b>2,103,843</b>	<b>1,392,471</b>	<b>11,716,301</b>	<b>15,212,615</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 28. INSURANCE CONTRACT LIABILITIES

## (a) Contracts measured under the PAA – total insurance contracts issued

Reconciliation of the liability for remaining coverage and the liability for incurred claims

Year ended 31 December 2025	LRC		LIC		Total KES '000
	Excluding loss component KES '000	Loss component KES '000	Present value of future cash flows KES '000	Risk adjustment for non- financial risk KES '000	
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	479,923	104,159	1,423,961	142,973	2,151,016
<b>Net balance at 1 January 2025</b>	<b>479,923</b>	<b>104,159</b>	<b>1,423,961</b>	<b>142,973</b>	<b>2,151,016</b>
<b>Insurance revenue</b>	<b>(3,473,186)</b>	-	-	-	<b>(3,473,186)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	(61,849)	1,561,785	34,375	1,534,311
Insurance acquisition cash flows amortization	491,499	-	-	-	491,499
Changes that relate to past service – adjustments to the LIC	-	-	(25,737)	(75,696)	(101,433)
Losses for the net outflow recognized on initial recognition	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	(42,311)	-	-	(42,311)
<b>Insurance service expenses</b>	<b>491,499</b>	<b>(104,160)</b>	<b>1,536,048</b>	<b>(41,321)</b>	<b>1,882,066</b>
<b>Insurance service result</b>	<b>(2,981,687)</b>	<b>(104,160)</b>	<b>1,536,048</b>	<b>(41,321)</b>	<b>(1,591,120)</b>
Net finance expenses from insurance contracts issued	-	-	204,325	19,830	224,155
<b>Total changes in the statement of financial performance</b>	<b>(2,981,687)</b>	<b>(104,160)</b>	<b>1,740,373</b>	<b>(21,491)</b>	<b>(1,366,965)</b>
<b>Cash flows</b>					
Premiums received	3,479,776	1	-	-	3,479,777
Claims and other directly attributable expenses paid	-	-	(1,760,679)	-	(1,760,679)
Insurance acquisition costs	(565,499)	-	-	-	(565,499)
<b>Total cash flows</b>	<b>2,914,277</b>	<b>1</b>	<b>(1,760,679)</b>	-	<b>1,153,599</b>
Closing insurance contract assets	(109,704)	-	53,792	3,550	(52,362)
Closing insurance contract liabilities	522,217	-	1,349,863	117,932	1,990,012
<b>Net balance at 31 December 2025</b>	<b>412,513</b>	-	<b>1,403,655</b>	<b>121,482</b>	<b>1,937,650</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## INSURANCE CONTRACT LIABILITIES (Continued)

## 28(a) Contracts measured under the PAA – insurance contracts issued (Motor Private)

Reconciliation of the liability for remaining coverage and the liability for incurred claims

Year ended 31 December 2025	LRC		LIC		Total KES '000
	Excluding loss component KES '000	Loss component KES '000	Present value of future cash flows KES '000	Risk adjustment for non-financial risk KES '000	
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	323,522	5,986	389,208	28,917	747,633
<b>Net balance at 1 January 2025</b>	<b>323,522</b>	<b>5,986</b>	<b>389,208</b>	<b>28,917</b>	<b>747,633</b>
<b>Insurance revenue</b>	<b>(1,007,632)</b>	-	-	-	<b>(1,007,632)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	23,135	686,650	11,393	721,178
Insurance acquisition cash flows amortization	95,532	-	-	-	95,532
Changes that relate to past service – adjustments to the LIC	-	-	(40,883)	(19,642)	(60,525)
Losses for the net outflow recognized on initial recognition	-	(29,122)	-	-	(29,122)
<b>Insurance service expenses</b>	<b>95,532</b>	<b>(5,987)</b>	<b>645,767</b>	<b>(8,249)</b>	<b>727,063</b>
<b>Insurance service result</b>	<b>(912,100)</b>	<b>(5,987)</b>	<b>645,767</b>	<b>(8,249)</b>	<b>(280,569)</b>
Net finance expenses from insurance contracts issued	-	-	47,127	3,183	50,310
<b>Total changes in the statement of financial performance</b>	<b>(912,100)</b>	<b>(5,987)</b>	<b>692,894</b>	<b>(5,066)</b>	<b>(230,259)</b>
<b>Cash flows</b>					
Premiums received	899,899	1	-	-	899,900
Claims and other directly attributable expenses paid	-	-	(725,721)	-	(725,721)
Insurance acquisition costs	(92,261)	-	-	-	(92,261)
<b>Total cash flows</b>	<b>807,638</b>	<b>1</b>	<b>(725,721)</b>	<b>-</b>	<b>81,918</b>
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	219,060	-	356,381	23,851	599,292
<b>Net balance at 31 December 2025</b>	<b>219,060</b>	<b>-</b>	<b>356,381</b>	<b>23,851</b>	<b>599,292</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## INSURANCE CONTRACT LIABILITIES (Continued)

## 28 (a) Contracts measured under the PAA – insurance contracts issued (Liability)

Reconciliation of the liability for remaining coverage and the liability for incurred claims

Year ended 31 December 2025	LRC		LIC		Total KES '000
	Excluding loss component KES '000	Loss component KES '000	Present value of future cash flows KES '000	Risk adjustment for non-financial risk KES '000	
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	(56,917)	-	391,308	56,135	390,526
<b>Net balance at 1 January 2025</b>	<b>(56,917)</b>	<b>-</b>	<b>391,308</b>	<b>56,135</b>	<b>390,526</b>
<b>Insurance revenue</b>	<b>(666,098)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(666,098)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	202,915	4,811	207,726
Insurance acquisition cash flows amortization	101,536	-	-	-	101,536
Changes that relate to past service – adjustments to the LIC	-	-	32,358	(17,649)	14,709
Losses for the net outflow recognized on initial recognition	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
<b>Insurance service expenses</b>	<b>101,536</b>	<b>-</b>	<b>235,273</b>	<b>(12,838)</b>	<b>323,971</b>
<b>Insurance service result</b>	<b>(564,562)</b>	<b>-</b>	<b>235,273</b>	<b>(12,838)</b>	<b>(342,127)</b>
Net finance expenses from insurance contracts issued	-	-	67,138	8,341	75,479
<b>Total changes in the statement of financial performance</b>	<b>(564,562)</b>	<b>-</b>	<b>302,411</b>	<b>(4,497)</b>	<b>(266,648)</b>
<b>Cash flows</b>					
Premiums received	796,847	-	-	-	796,847
Claims and other directly attributable expenses paid	-	-	(225,172)	-	(225,172)
Insurance acquisition costs	(126,524)	-	-	-	(126,524)
<b>Total cash flows</b>	<b>670,323</b>	<b>-</b>	<b>(225,172)</b>	<b>-</b>	<b>445,151</b>
Closing insurance contract liabilities	48,844	-	468,547	51,638	569,029
<b>Net balance at 31 December 2025</b>	<b>48,844</b>	<b>-</b>	<b>468,547</b>	<b>51,638</b>	<b>569,029</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## INSURANCE CONTRACT LIABILITIES (Continued)

## 28 (a) Contracts measured under the PAA – insurance contracts issued -Fire Industrial

Reconciliation of the liability for remaining coverage and the liability for incurred claims

Year ended 31 December 2025	LRC		LIC		Total KES '000
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	
	KES '000	KES '000	KES '000	KES '000	
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	146,259	-	143,074	8,041	297,374
<b>Net balance at 1 January 2025</b>	<b>146,259</b>	<b>-</b>	<b>143,074</b>	<b>8,041</b>	<b>297,374</b>
<b>Insurance revenue</b>	<b>(626,290)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(626,290)</b>
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	237,845	4,018	241,863
Insurance acquisition cash flows amortization	122,644	-	-	-	122,644
Changes that relate to past service – adjustments to the LIC	-	-	(35,842)	(6,666)	(42,508)
<b>Insurance service expenses</b>	<b>122,644</b>	<b>-</b>	<b>202,003</b>	<b>(2,648)</b>	<b>321,999</b>
Insurance service result	<b>(503,646)</b>	<b>-</b>	<b>202,003</b>	<b>(2,648)</b>	<b>(304,291)</b>
Net finance expenses from insurance contracts issued	-	-	19,310	1,031	20,341
<b>Total changes in the statement of financial performance</b>	<b>(503,646)</b>	<b>-</b>	<b>221,313</b>	<b>(1,617)</b>	<b>(283,950)</b>
Cash flows					
Premiums received	552,038	-	-	-	552,038
Claims and other directly attributable expenses paid	-	-	(244,984)	-	(244,984)
Insurance acquisition costs	(167,630)	-	-	-	(167,630)
<b>Total cash flows</b>	<b>384,408</b>	<b>-</b>	<b>(244,984)</b>	<b>-</b>	<b>139,424</b>
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	27,021	-	119,403	6,424	152,848
<b>Net balance at 31 December 2025</b>	<b>27,021</b>	<b>-</b>	<b>119,403</b>	<b>6,424</b>	<b>152,848</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## INSURANCE CONTRACT LIABILITIES (Continued)

## 28 (a) Contracts measured under the PAA – insurance contracts issued -Others

Reconciliation of the liability for remaining coverage and the liability for incurred claims

Year ended 31 December 2025

	LRC	LIC	LIC	LIC	Total
	Excluding loss component KES '000	Loss component KES '000	Present value of future cash flows KES '000	Risk adjustment for non-financial risk KES '000	KES '000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	67,059	98,173	500,371	49,880	715,483
<b>Net balance at 1 January 2025</b>	<b>67,059</b>	<b>98,173</b>	<b>500,371</b>	<b>49,880</b>	<b>715,483</b>
<b>Insurance revenue</b>	<b>(1,173,166)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,173,166)</b>
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	(84,984)	434,375	14,153	363,544
Insurance acquisition cash flows amortization	171,787	-	-	-	171,787
Changes that relate to past service – adjustments to the LIC	-	-	18,630	(31,739)	(13,109)
Losses for the net outflow recognized on initial recognition	-	29,122	-	-	29,122
Losses on onerous contracts and reversal of those losses	-	(42,311)	-	-	(42,311)
<b>Insurance service expenses</b>	<b>171,787</b>	<b>(98,173)</b>	<b>453,005</b>	<b>(17,586)</b>	<b>509,033</b>
<b>Insurance service result</b>	<b>(1,001,379)</b>	<b>(98,173)</b>	<b>453,005</b>	<b>(17,586)</b>	<b>(664,133)</b>
Net finance expenses from insurance contracts issued	-	-	70,753	7,272	78,025
<b>Total changes in the statement of financial performance</b>	<b>(1,001,379)</b>	<b>(98,173)</b>	<b>523,758</b>	<b>(10,314)</b>	<b>(586,108)</b>
Cash flows					
Premiums received	1,230,992	-	-	-	1,230,992
Claims and other directly attributable expenses paid	-	-	(564,802)	-	(564,802)
Insurance acquisition costs	(179,084)	-	-	-	(179,084)
<b>Total cash flows</b>	<b>1,051,908</b>	<b>-</b>	<b>(564,802)</b>	<b>-</b>	<b>487,106</b>
Closing insurance contract assets	(109,704)	-	53,792	3,550	(52,362)
Closing insurance contract liabilities	227,292	-	405,535	36,016	668,843
<b>Net balance at 31 December 2025</b>	<b>117,588</b>	<b>-</b>	<b>459,327</b>	<b>39,566</b>	<b>616,481</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## INSURANCE CONTRACT LIABILITIES (Continued)

## 28 (a) Contracts measured under the PAA – total insurance contracts issued

Reconciliation of the liability for remaining coverage and the liability for incurred claims

Year ended 31 December 2024	LRC		LIC		Total KES '000
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non- financial risk	
	KES '000	KES '000	KES '000	KES '000	
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	575,954	152,566	1,733,924	230,951	2,693,395
<b>Net balance at 1 July 2024</b>	<b>575,954</b>	<b>152,566</b>	<b>1,733,924</b>	<b>230,951</b>	<b>2,693,395</b>
<b>Insurance revenue</b>	<b>(1,717,633)</b>	-	-	-	<b>(1,717,633)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	(25,966)	(1,382)	(122,683)	(150,031)
Insurance acquisition cash flows amortization	233,881	-	-	-	233,881
Changes that relate to past service – adjustments to the LIC	-	-	541,372	4,241	545,613
Losses on onerous contracts and reversal of those losses	-	(133,771)	-	-	(133,771)
<b>Insurance service expenses</b>	<b>233,881</b>	<b>(159,737)</b>	<b>539,990</b>	<b>(118,442)</b>	<b>495,692</b>
	-	-	-	-	-
<b>Insurance service result</b>	<b>(1,483,752)</b>	<b>(159,737)</b>	<b>539,990</b>	<b>(118,442)</b>	<b>(1,221,941)</b>
Net finance expenses from insurance contracts issued	-	111,330	285,338	30,464	427,132
<b>Total changes in the statement of financial performance</b>	<b>(1,483,752)</b>	<b>(48,407)</b>	<b>825,328</b>	<b>(87,978)</b>	<b>(794,809)</b>
<b>Cash flows</b>					
Premiums received	1,536,804	-	-	-	1,536,804
Claims and other directly attributable expenses paid	-	-	(1,135,291)	-	(1,135,291)
Insurance acquisition costs	(149,083)	-	-	-	(149,083)
<b>Total cash flows</b>	<b>1,387,721</b>	-	<b>(1,135,291)</b>	-	<b>252,430</b>
Closing insurance contract liabilities	479,923	104,159	1,423,961	142,973	2,151,016
<b>Net balance at 31 December 2024</b>	<b>479,923</b>	<b>104,159</b>	<b>1,423,961</b>	<b>142,973</b>	<b>2,151,016</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## INSURANCE CONTRACT LIABILITIES (Continued)

## 28 (a) Contracts measured under the PAA – insurance contracts issued (Motor Private)

Reconciliation of the liability for remaining coverage and the liability for incurred claims

Year ended 31 December 2024	LRC		LIC		Total KES '000
	Excluding loss component KES '000	Loss component KES '000	Present value of future cash flows KES '000	Risk adjustment for non-financial risk KES '000	
	Opening insurance contract assets	-	-	-	
Opening insurance contract liabilities	400,975	36,971	315,350	20,812	774,108
<b>Net balance at 1 July 2024</b>	<b>400,975</b>	<b>36,971</b>	<b>315,350</b>	<b>20,812</b>	<b>774,108</b>
<b>Insurance revenue</b>	<b>(584,754)</b>	-	-	-	<b>(584,754)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	339,566	9,047	348,613
Insurance acquisition cash flows amortization	29,919	-	-	-	29,919
Changes that relate to past service – adjustments to the LIC	-	-	(196,527)	(5,138)	(201,665)
Losses for the net outflow recognized on initial recognition	-	(36,971)	-	-	(36,971)
Losses on onerous contracts and reversal of those losses	-	5,986	-	-	5,986
<b>Insurance service expenses</b>	<b>29,919</b>	<b>(30,985)</b>	<b>143,039</b>	<b>3,909</b>	<b>145,882</b>
<b>Insurance service result</b>	<b>(554,835)</b>	<b>(30,985)</b>	<b>143,039</b>	<b>3,909</b>	<b>(438,872)</b>
Net finance expenses from insurance contracts issued	-	-	164,513	4,196	168,709
<b>Total changes in the statement of financial performance</b>	<b>(554,835)</b>	<b>(30,985)</b>	<b>307,552</b>	<b>8,105</b>	<b>(270,163)</b>
<b>Cash flows</b>					
Premiums received	465,923	-	-	-	465,923
Claims and other directly attributable expenses paid	-	-	(233,694)	-	(233,694)
Insurance acquisition costs	11,459	-	-	-	11,459
<b>Total cash flows</b>	<b>477,382</b>	-	<b>(233,694)</b>	-	<b>243,688</b>
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	323,522	5,986	389,208	28,917	747,633
<b>Net balance at 31 December 2024</b>	<b>323,522</b>	<b>5,986</b>	<b>389,208</b>	<b>28,917</b>	<b>747,633</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## INSURANCE CONTRACT LIABILITIES (Continued)

## 28 (a) Contracts measured under the PAA – insurance contracts issued (Liability)

Reconciliation of the liability for remaining coverage and the liability for incurred claims

	LRC		LIC		Total KES '000
	Excluding loss component KES '000	Loss component KES '000	Present value of future cash flows KES '000	Risk adjustment for non-financial risk KES '000	
Year ended 31 December 2024					
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	31,515	-	596,870	143,631	772,016
<b>Net balance at 1 July 2024</b>	<b>31,515</b>	<b>-</b>	<b>596,870</b>	<b>143,631</b>	<b>772,016</b>
<b>Insurance revenue</b>	<b>(237,795)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(237,795)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	(259,045)	(89,692)	(348,737)
Insurance acquisition cash flows amortization	85,033	-	-	-	85,033
Changes that relate to past service – adjustments to the LIC	-	-	316,778	(6,319)	310,459
Losses for the net outflow recognized on initial recognition	-	(55,956)	-	-	(55,956)
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
<b>Insurance service expenses</b>	<b>85,033</b>	<b>(55,956)</b>	<b>57,733</b>	<b>(96,011)</b>	<b>(9,201)</b>
<b>Insurance service result</b>	<b>(152,762)</b>	<b>(55,956)</b>	<b>57,733</b>	<b>(96,011)</b>	<b>(246,996)</b>
Net finance expenses from insurance contracts issued	-	55,956	20,107	8,515	84,578
<b>Total changes in the statement of financial performance</b>	<b>(152,762)</b>	<b>-</b>	<b>77,840</b>	<b>(87,496)</b>	<b>(162,418)</b>
<b>Cash flows</b>					
Premiums received	131,018	-	-	-	131,018
Claims and other directly attributable expenses paid	-	-	(283,402)	-	(283,402)
Insurance acquisition costs	(66,688)	-	-	-	(66,688)
<b>Total cash flows</b>	<b>64,330</b>	<b>-</b>	<b>(283,402)</b>	<b>-</b>	<b>(219,072)</b>
Closing insurance contract liabilities	(56,917)	-	391,308	56,135	390,526
<b>Net balance at 31 December 2024</b>	<b>(56,917)</b>	<b>-</b>	<b>391,308</b>	<b>56,135</b>	<b>390,526</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## INSURANCE CONTRACT LIABILITIES (Continued)

## 28 (a) Contracts measured under the PAA – insurance contracts issued (Fire industrial)

Reconciliation of the liability for remaining coverage and the liability for incurred claims

Year ended 31 December 2024

	LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
	KES '000	KES '000	KES '000	KES '000	KES '000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	(23,499)	-	284,273	26,002	286,776
<b>Net balance at 1 July 2024</b>	<b>(23,499)</b>	<b>-</b>	<b>284,273</b>	<b>26,002</b>	<b>286,776</b>
<b>Insurance revenue</b>	<b>(439,832)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(439,832)</b>
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	(69,049)	(20,109)	(89,158)
Insurance acquisition cash flows amortization	65,119	-	-	-	65,119
Changes that relate to past service – adjustments to the LIC	-	-	81,477	433	81,910
Losses for the net outflow recognized on initial recognition	-	(10,781)	-	-	(10,781)
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
<b>Insurance service expenses</b>	<b>65,119</b>	<b>(10,781)</b>	<b>12,428</b>	<b>(19,676)</b>	<b>47,090</b>
Insurance service result	<b>(374,713)</b>	<b>(10,781)</b>	<b>12,428</b>	<b>(19,676)</b>	<b>(392,742)</b>
Net finance expenses from insurance contracts issued	-	10,781	58,723	1,715	71,219
<b>Total changes in the statement of financial performance</b>	<b>(374,713)</b>	<b>-</b>	<b>71,151</b>	<b>(17,961)</b>	<b>(321,523)</b>
Cash flows					
Premiums received	573,716	-	-	-	573,716
Claims and other directly attributable expenses paid	-	-	(212,350)	-	(212,350)
Insurance acquisition costs	(29,245)	-	-	-	(29,245)
<b>Total cash flows</b>	<b>544,471</b>	<b>-</b>	<b>(212,350)</b>	<b>-</b>	<b>332,121</b>
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	146,259	-	143,074	8,041	297,374
<b>Net balance at 31 December 2024</b>	<b>146,259</b>	<b>-</b>	<b>143,074</b>	<b>8,041</b>	<b>297,374</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## INSURANCE CONTRACT LIABILITIES (Continued)

## 28 (a) Contracts measured under the PAA – insurance contracts issued (Others)

## REINSURANCE CONTRACTS HELD

Year ended 31 December 2024

	LRC		LIC		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	
	KES '000	KES '000	KES '000	KES '000	KES '000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	166,963	115,595	537,431	40,506	860,495
<b>Net balance at 1 July 2024</b>	166,963	115,595	537,431	40,506	860,495
<b>Insurance revenue</b>	(455,252)	-	-	-	(455,252)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	(25,966)	(12,854)	(21,929)	(60,749)
Insurance acquisition cash flows amortization	53,810	-	-	-	53,810
Changes that relate to past service – adjustments to the LIC	-	-	339,644	15,265	354,909
Losses for the net outflow recognized on initial recognition	-	103,708	-	-	103,708
Losses on onerous contracts and reversal of those losses	-	(139,757)	-	-	(139,757)
<b>Insurance service expenses</b>	<b>53,810</b>	<b>(62,015)</b>	<b>326,790</b>	<b>(6,664)</b>	<b>311,921</b>
Insurance service result	(401,442)	(62,015)	326,790	(6,664)	(143,331)
Net finance expenses from insurance contracts issued	-	44,593	41,995	16,038	102,626
<b>Total changes in the statement of financial performance</b>	<b>(401,442)</b>	<b>(17,422)</b>	<b>368,785</b>	<b>9,374</b>	<b>(40,705)</b>
Cash flows					
Premiums received	366,147	-	-	-	366,147
Claims and other directly attributable expenses paid	-	-	(405,845)	-	(405,845)
Insurance acquisition costs	(64,609)	-	-	-	(64,609)
<b>Total cash flows</b>	<b>301,538</b>	<b>-</b>	<b>(405,845)</b>	<b>-</b>	<b>(104,307)</b>
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	67,059	98,173	500,371	49,880	715,483
<b>Net balance at 31 December 2024</b>	<b>67,059</b>	<b>98,173</b>	<b>500,371</b>	<b>49,880</b>	<b>715,483</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## REINSURANCE CONTRACTS HELD

## 28(b) Contracts measured under the PAA – total reinsurance contracts held

Reconciliation of the remaining coverage and incurred claims

Year ended 31 December 2025	ARC		AIC		Total KES '000
	Excluding loss- recovery KES '000	Loss-recovery component KES '000	Present value of future cash flows KES '000	Risk adjustment for non-financial KES '000	
Opening reinsurance contract assets	196,769	76,221	1,355,227	92,335	1,720,552
Opening reinsurance contract liabilities	(76,723)	2,788	10,481	985	(62,469)
<b>Net balance at 1 January 2025</b>	<b>120,046</b>	<b>79,009</b>	<b>1,365,708</b>	<b>93,320</b>	<b>1,658,083</b>
Allocation of premiums paid	(1,353,226)	-	-	-	(1,353,226)
Recoveries of incurred claims and other insurance service expense	-	(67,230)	251,565	15,159	199,494
Changes related to past service (changes related to incurred claims component)	-	-	133,022	(43,080)	89,942
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts – subsequent measurement	-	(11,779)	-	-	(11,779)
<b>Total amounts recovered from reinsurance</b>	<b>-</b>	<b>(79,009)</b>	<b>384,587</b>	<b>(27,921)</b>	<b>277,657</b>
<b>Total net expenses from reinsurance</b>	<b>(1,353,226)</b>	<b>(79,009)</b>	<b>384,587</b>	<b>(27,921)</b>	<b>(1,075,569)</b>
Net finance income from reinsurance contracts held	-	-	112,918	11,571	124,489
<b>Total changes in the statement of financial performance</b>	<b>(1,353,226)</b>	<b>(79,009)</b>	<b>497,505</b>	<b>(16,350)</b>	<b>(951,080)</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly attributable	1,168,843	-	-	-	1,168,843
Reinsurance recoveries	-	-	(655,753)	-	(655,753)
<b>Total cash flows</b>	<b>1,168,843</b>	<b>-</b>	<b>(655,753)</b>	<b>-</b>	<b>513,090</b>
<b>Balance at 31 December 2025</b>					
Closing reinsurance contract assets	79,921	-	1,154,179	73,374	1,307,474
Closing reinsurance contract liabilities	(144,258)	-	53,281	3,596	(87,381)
<b>Net balance at 31 December 2025</b>	<b>(64,337)</b>	<b>-</b>	<b>1,207,460</b>	<b>76,970</b>	<b>1,220,093</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## REINSURANCE CONTRACTS HELD (Continued)

## 28 (b) Contracts measured under the PAA – reinsurance contracts held (Motor Private)

Reconciliation of the remaining coverage and incurred claims

Year ended 31 December 2025	ARC		AIC		Total KES '000
	Excluding loss- recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	
	KES '000	KES '000	KES '000	KES '000	
Opening reinsurance contract assets	68,391	26,492	471,040	32,093	598,016
Opening reinsurance contract liabilities	(26,667)	969	3,643	341	(21,714)
<b>Net balance at 1 January 2025</b>	<b>41,724</b>	<b>27,461</b>	<b>474,683</b>	<b>32,434</b>	<b>576,302</b>
Allocation of premiums paid	(82,544)	-	-	-	(82,544)
Recoveries of incurred claims and other insurance service expense	-	4,182	42,275	304	46,761
Changes related to past service (changes related to incurred claims component)	-	(26,379)	56,856	(26,411)	4,066
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	(5,264)	-	-	(5,264)
<b>Total amounts recovered from reinsurance</b>	<b>-</b>	<b>(27,461)</b>	<b>99,131</b>	<b>(26,107)</b>	<b>45,563</b>
<b>Total net expenses from reinsurance</b>	<b>(82,544)</b>	<b>(27,461)</b>	<b>99,131</b>	<b>(26,107)</b>	<b>(36,981)</b>
Net finance income from reinsurance contracts held	-	-	13,720	898	14,618
<b>Total changes in the statement of financial performance</b>	<b>(82,544)</b>	<b>(27,461)</b>	<b>112,851</b>	<b>(25,209)</b>	<b>(22,363)</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly attributable	22,793	-	-	-	22,793
Reinsurance recoveries	-	-	(384,010)	-	(384,010)
<b>Total cash flows</b>	<b>22,793</b>	<b>-</b>	<b>(384,010)</b>	<b>-</b>	<b>(361,217)</b>
<b>Balance at 31 December 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Closing reinsurance contract assets	(18,027)	-	203,524	7,225	192,722
Closing reinsurance contract liabilities	-	-	-	-	-
<b>Net balance at 31 December 2025</b>	<b>(18,027)</b>	<b>-</b>	<b>203,524</b>	<b>7,225</b>	<b>192,722</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## REINSURANCE CONTRACTS HELD (Continued)

## 28 (b) Contracts measured under the PAA – reinsurance contracts held (Liability)

Reconciliation of the remaining coverage and incurred claims

Year ended 31 December 2025	ARC		AIC		Total KES '000
	Excluding loss- recovery KES '000	Loss-recovery component KES '000	Present value of future cash flows KES '000	Risk adjustment for non-financial KES '000	
Opening reinsurance contract assets	35,724	13,838	246,047	16,764	312,373
Opening reinsurance contract liabilities	(13,929)	506	1,903	179	(11,341)
<b>Net balance at 1 January 2025</b>	<b>21,795</b>	<b>14,344</b>	<b>247,950</b>	<b>16,943</b>	<b>301,032</b>
Allocation of premiums paid	(445,163)	-	-	-	(445,163)
Recoveries of incurred claims and other insurance service expense	-	-	34,901	3,810	38,711
Changes related to past service (changes related to incurred claims component)	-	(14,344)	49,798	13,396	48,850
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	-	-	-	-
<b>Total amounts recovered from reinsurance</b>	<b>-</b>	<b>(14,344)</b>	<b>84,699</b>	<b>17,206</b>	<b>87,561</b>
<b>Total net expenses from reinsurance</b>	<b>(445,163)</b>	<b>(14,344)</b>	<b>84,699</b>	<b>17,206</b>	<b>(357,602)</b>
Net finance income from reinsurance contracts held	-	-	47,492	5,895	53,387
<b>Total changes in the statement of financial performance</b>	<b>(445,163)</b>	<b>(14,344)</b>	<b>132,191</b>	<b>23,101</b>	<b>(304,215)</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly attributable	355,621	-	-	-	355,621
Reinsurance recoveries	-	-	52,000	-	52,000
<b>Total cash flows</b>	<b>355,621</b>	<b>-</b>	<b>52,000</b>	<b>-</b>	<b>407,621</b>
<b>Balance at 31 December 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Closing reinsurance contract assets	(10,324)	-	404,006	37,610	404,291
Closing reinsurance contract liabilities	(57,423)	-	28,135	2,434	(26,854)
<b>Net balance at 31 December 2025</b>	<b>(67,747)</b>	<b>-</b>	<b>432,141</b>	<b>40,044</b>	<b>404,438</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## REINSURANCE CONTRACTS HELD (Continued)

## 28 (b) Contracts measured under the PAA – reinsurance contracts held (Fire Industrial)

Reconciliation of the remaining coverage and incurred claims

Year ended 31 December 2025	ARC Excluding loss recovery component KES '000	Loss recovery component KES '000	Present value of future cash flows KES '000	AIC Risk adjustment for non-financial risk KES '000	Total KES '000
Opening reinsurance contract assets	27,203	10,537	187,358	12,765	237,863
Opening reinsurance contract liabilities	(10,607)	385	1,449	136	(8,637)
<b>Net balance at 1 January 2025</b>	<b>16,596</b>	<b>10,922</b>	<b>188,807</b>	<b>12,901</b>	<b>229,226</b>
Allocation of premiums paid	(289,581)	-	-	-	(289,581)
Recoveries of incurred claims and other insurance service expense	-	10,922	-	-	-
Changes related to past service (changes related to incurred claims component)	-	-	93,581	(5,164)	77,495
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	-	2,421	(4,661)	(2,240)
<b>Total amounts recovered from reinsurance</b>	<b>-</b>	<b>10,922</b>	<b>96,002</b>	<b>(9,825)</b>	<b>75,255</b>
<b>Total net expenses from reinsurance</b>	<b>(289,581)</b>	<b>10,922</b>	<b>96,002</b>	<b>(9,825)</b>	<b>(214,326)</b>
Net finance income from reinsurance contracts held	-	-	10,569	562	11,131
<b>Total changes in the statement of financial performance</b>	<b>(289,581)</b>	<b>10,922</b>	<b>106,571</b>	<b>(9,263)</b>	<b>(203,195)</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly attributable expenses paid	283,747	-	-	-	283,747
Reinsurance recoveries	-	-	(154,941)	-	(154,941)
<b>Total cash flows</b>	<b>283,747</b>	<b>-</b>	<b>(154,941)</b>	<b>-</b>	<b>128,806</b>
<b>Balance at 31 December 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Closing reinsurance contract assets	30,165	-	134,487	3,318	167,969
Closing reinsurance contract liabilities	(19,403)	-	5,950	320	(13,132)
<b>Net balance at 31 December 2025</b>	<b>10,762</b>	<b>-</b>	<b>140,437</b>	<b>3,638</b>	<b>154,837</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## REINSURANCE CONTRACTS HELD (Continued)

## 28 (b) Contracts measured under the PAA – reinsurance contracts held (Others)

Reconciliation of the remaining coverage and incurred claims

Year ended 31 December 2025	ARC		AIC		Total KES '000
	Excluding loss-recovery KES '000	Loss-recovery component KES '000	Present value of future cash flows KES '000	Risk adjustment for non-financial risk KES '000	
Opening reinsurance contract assets	65,451	25,354	450,782	30,713	572,300
Opening reinsurance contract liabilities	(25,520)	928	3,486	329	(20,777)
<b>Net balance at 1 January 2025</b>	<b>39,931</b>	<b>26,282</b>	<b>454,268</b>	<b>31,042</b>	<b>551,523</b>
Allocation of premiums paid	(535,938)	-	-	-	(535,938)
Recoveries of incurred claims and other insurance service	-	(71,411)	174,389	11,045	114,023
Changes related to past service (changes related to incurred claims component)	-	51,645	(67,214)	(24,901)	(40,470)
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	(6,515)	(2,421)	4,661	(4,275)
<b>Total amounts recovered from reinsurance</b>	<b>-</b>	<b>(26,281)</b>	<b>104,754</b>	<b>(9,195)</b>	<b>69,278</b>
<b>Total net expenses from reinsurance</b>	<b>(535,938)</b>	<b>(26,281)</b>	<b>104,754</b>	<b>(9,195)</b>	<b>(466,660)</b>
Net finance income from reinsurance contracts held	-	-	41,137	4,216	45,353
<b>Total changes in the statement of financial performance</b>	<b>(535,938)</b>	<b>(26,281)</b>	<b>145,891</b>	<b>(4,979)</b>	<b>(421,307)</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly	506,683	-	-	-	506,683
Reinsurance recoveries	-	-	(168,802)	-	(168,802)
<b>Total cash flows</b>	<b>506,683</b>	<b>-</b>	<b>(168,802)</b>	<b>-</b>	<b>337,881</b>
<b>Balance at 31 December 2025</b>					
Closing reinsurance contract assets	78,108	1	412,162	25,221	555,492
Closing reinsurance contract liabilities	(67,432)		19,195	842	(47,395)
<b>Net balance at 31 December 2025</b>	<b>10,676</b>	<b>1</b>	<b>431,357</b>	<b>26,063</b>	<b>468,097</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## REINSURANCE CONTRACTS HELD

## 28 (b) Contracts measured under the PAA – total reinsurance contracts held

Reconciliation of the remaining coverage and incurred claims

Year ended 31 December 2024	ARC		AIC		Total KES '000
	Excluding loss- recovery KES '000	Loss-recovery component KES '000	Present value of future cash flows KES '000	Risk adjustment for non-financial KES '000	
Opening reinsurance contract assets	289,324	104,630	1,442,704	182,583	2,019,241
Opening reinsurance contract liabilities	-	-	-	-	-
<b>Net balance at 1 July 2024</b>	<b>289,324</b>	<b>104,630</b>	<b>1,442,704</b>	<b>182,583</b>	<b>2,019,241</b>
Allocation of premiums paid	(745,123)	-	-	-	(745,123)
Recoveries of incurred claims and other insurance	-	(37,321)	(924,473)	(117,749)	(1,079,543)
Changes related to past service (changes related to incurred claims component)	-	-	993,532	6,218	999,750
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	11,700	-	-	11,700
<b>Total amounts recovered from reinsurance</b>	<b>(745,123)</b>	<b>(25,621)</b>	<b>69,059</b>	<b>(111,531)</b>	<b>(813,216)</b>
<b>Total net expenses from reinsurance</b>	<b>(745,123)</b>	<b>(25,621)</b>	<b>69,059</b>	<b>(111,531)</b>	<b>(813,216)</b>
Net finance income from reinsurance contracts held	-	-	147,085	22,268	169,353
<b>Total changes in the statement of financial</b>	<b>(745,123)</b>	<b>(25,621)</b>	<b>216,144</b>	<b>(89,263)</b>	<b>(643,863)</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other	575,845	-	-	-	575,845
Reinsurance recoveries	-	-	(293,140)	-	(293,140)
<b>Total cash flows</b>	<b>575,845</b>	<b>-</b>	<b>(293,140)</b>	<b>-</b>	<b>282,705</b>
<b>Balance at 31 December 2025</b>					
Closing reinsurance contract assets	196,769	76,221	1,355,227	92,335	1,720,552
Closing reinsurance contract liabilities	(76,723)	2,788	10,481	985	(62,469)
<b>Net balance at 31 December 2025</b>	<b>120,046</b>	<b>79,009</b>	<b>1,365,708</b>	<b>93,320</b>	<b>1,658,083</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## REINSURANCE CONTRACTS HELD (Continued)

## 28 (b) Contracts measured under the PAA – reinsurance contracts held (Motor Private)

Reconciliation of the remaining coverage and incurred claims

Year ended 31 December 2024	ARC		AIC		Total KES '000
	Excluding loss- recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	
	KES '000	KES '000	KES '000	KES '000	
Opening reinsurance contract assets	83,155	30,072	414,647	52,476	580,350
Opening reinsurance contract liabilities	-	-	-	-	-
<b>Net balance at 1 July 2024</b>	<b>83,155</b>	<b>30,072</b>	<b>414,647</b>	<b>52,476</b>	<b>580,350</b>
Allocation of premiums paid	(311,151)	-	-	-	(311,151)
Recoveries of incurred claims and other insurance service	-	10,229	(90,012)	(18,164)	(97,947)
Changes related to past service (changes related to incurred claims component)	-	-	(521,919)	(10,769)	(532,688)
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	(12,840)	-	-	(12,840)
<b>Total amounts recovered from reinsurance</b>	<b>(311,151)</b>	<b>(2,611)</b>	<b>(611,931)</b>	<b>(28,933)</b>	<b>(954,626)</b>
<b>Total net expenses from reinsurance</b>	<b>(311,151)</b>	<b>(2,611)</b>	<b>(611,931)</b>	<b>(28,933)</b>	<b>(954,626)</b>
Net finance income from reinsurance contracts held	-	-	4,939	8,891	13,830
<b>Total changes in the statement of financial performance</b>	<b>(311,151)</b>	<b>(2,611)</b>	<b>(606,992)</b>	<b>(20,042)</b>	<b>(940,796)</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly	269,720	-	-	-	269,720
Reinsurance recoveries	-	-	667,028	-	667,028
<b>Total cash flows</b>	<b>269,720</b>	<b>-</b>	<b>667,028</b>	<b>-</b>	<b>936,748</b>
<b>Balance at 31 December 2024</b>					
Closing reinsurance contract assets	68,391	26,492	471,040	32,093	598,016
Closing reinsurance contract liabilities	(26,667)	969	3,643	341	(21,714)
<b>Net balance at 31 December 2024</b>	<b>41,724</b>	<b>27,461</b>	<b>474,683</b>	<b>32,434</b>	<b>576,302</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## REINSURANCE CONTRACTS HELD (Continued)

## 28 (b) Contracts measured under the PAA – reinsurance contracts held (Liability)

Reconciliation of the remaining coverage and incurred claims

Year ended 31 December 2024	ARC		AIC		Total KES '000
	Excluding loss- recovery KES '000	Loss-recovery component KES '000	Present value of future cash flows KES '000	Risk adjustment for non-financial KES '000	
Opening reinsurance contract assets	82,930	29,990	413,527	52,334	578,781
Opening reinsurance contract liabilities	-	-	-	-	-
<b>Net balance at 1 July 2024</b>	<b>82,930</b>	<b>29,990</b>	<b>413,527</b>	<b>52,334</b>	<b>578,781</b>
Allocation of premiums paid	(44,169)	-	-	-	(44,169)
Recoveries of incurred claims and other insurance service expense	-	(47,023)	(571,838)	(61,135)	(679,996)
Changes related to past service (changes related to incurred claims component)	-	-	1,822,816	23,712	1,846,528
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	31,377	-	-	31,377
<b>Total amounts recovered from reinsurance</b>	<b>-</b>	<b>(15,646)</b>	<b>1,250,978</b>	<b>(37,423)</b>	<b>1,153,740</b>
<b>Total net expenses from reinsurance</b>	<b>(44,169)</b>	<b>(15,646)</b>	<b>1,250,978</b>	<b>(37,423)</b>	<b>1,153,740</b>
Net finance income from reinsurance contracts held	-	-	29,987	2,032	32,019
<b>Total changes in the statement of financial performance</b>	<b>(44,169)</b>	<b>(15,646)</b>	<b>1,280,965</b>	<b>(35,391)</b>	<b>1,185,759</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly	(16,966)	-	-	-	(16,966)
Reinsurance recoveries	-	-	(1,446,542)	-	(1,446,542)
<b>Total cash flows</b>	<b>(16,966)</b>	<b>-</b>	<b>(1,446,542)</b>	<b>-</b>	<b>(1,463,508)</b>
<b>Balance at 31 December 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Closing reinsurance contract assets	35,724	13,838	246,047	16,764	312,373
Closing reinsurance contract liabilities	(13,929)	506	1,903	179	(11,341)
<b>Net balance at 31 December 2024</b>	<b>21,795</b>	<b>14,344</b>	<b>247,950</b>	<b>16,943</b>	<b>301,032</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## REINSURANCE CONTRACTS HELD (Continued)

## 28 (b) Contracts measured under the PAA – reinsurance contracts held (Fire Industrial)

Reconciliation of the remaining coverage and incurred claims

Year ended 31 December 2024	ARC		AIC		Total KES '000
	Excluding loss recovery component KES '000	Loss recovery component KES '000	Present value of future cash flows KES '000	Risk adjustment for non-financial risk KES '000	
Opening reinsurance contract assets	30,805	11,140	153,610	19,440	214,995
Opening reinsurance contract liabilities	-	-	-	-	-
<b>Net balance at 1 July 2024</b>	<b>30,805</b>	<b>11,140</b>	<b>153,610</b>	<b>19,440</b>	<b>214,995</b>
Allocation of premiums paid	(130,562)	-	-	-	(130,562)
Recoveries of incurred claims and other insurance service expense	-	5,064	(62,789)	(4,257)	(61,982)
Changes related to past service (changes related to incurred claims component)	-	-	193,631	(5,968)	187,663
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	(5,282)	-	-	(5,282)
<b>Total amounts recovered from reinsurance</b>	<b>-</b>	<b>(218)</b>	<b>130,842</b>	<b>(10,225)</b>	<b>(10,163)</b>
<b>Total net expenses from reinsurance</b>	<b>(130,562)</b>	<b>(218)</b>	<b>130,842</b>	<b>(10,225)</b>	<b>(10,163)</b>
Net finance income from reinsurance contracts held	-	-	10,237	3,686	13,923
<b>Total changes in the statement of financial performance</b>	<b>(130,562)</b>	<b>(218)</b>	<b>141,079</b>	<b>(6,539)</b>	<b>3,760</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly attributable expenses paid	116,353	-	-	-	116,353
Reinsurance recoveries	-	-	(105,882)	-	(105,882)
<b>Total cash flows</b>	<b>116,353</b>	<b>-</b>	<b>(105,882)</b>	<b>-</b>	<b>10,471</b>
<b>Balance at 31 December 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Closing reinsurance contract assets	27,203	10,537	187,358	12,765	237,863
Closing reinsurance contract liabilities	(10,607)	385	1,449	136	(8,637)
<b>Net balance at 31 December 2024</b>	<b>16,596</b>	<b>10,922</b>	<b>188,807</b>	<b>12,901</b>	<b>229,226</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## REINSURANCE CONTRACTS HELD (Continued)

## 28 (b) Contracts measured under the PAA – reinsurance contracts held (Others)

Reconciliation of the remaining coverage and incurred claims

Year ended 31 December 2024	ARC		AIC		Total KES '000
	Excluding loss- recovery KES '000	Loss-recovery component KES '000	Present value of future cash flows KES '000	Risk adjustment for non-financial KES '000	
Opening reinsurance contract assets	92,434	33,428	460,920	58,333	645,115
Opening reinsurance contract liabilities	-	-	-	-	-
<b>Net balance at 1 July 2024</b>	<b>92,434</b>	<b>33,428</b>	<b>460,920</b>	<b>58,333</b>	<b>645,115</b>
Allocation of premiums paid	(259,241)	-	-	-	(259,241)
Recoveries of incurred claims and other insurance service	-	(5,591)	(199,834)	(34,193)	(239,618)
Changes related to past service (changes related to incurred claims component)	-	-	(500,996)	(757)	(501,753)
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	(1,555)	-	-	(1,555)
<b>Total amounts recovered from reinsurance</b>	<b>-</b>	<b>(7,146)</b>	<b>(700,830)</b>	<b>(34,950)</b>	<b>(1,002,167)</b>
<b>Total net expenses from reinsurance</b>	<b>(259,241)</b>	<b>(7,146)</b>	<b>(700,830)</b>	<b>(34,950)</b>	<b>(1,002,167)</b>
Net finance income from reinsurance contracts held	-	-	101,922	7,659	109,581
<b>Total changes in the statement of financial performance</b>	<b>(259,241)</b>	<b>(7,146)</b>	<b>(598,908)</b>	<b>(27,291)</b>	<b>(892,586)</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly	206,737	-	-	-	206,738
Reinsurance recoveries	-	-	592,256	-	592,256
<b>Total cash flows</b>	<b>206,737</b>	<b>-</b>	<b>592,256</b>	<b>-</b>	<b>798,994</b>
<b>Balance at 31 December 2024</b>					
Closing reinsurance contract assets	65,451	25,354	450,782	30,713	572,300
Closing reinsurance contract liabilities	(25,520)	928	3,486	329	(20,777)
<b>Net balance at 31 December 2024</b>	<b>39,931</b>	<b>26,282</b>	<b>454,268</b>	<b>31,042</b>	<b>551,523</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 28 (c) Claims development table

The tables below illustrate how estimates of cumulative claims for the Group have developed over time on a gross and net of reinsurance basis. Each table shows how the Group's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position. Balances have been translated at the exchange rates prevailing at the reporting date.

The tables present the following:

- Undiscounted estimates of cash outflows for incurred claims for each accident year from 2019, with comparisons to previous estimates of these undiscounted cash outflows;
- The cumulative actual cash payments made for incurred claims and other directly attributable expenses by accident year from 2019;
- Gross cumulative claims liabilities for accidents years prior to 2019;
- The effect of discounting and the risk adjustment for non-financial risk.

**Insurance claims – gross**

All amounts in KES '000

	2019 and prior	2020	2021	2022	2023	2024	2025	Total
<b>Estimates of undiscounted ultimate claim costs – gross</b>								
At end of accident year	2,147,467	535,671	751,436	1,042,515	1,416,732	1,146,372	1,090,872	8,131,066
One year later	2,278,076	578,430	781,299	1,096,326	1,440,760	1,155,021	-	7,329,913
Two years later	2,442,102	601,417	821,628	1,114,920	1,451,630	-	-	6,431,697
Three years later	2,530,284	632,461	835,563	1,123,332	-	-	-	5,121,639
Four years later	2,649,370	643,187	841,866	-	-	-	-	4,134,424
Five years later	2,690,519	648,040	-	-	-	-	-	3,338,559
Six years later	2,709,133	-	-	-	-	-	-	2,709,133
Seven years later	-	-	-	-	-	-	-	-
Estimate of cumulative claim liabilities – accident years 2018-2025	2,709,133	648,040	841,866	1,123,332	1,451,630	1,155,021	1,090,872	9,019,894
Cumulative claim payments to date(2018-2025)	2,294,338	592,188	802,845	1,052,610	1,281,395	932,922	503,164	7,459,461
Outstanding claims reserves (OCR)	414,795	55,852	38,609	66,059	156,333	188,151	331,643	1,251,441
Incurred but not reported reserves (IBNR)	-	-	413	4,662	13,902	33,948	256,066	308,991
Unallocated loss adjustment expenses (ULAE)	9,258	1,247	880	1,682	4,110	5,715	18,832	41,723
Effect of discounting	(52,538)	(7,074)	(4,944)	(8,971)	(21,601)	(28,225)	(75,148)	(198,501)
Effect of the risk adjustment margin for non-financial risk	32,293	4,348	3,038	5,506	13,253	17,291	45,754	121,482
<b>Liabilities for incurred claims for insurance contracts issued</b>	<b>403,807</b>	<b>54,372</b>	<b>37,996</b>	<b>68,939</b>	<b>165,997</b>	<b>216,879</b>	<b>577,146</b>	<b>1,525,137</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 28 (c) Claims development table (continued)

## Insurance claims – net

All amounts in KES '000

## Estimates of undiscounted ultimate claim costs – net

	2019 and prior	2020	2021	2022	2023	2024	2025	Total
At end of accident year	430,667	290,016	304,460	312,979	338,995	346,151	718,928	2,742,196
One year later	331,574	221,560	246,827	264,985	267,028	471,010	-	1,802,984
Two years later	218,685	147,514	151,886	158,766	414,390	-	-	1,091,241
Three years later	271,418	201,151	217,669	261,666	-	-	-	951,904
Four years later	365,948	261,543	296,945	-	-	-	-	924,436
Five years later	468,043	254,671	-	-	-	-	-	722,714
Six years later	1,029,623	-	-	-	-	-	-	1,029,623
Seven years later	430,667	290,016	304,460	312,979	338,995	346,151	718,928	2,742,196
Estimate of cumulative claim liabilities – accident years 2018-2025	4,651,838	1,105,205	961,656	941,956	737,292	621,481	841,392	9,860,820
Cumulative claim payments to date	4,545,179	1,091,242	951,904	924,437	722,714	549,901	479,722	9,265,099
Outstanding claims reserves (OCR)	106,659	13,963	9,652	16,515	11,762	63,248	245,118	466,917
Incurred but not reported reserves (IBNR)	-	-	100	1,005	2,816	8,332	116,553	128,806
Unallocated loss adjustment expenses (ULAE)	-	-	-	-	-	-	-	41,724
Effect of discounting	-	-	-	-	-	-	-	(370,248)
Adjustment for reinsurance recoverables	-	-	-	-	-	-	-	(71,004)
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	-	-	-	44,511
<b>Liabilities for incurred claims for insurance contracts issued</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240,706</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 29. OTHER ASSETS

	Group		Company	
	2025	2024	2025	2024
	KES '000	KES '000	KES '000	KES '000
Deposits and prepayments	3,198,796	2,580,265	-	-
Receivables from mobile banking operators*	17,818,093	13,654,965	-	-
Other receivables	4,249,266	3,033,261	785,640	674,533
	<u>25,266,155</u>	<u>19,268,491</u>	<u>785,640</u>	<u>674,533</u>

\* Receivables represent the gross amounts due from mobile banking operations, arising from funding provided for mobile-initiated transactions. There no material impairment on this asset.  
Other receivables mainly relate to suspense accounts across the Group.

## 30. INVESTMENT IN ASSOCIATES

	Country of incorporation	Interest in associates	2025 KES 000	2024 KES 000
<b>CBA Mutuya Property Group Limited</b>	<b>Kenya</b>	<b>23.34%</b>		
<b>As start of the year</b>			<b>3,058,133</b>	<b>2,994,572</b>
<b>Share of profits</b>				
Share of associates profits/(loss) prior year adjustment			33,329	(2,056)
Share of associate's profits current year			58,912	65,617
<b>Total share of profits</b>			<b>92,241</b>	<b>63,561</b>
<b>At end of year</b>			<b>3,150,374</b>	<b>3,058,133</b>
<b>NCBA Insurance Company Limited</b>	<b>Kenya</b>	<b>33.33%</b>		
<b>At start of the year</b>			-	<b>921,237</b>
<b>Share of profits</b>				
Share of associates profits prior year adjustment			-	(1,367)
Share of associate's profits current year			-	24,062
<b>Total share of profits</b>			-	<b>22,695</b>
Transfer to Investment in subsidiary on 100% acquisition of AIG Kenya Insurance company Limited			-	(943,932)
<b>At end of year</b>			-	-
<b>Bridge Micro Finance</b>	<b>Cote d'Ivoire</b>	<b>35.00%</b>		
<b>As start of the year</b>			<b>308,634</b>	<b>307,865</b>
<b>Share of profits</b>				
Adjustment/movement during the year *			(42,146)	-
Associated (loss) / profits prior year adjustment			(1,307)	8,896
Share of associate's profits/(loss) current year			678	(8,127)
<b>Total share of profits</b>			<b>(42,775)</b>	<b>769</b>
<b>At end of year</b>			<b>265,859</b>	<b>308,634</b>
<b>Total investment in associates</b>			<b>3,416,233</b>	<b>3,366,767</b>

\*The adjustment includes reclassification of intercompany balances initially recorded as investment in associate

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 30 INVESTMENT IN ASSOCIATES (Continued)

## Summarised statement of financial position

	CBA Mutuya Property Group Limited		Bridge Micro Finance	
	2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
<b>Current</b>				
Assets	2,436,898	2,195,928	2,408,395	2,269,650
Liabilities	(100,792)	(188,211)	(127,762)	(628,570)
Net current assets	<b>2,336,106</b>	<b>2,007,717</b>	<b>2,280,633</b>	<b>1,641,080</b>
<b>Non-current</b>				
Assets	13,758,028	13,465,906	5,247,125	4,933,191
Liabilities	(957,543)	(937,879)	(6,902,313)	(5,811,878)
Net non-current assets	<b>12,800,485</b>	<b>12,528,027</b>	<b>(1,655,188)</b>	<b>(878,687)</b>
<b>Net assets</b>	<b>15,136,591</b>	<b>14,535,744</b>	<b>625,445</b>	<b>762,393</b>

## Summarised statement of comprehensive income

	CBA Mutuya Property Group Limited		NCBA Insurance Company Limited		Bridge Micro Finance	
	2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
<b>Revenue</b>	<b>468,878</b>	<b>465,109</b>	<b>-</b>	<b>982,160</b>	<b>469,778</b>	<b>752,222</b>
Profit for the year	252,408	281,137	-	72,192	1,937	(23,219)
<b>Share of associate's profit/(loss) for the year</b>						
Current year	58,912	65,617	-	24,062	678	(8,127)
Prior year	33,329	(2,056)	-	(1,367)	(1,307)	8,896
<b>Total</b>	<b>92,241</b>	<b>63,561</b>	<b>-</b>	<b>22,695</b>	<b>(629)</b>	<b>769</b>

## Share of associates profit/(loss) for the year

	2025 KES '000	2024 KES '000
CBA Mutuya Property Group Limited	92,241	63,561
AIG Kenya Insurance Limited	-	22,695
Bridge Micro Finance	(629)	769
	<b>91,612</b>	<b>87,025</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 30. INVESTMENT IN ASSOCIATES (Continued)

The associates are unlisted.

- On July 1, 2024, NCBA Group PLC completed the full acquisition of AIG Kenya Limited from AIG MEA Limited by purchasing 66.66% of the outstanding ordinary shares. As a result, NCBA Group PLC's ownership in AIG Kenya Limited increased to 100%, up from 33.33%. NCBA Group PLC had initially acquired a 33.33% minority stake in AIG Kenya Limited in 2006 as detailed under business combination note 51.
- CBA Mutuya Property Group Limited is a property holding company which invests in investment property for rental income.
- Bridge Micro Finance, a company registered in the Republic of Cote d'Ivoire. The company is mainly involved in collection of savings and the financing of micro, small and medium enterprises; and provision of financial services to micro-entrepreneurs or small and medium-sized enterprises

Investments in associates are classified as non-current assets.

There are no material contingent liabilities that may affect the financial position of the associate investments' companies.

## 31. INVESTMENT IN SUBSIDIARIES

NCBA Group PLC is the parent to the subsidiaries listed below:

Company name	Country of incorporation	Principal activity	Percentage of ownership interest (%)	2025	2024
				KES '000	KES '000
NCBA Bank Kenya PLC	Kenya	Banking	100	57,247,745	57,247,745
NCBA Insurance Company Limited	Kenya	Insurance	100	1,407,593	1,407,593
NCBA Bank Tanzania Limited	Tanzania	Banking	100	7,085,647	7,085,647
NCBA Bank Uganda Limited	Uganda	Banking	100	4,946,083	4,946,083
NCBA Bank Rwanda PLC	Rwanda	Banking	100	3,300,113	3,300,113
NIC Properties Limited	Kenya	Property Financial	100	550,000	550,000
NCBA Investment Bank Limited	Kenya	advisory	100	500,000	500,000
NCBA Leasing LLP	Kenya	Leasing	100	200,000	200,000
Mercantile Finance Company Limited	Kenya	Dormant	100	50,000	50,000
NCBA Bancassurance Intermediary Limited	Kenya	Insurance Agency	100	1,000	1,000
National Industrial Credit Trustees	Kenya	Dormant Financial	100	500	500
LOOP DFS Limited	Kenya	Innovation	100	200,001	200,001
NIC Bank Kenya PLC	Kenya	Dormant	100	-	-
Uniproperty Management Limited	Kenya	Dormant	100	-	-
CBA Tanzania Limited	Tanzania	Dormant	100	-	-
CBA Uganda Limited	Uganda	Dormant	100	-	-
				75,488,682	75,488,682

On July 1, 2024, NCBA Group PLC completed the full acquisition of AIG Kenya Limited and was subsequently rebranded as NCBA Insurance Company Limited.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 31. INVESTMENT IN SUBSIDIARIES (Continued)

Year 2025	NCBA Bank Kenya KES '000	NCBA Bank Tanzania KES '000	NCBA Bank Uganda KES '000	NCBA Bank Rwanda KES '000	Others KES '000	Total KES '000
<b>Balance as at 1 January and 31 December 2025</b>	<b>57,247,745</b>	<b>7,085,647</b>	<b>4,946,083</b>	<b>3,300,113</b>	<b>2,909,094</b>	<b>75,488,682</b>
<b>Year 2024</b>						
Balance as at 1 January 2024	57,247,745	7,085,647	4,946,083	3,300,113	1,501,501	74,081,089
Additional capital injection during the year	-	-	-	-	1,075,000	1,075,000
Transfer of associate	-	-	-	-	332,593	332,593
<b>Balance at end of year</b>	<b>57,247,745</b>	<b>7,085,647</b>	<b>4,946,083</b>	<b>3,300,113</b>	<b>2,909,094</b>	<b>75,488,682</b>

Others includes NCBA Insurance Company Limited, NIC Properties Limited, NCBA Investment Bank Limited, NCBA Leasing LLP, Mercantile Finance Company Limited, NCBA Bancassurance Intermediary Limited, National Industrial Credit Trustees and LOOP DFS Limited.

The list of subsidiaries owned indirectly by NCBA Group PLC through NCBA Bank Kenya PLC are listed below:

Company name	Country of incorporation	Principal activity	Percentage of ownership interest (%)	2025 KES '000	2024 KES '000
CBA Capital Limited	Kenya	Dormant	100	-	-
Syndicate Nominees Limited	Kenya	Nominee	100	2	2
CBA Insurance Agency Limited	Kenya	Dormant	100	-	-
First American Bank of Kenya Limited	Kenya	Dormant	100	-	-
First American Finance Company Limited	Kenya	Dormant	100	-	-
First Investment Limited	Kenya	Dormant	100	23,000	23,000
NCBA Trustee Nominees Limited	Kenya	Trustee	100	-	-
				<b>23,002</b>	<b>23,002</b>

NCBA Trustee Nominees Limited was incorporated in 2025, as a wholly owned subsidiary of NCBA Bank Kenya PLC, established to hold Real Estate Investment Trust (REIT) assets and serve as a dedicated investee of the Trustee, NCBA Bank Kenya PLC. The company did have transactions in the year.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 31. INVESTMENT IN SUBSIDIARIES (Continued)

The subsidiaries below are owned indirectly by NCBA Group PLC through LOOP DFS Limited.

Company name	Country of incorporation	Principal activity	Percentage of ownership interest (%)	2025 KES '000	2024 KES '000
LOOP Payco Limited	Kenya	Payment Service Provider	100.00%	6,000	6,000
Loop Capital Limited*	Kenya	Digital Credit Provider	100.00%	-	-
Loop Payco Trustee Limited	Kenya	Corporate Trustee of LOOP Payco Limited established to manage LOOP Payco Trust	100.00%	-	-
Loop DFS Uganda Limited*	Uganda	Digital Financial Services and country holding company and Payment Service Provider	100.00%	-	-
LOOP Payco Trust	Kenya	Incorporated under the Perpetual Succession Act to hold custodial rights of the balances held in the Trust Fund	100.00%	-	-
Loop Capital Uganda Limited*	Uganda	Digital Credit Provider	100.00%	-	-
Loop DFS Rwanda Limited*	Rwanda	Digital Financial Services and country holding company and Payment Service Provider	100.00%	-	-
Loop Payco Rwanda Limited*	Rwanda	Payment Service Provider	100.00%	-	-
Loop Capital Rwanda Limited*	Rwanda	Digital Credit Provider	100.00%	-	-
Loop DFS Ghana Limited	Ghana	Digital Financial Services	70.00%	25,550	18,932
				<b>31,550</b>	<b>24,932</b>
				<b>31,550</b>	<b>24,932</b>

Loop DFS Ghana Limited was incorporated in 2022 as a private limited liability company in Ghana for the provision of digital financial services to merchants and consumers.

LOOP Payco Limited was incorporated in 2022 as a private limited liability company in Kenya for the provision of payment services.

\*The subsidiaries are yet to commence operations.

Investment in subsidiaries is classified as non-current asset.

There are no restrictions on the Group's ability to access or use assets and settle liabilities in the countries the Group operates in.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 31. INVESTMENT IN SUBSIDIARIES (Continued)

## Non-controlling interests

Below is the contribution for Non-Controlling Interest (NCI) arising from their ownership of Loop DFS Ghana

Company name	Percentage of ownership interest (%)	2025	2024
		KES '000	KES '000
LOOP DFS Limited	70%	(15,822)	(35,368)
Kulana Limited	30%	(6,781)	(15,372)
		<hr/>	<hr/>
<b>Total</b>		<b>(22,603)</b>	<b>(50,740)</b>
		<hr/> <hr/>	<hr/> <hr/>

## Statement of financial position

## Loop DFS Ghana Limited

	2025	2024
	KES '000	KES '000
<b>Non-current</b>		
Assets	55,110	13,597
Liabilities	(130,353)	(49,509)
	<hr/>	<hr/>
<b>Net assets</b>	<b>(75,243)</b>	<b>(35,912)</b>
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## Statement of comprehensive income

## Loop DFS Ghana Limited

	2025	2024
	KES '000	KES '000
<b>Other income/(loss)</b>	25,286	(5,777)
<b>Expenses</b>	(47,889)	(17,523)
	<hr/>	<hr/>
Loss for the year	(22,603)	(23,300)
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## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 32. INTANGIBLE ASSETS - GROUP

## Software

	<b>2025</b>	<b>2024</b>
	<b>KES '000</b>	<b>KES '000</b>
<b>At start of year</b>	7,455,118	7,779,007
NCBA Insurance Company Limited acquisition	-	331,785
Additions during the year	1,004,631	817,215
Amortisation charge for the year (note 16)	(1,188,932)	(1,193,001)
Transfers from property and equipment (Note 33)	1,898	-
Write off	-	(219,039)
Foreign currency exchange movements on consolidation	(8,752)	(60,849)
	<u>7,263,963</u>	<u>7,455,118</u>
<b>Cost</b>	19,793,410	18,847,730
Accumulated amortisation	(12,520,695)	(11,331,763)
Foreign currency exchange movements on consolidation	(8,752)	(60,849)
	<u>7,263,963</u>	<u>7,455,118</u>

Software comprises capitalised computer software costs, mainly relating to business software developments, generated internally with the support of external vendors. The capitalised costs are amortised over the estimated useful lives of three to ten years. The remaining useful lives of these intangible assets vary but do not exceed ten years.

Computer software materially comprises of the core Banking and mobile banking systems with a net book value of KES 3.5 billion (2024: KES 3.4 billion) being amortized over a period of 10 years and work in progress of KES 2.4 billion (2024: 2.4 billion). During the year, the Group wrote off KES Nil (2024 – KES 218.5 million relating to software that was declared redundant).

Intangible assets are classified as non-current.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 33. PROPERTY AND EQUIPMENT – GROUP

	Improvements on leased properties KES '000'	Equipment, furniture and fittings KES '000	Motor vehicles KES '000	Work in progress KES '000	Total KES '000
<b>At 1 January 2025</b>					
Cost	4,059,757	8,759,473	300,778	182,061	13,302,069
Accumulated depreciation	(2,494,050)	(6,288,015)	(186,819)	-	(8,968,884)
	<u>1,565,707</u>	<u>2,471,458</u>	<u>113,959</u>	<u>182,061</u>	<u>4,333,185</u>
<b>Net book amount</b>	<b><u>1,565,707</u></b>	<b><u>2,471,458</u></b>	<b><u>113,959</u></b>	<b><u>182,061</u></b>	<b><u>4,333,185</u></b>
<b>Year ended 31 December 2025</b>					
<b>Opening net book amount</b>	<b>1,565,707</b>	<b>2,471,458</b>	<b>113,959</b>	<b>182,061</b>	<b>4,333,185</b>
Asset additions - at cost	86,822	1,125,885	71,580	278,634	1,562,921
Exchange rate movements	(1,219)	2,006	(200)	(15,588)	(15,001)
Capitalisation of work in progress	27,882	97,654	-	(125,536)	-
Transfer to intangible assets	-	-	-	(1,898)	(1,898)
Asset disposals	(374,049)	(583,382)	(37,921)	(412)	(995,764)
Depreciation eliminated on disposals	373,808	582,432	37,921	-	994,161
Depreciation charge	(319,156)	(795,620)	(43,353)	-	(1,158,129)
	<u>1,359,795</u>	<u>2,900,433</u>	<u>141,986</u>	<u>317,261</u>	<u>4,719,475</u>
<b>At 31 December 2025</b>					
Cost	3,799,193	9,401,636	334,237	317,261	13,852,327
Accumulated depreciation	(2,439,398)	(6,501,203)	(192,251)	-	(9,132,852)
	<u>1,359,795</u>	<u>2,900,433</u>	<u>141,986</u>	<u>317,261</u>	<u>4,719,475</u>
<b>Net book amount</b>	<b><u>1,359,795</u></b>	<b><u>2,900,433</u></b>	<b><u>141,986</u></b>	<b><u>317,261</u></b>	<b><u>4,719,475</u></b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 33. PROPERTY AND EQUIPMENT – GROUP (CONTINUED)

	Improvements on leased properties KES '000'	Equipment, furniture and fittings KES '000'	Motor vehicles KES '000'	Work in progress KES '000'	Total KES '000'
<b>At 1 January 2024</b>					
Cost	3,297,264	7,159,474	229,192	224,269	10,910,199
Accumulated depreciation	(2,204,932)	(6,059,994)	(161,152)	-	(8,426,078)
<b>Net book amount</b>	<b>1,092,332</b>	<b>1,099,480</b>	<b>68,040</b>	<b>224,269</b>	<b>2,484,121</b>
<b>Year ended 31 December 2024</b>					
<b>Opening net book amount</b>	<b>1,092,332</b>	<b>1,099,480</b>	<b>68,040</b>	<b>224,269</b>	<b>2,484,121</b>
NCBA Insurance acquisition	-	82,328	1,423	-	83,751
Asset additions - at cost	451,754	448,281	41,694	1,754,476	2,696,205
Revaluation adjustments (Note 46)	151,457	-	-	-	151,457
Exchange rate movements	(359)	(3,248)	-	(137,328)	(140,935)
Capitalisation of work in progress	159,862	1,465,492	34,002	(1,659,356)	-
Asset disposals	(222)	(392,854)	(5,533)	-	(398,609)
Depreciation eliminated on disposals	-	381,529	5,533	-	387,062
Depreciation charge	(289,118)	(609,550)	(31,200)	-	(929,867)
	<b>1,565,707</b>	<b>2,471,458</b>	<b>113,959</b>	<b>182,061</b>	<b>4,333,185</b>
<b>At 31 December 2024</b>					
Cost	4,059,757	8,759,473	300,778	182,061	13,302,069
Accumulated depreciation	(2,494,050)	(6,288,015)	(186,819)	-	(8,968,884)
<b>Net book amount</b>	<b>1,565,707</b>	<b>2,471,458</b>	<b>113,959</b>	<b>182,061</b>	<b>4,333,185</b>

Work in progress comprise improvements on leased properties, equipment and fittings which are capitalised upon completion and commissioning of respective projects and depreciated over estimated useful lives of three to eight years.

Property and equipment with a cost of KES 6.4 billion were fully depreciated as at 31 December 2025 (2024 - KES 7.5 billion) and still in use. All property plant and equipment are classified as non-current assets.

**Revaluation gain**

As of 31 December 2024, the Group's improvement on leased properties were revalued at KES 634 million, up from KES 482 million, resulting in a gain of KES 151 million. The valuation was carried out by Knight Frank Valuers Limited, who exercised independence in the valuation. Knight Frank Valuers Limited is a member of the Institute of Surveyors of Kenya and possesses the necessary qualifications and recent experience in the fair value assessment of properties in the relevant areas. The valuation adheres to the International Valuation Standards (IVS) and the guidelines of the Institute of Surveyors of Kenya (ISK).

The fair value of the buildings was determined using the Discounted Cash Flow (DCF) method, based on the principle of anticipation, which states that the present value of an income-generating asset is determined by the expected future benefits. There have been no changes to the valuation technique during the period.

The book values of the leased properties were adjusted to the revaluations and the resultant surplus was credited to reserves in shareholders' equity. Leased properties are revalued every 3 - 5 years.

If building were measured using the cost model, the net carrying amount would have been KES 483,000 (2024: KES 483,000).

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 34. DEFERRED INCOME TAX

Deferred income tax is calculated using the enacted income tax rate of 30% (2024 - 30%) with the exception of Rwanda whose tax rate changed to 28% from 30% in September 2024. The movements in the deferred income tax account were as follows:

	Group		Company	
	2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
<b>At start of year</b>	<b>10,014,063</b>	<b>12,274,664</b>	<b>88,406</b>	<b>92,453</b>
NCBA Insurance acquisition	-	70,687	-	-
Profit or loss credit (note 18)	1,126,252	(1,127,338)	138,951	(39,526)
Prior year under provision (note 18)	464,407	77,521	1	35,479
Income tax on changes in value of FVOCI financial instruments	(1,649,645)	(1,277,928)	-	-
Deferred tax asset on tax losses not recognized	-	(3,543)	-	-
<b>At end of year</b>	<b>9,955,077</b>	<b>10,014,063</b>	<b>227,358</b>	<b>88,406</b>

Group	At start of year KES '000	Prior year(over)/under provision KES '000	Recognised in profit and loss account KES '000	Recognised in other comprehensive income KES '000	At end of year KES '000
<b>Year ended 31 December 2025</b>					
Property and equipment	198,565	33,912	(437,451)	-	(204,974)
Exchange rate difference on consolidation	49,018	(54,937)	-	56,038	50,119
IFRS 16 right of use and lease liability	238,409	(886)	6,117	-	243,640
Leave pay provision	15,512	(1,385)	(856)	-	13,271
Loan loss provision/(Release)	6,269,175	434,394	1,645,377	-	8,348,946
Changes in fair value of FVOCI financial instruments (note 45)	2,248,168	-	-	(1,705,683)	542,485
Changes in fair value of assets carried at FVTPL	11,507	-	-	-	11,507
Tax losses	990,752	53,309	(86,935)	-	957,126
Effect of change in tax rate	(7,043)	-	-	-	(7,043)
Net deferred income tax asset	<b>10,014,063</b>	<b>464,407</b>	<b>1,126,252</b>	<b>(1,649,645)</b>	<b>9,955,077</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 34. DEFERRED INCOME TAX (Continued)

Group	At start of year KES '000	NCBA Insurance acquisition KES '000	Prior year over/under provision KES '000	Credited to profit and loss account KES '000	Credited to revaluation reserve KES '000	Reclassification of other timing differences KES '000	Reclassification of Deferred Tax Not Recognized KES '000	At end of year KES '000
<b>Year ended 31 December 2024</b>								
Property and equipment	517,263	(17,008)	184	(200,814)	(45,437)	(47,994)	(7,629)	198,565
Accelerated depreciation	3,610	-	-	-	-	(3,610)	-	-
Exchange rate difference on consolidation	291,949	-	-	-	(242,931)	-	-	49,018
IFRS 16 right of use and lease liability	193,356	-	-	4,495	-	40,558	-	238,409
Leave pay provision	25,304	-	-	(1,858)	-	(7,934)	-	15,512
Loan loss provision	6,700,549	61,499	73,617	(1,015,020)	-	475,420	(26,890)	6,269,175
Changes in fair value of FVOCI financial instruments (note 45)	3,255,925	26,196	-	770	(997,316)	(42,490)	5,083	2,248,168
Changes in fair value of assets carried at FVTPL	11,507	-	-	-	-	-	-	11,507
Tax losses	2,624,693	-	3,720	85,089	-	-	(1,722,750)	990,752
Effect of change in tax rate	(7,043)	-	-	-	-	-	-	(7,043)
Deferred income tax not recognised	(1,342,449)	-	(3,543)	-	7,756	(413,950)	1,752,186	-
Net deferred income tax asset	<b>12,274,664</b>	<b>70,687</b>	<b>73,978</b>	<b>(1,127,338)</b>	<b>(1,277,928)</b>	-	-	<b>10,014,063</b>

The Group has reviewed the OECD Pillar Two Global Anti-Base Erosion (GloBE) rules across the jurisdictions in which it operates. Based on the applicable revenue thresholds, the Group does not meet the minimum requirement for Pillar Two compliance in FY 2025, having met the EUR 750 million revenue threshold in only one of the four preceding fiscal years. Kenya has enacted enabling legislation introducing a Qualified Domestic Minimum Top-Up Tax (QDMTT); however, the operational framework is pending. Other regional jurisdictions in which the Group operates have not enacted Pillar Two legislation as at the reporting date

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 34. DEFERRED INCOME TAX (Continued)

Company	At start of year KES 000	(Debited) / Credited to profit and loss account KES 000	Debited to revaluation reserve KES 000	At end of year KES 000
<b>Year ended 31 December 2025</b>				
<b>Deferred income tax asset</b>				
Provisions for leave accrual and other general accruals	88,406	138,952	-	227,358
	<u>88,406</u>	<u>138,952</u>	<u>-</u>	<u>227,358</u>
<b>Year ended 31 December 2024</b>				
<b>Deferred income tax asset</b>				
Provisions for staff bonus accrual and other general accruals	92,453	(39,526)	35,479	88,406
	<u>92,453</u>	<u>(39,526)</u>	<u>35,479</u>	<u>88,406</u>

The management evaluated the recoverability of the deferred tax asset and considers that sufficient taxable profits will be generated in future to utilize these assets.

## 35. LEASE PREPAYMENTS – LEASEHOLD LAND

Group	2025 KES '000	2024 KES '000
<b>Cost</b>		
At start of year and end of year	526,000	526,000
	<u>526,000</u>	<u>526,000</u>
<b>Amortisation</b>		
At start of year	4,125	4,000
Charge for the year	125	125
	<u>4,250</u>	<u>4,125</u>
At end of year	4,250	4,125
	<u>4,250</u>	<u>4,125</u>
<b>Net book value</b>	<b>521,750</b>	<b>521,875</b>
	<u>521,750</u>	<u>521,875</u>

This relates to land leased by the Group from the Government of Kenya for a lease term period of 99 years. The total amount disclosed as a lease liability in respect of this lease is non-current.

The charge for the year is recognised in profit or loss.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 36. RIGHT OF USE ASSET – GROUP

	2025 KES '000	2024 KES '000
<b>At 1 January</b>	<b>3,465,991</b>	<b>3,028,501</b>
NCBA Insurance acquisition	-	26,829
Additions during the year	374,094	1,409,583
Prior period lease amendments	155,204	(1,810)
Derecognition of right of use asset on terminated leases	(14,541)	(99,786)
Depreciation charge for the year	(955,711)	(1,023,765)
Foreign currency exchange movements	128,743	126,439
	<hr/>	<hr/>
<b>Net book value</b>	<b>3,153,780</b>	<b>3,465,991</b>
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Right of use assets are classified as non-current assets.

The depreciation charge for the year is recognised in profit or loss.

The Group leases property for use as branches, offices and Automated Teller Machines (ATMs) spaces. The leases of branches, offices and ATM spaces are for periods between 5 years and 6 years, with options to renew. None of the leases carry a residual value guarantee or contain any restrictions or covenants other than the protective rights of the lessor.

	2025 KES '000	2024 KES '000
<b>Amounts recognised in statement of comprehensive income</b>		
Depreciation charge for the year	(955,711)	(1,023,765)
<b>Amounts recognised in statement of cash flows</b>		
Depreciation charge for the year	(955,711)	(1,023,765)
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## 37. GOODWILL – GROUP

	2025 KES '000	2024 KES '000
At start of year and end of year	34,000	34,000
	<hr/> <hr/>	<hr/> <hr/>

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquirer. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Ordinarily goodwill is recognised upon consolidation of interest in subsidiaries.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposals. Any impairment is recognised immediately as an expense and is not subsequently reversed. The assessment of goodwill for impairment has been carried out in respect of the respective entities considered to be the cash generating units by computing the value in use based on projected cash flows discounted using a weighted average rate.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 38. CUSTOMER DEPOSITS – GROUP

	2025 KES '000	2024 KES '000
Current accounts	248,787,221	234,279,064
Call deposits	40,754,839	36,416,655
Time deposits	204,669,878	208,724,350
Savings accounts	35,295,085	20,915,803
Others	2,359,198	1,680,621
	<u>531,866,221</u>	<u>502,016,493</u>
<b>Current and non-current analysis</b>		
Current	530,217,888	500,911,740
Non-current	1,648,333	1,104,753
	<u>531,866,221</u>	<u>502,016,493</u>
Split as below		
Repayable on demand	327,196,343	293,292,143
Maturing within 12 months	203,021,545	207,619,597
Maturing after 12 months	1,648,333	1,104,753
	<u>531,866,221</u>	<u>502,016,493</u>

The maturity analysis is based on the remaining period to contractual maturity from year-end.

## 39. DUE TO BANKING INSTITUTIONS – GROUP

	2025 KES '000	2024 KES '000
<b>Maturing within 3 months</b>		
Time deposits	3,869,924	11,317,009
Current account balances	6,467,195	2,090,650
	<u>10,337,119</u>	<u>13,407,659</u>

All the balances due to banking institutions had maturities of less than 91 days and are classified as current.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 40. OTHER LIABILITIES

	Group		Company	
	2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
Accrued expenses	9,756,768	7,630,619	-	-
Other settlement items	10,056,790	8,468,181	-	-
Other liabilities	9,787,784	8,142,052	1,563,032	974,613
	<u>29,601,342</u>	<u>24,240,852</u>	<u>1,563,032</u>	<u>974,613</u>

Other liabilities include pending obligations and items in suspense that are yet to reversed. In addition, the 2024 amounts include acquisition from NCBA Insurance Kenya Limited of KES 273 million.

Included in Company's other liabilities is dividend declared and but not yet paid to the shareholders' amounting to KES 774 million (2024: KES 675 million)

The other liabilities are all classified as current liabilities.

## 41. BORROWINGS – GROUP

	2025 KES '000	2024 KES '000
<b>a) Summary of borrowings</b>		
<b>Kenya</b>		
<b>Kenya Mortgage Refinance Company (KMRC)</b>		
Principal amount	749,116	804,103
Accrued interest	3,563	3,824
	<u>752,679</u>	<u>807,927</u>
<b>European Investment Bank (EIB)</b>		
Principal amount	-	773,136
Accrued interest	-	2,858
	<u>-</u>	<u>775,994</u>
<b>Agence Francaise de Developpement (AFD)</b>		
Principal amount	293,135	376,413
Accrued interest	2,071	2,659
	<u>295,206</u>	<u>379,072</u>
<b>Société de Promotion et de Participation pour la Coopération Economique S.A. (Proparco)</b>		
Principal amount	5,017,665	6,463,750
Accrued interest	99,565	140,639
	<u>5,117,230</u>	<u>6,604,389</u>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 41. BORROWINGS – GROUP (Continued)

	2025 KES '000	2024 KES '000
<b>a) Summary of borrowings</b>		
<b>Tanzania</b>		
<b>Tanzania Mortgage Refinance Company (TMRC)</b>		
Principal amount	155,400	160,800
Accrued interest	2,203	2,643
	<u>157,603</u>	<u>163,443</u>
<b>Rwanda</b>		
<b>Rwanda Development Bank (BRD)</b>		
Principal amount	1,242,575	1,435,837
Accrued interest	-	5,562
	<u>1,242,575</u>	<u>1,441,399</u>
<b>Maturity Profile:</b>		
Current	1,649,854	2,842,880
Non-current	5,915,439	7,329,345
	<u>7,565,293</u>	<u>10,172,225</u>
<b>b) Net borrowings reconciliation</b>		
At 1 January	10,172,225	6,411,971
Additions	-	6,843,499
Accrued interest (note 7)	509,723	662,079
Repayments (principal amount)	(2,306,472)	(1,854,207)
Repayments (interest amount)	(719,615)	(483,349)
Foreign currency exchange movements	(90,568)	(1,407,768)
	<u>7,565,293</u>	<u>10,172,225</u>
<b>At 31 December</b>	<u>7,565,293</u>	<u>10,172,225</u>

Borrowings are financial instruments classified as a liability at amortised cost. The terms of the borrowings are as follows:

The Group had six long-term senior loans as below:

- US\$ 54 million unsecured facility raised from European Investment Bank (EIB) in December 2016, with a tenure of 9 years. This facility was paid off in June 2025 and was due to mature in December 2025.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 41. BORROWINGS – GROUP (Continued)

## b) Net borrowings reconciliation (Continued)

- EUR 7.8 million unsecured facility raised from Agence Francaise de Development (AFD) in November 2015, with a grace period of 3 years during which no principal repayment under the Facility was due. Following expiry of the grace period, repayment to be done in 9 years with the last instalment payable in November 2027. Outstanding principal balance as of 31 December 2025 was EUR 1.9 million (2024: EUR 2.8 million).
- KES 860.5 million unsecured facility raised from Kenya Mortgage Refinance Company (KMRC) in October 2023. The facility is payable over a period of 12 years and had an outstanding principal balance as at 31 December 2025 of KES 749.1 million. (2024: KES 804.1 million).
- US\$ 50 million unsecured facility raised from Société de Promotion et de Participation pour la Coopération Economique S.A. (Proparco) in April 2024. The facility is payable over a period of 5 years with a grace period of 1 year. The outstanding balance as at 31 December 2025 was US\$ 38.9 million (2024: US\$ 50.0 million).

There were no charges placed on any of the Group's assets in relation to these borrowings.

- RWF 16.2 billion from the Rwanda Development Bank (RDB) in three tranches: RWF 15 billion in 2022, RWF 1 billion in January 2024, and RWF 700 million in December 2024. The facilities have repayment periods of 12 years, 5 years, and October 2026, respectively. The cumulative outstanding principal balance as at 31 December 2025 was RWF 13.99 billion (2024: RWF 15.4 billion).
- TZS 3 billion unsecured facility raised from Tanzania Mortgage Refinance Company (TMRC) in April 2020. The facility is payable over a period of 5 years and had an outstanding principal balance as at 31 December 2025 of TZS 3 billion (2024 TZS 3 billion). During the year the Bank renewed the facility with TMRC to a 5 year revolving facility.

The borrowings from lenders require compliance with various specified financial ratios/covenants as per respective contractual agreements. The Group was compliant with all covenants.

## 42. LEASE LIABILITIES

	2025 KES '000	2024 KES '000
<b>At start of year</b>	4,170,604	3,785,294
NCBA Insurance acquisition	-	23,406
Additions during the year	374,094	1,409,583
Prior period lease amendments	92,506	226
Derecognition on lease termination	(16,517)	-
Interest expense accruals (lease liabilities) during the year (note 7)	411,074	446,651
Principal repayments in the year	(979,929)	(865,022)
Interest on lease paid during the year	(283,784)	(380,994)
Foreign currency exchange movements	112,282	(248,540)
	<hr/>	<hr/>
<b>At end of year</b>	<b>3,880,330</b>	<b>4,170,604</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Current and non-current analysis</b>		
Current	1,236,908	1,182,716
Non-Current	2,643,422	2,987,888
	<hr/>	<hr/>
	<b>3,880,330</b>	<b>4,170,604</b>
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## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 42. LEASE LIABILITIES(Continued)

The lease payments in relation to short term leases (leases with a lease term of 12 months or less at commencement date) and leases in which the underlying asset is of low value are recognised as an expense on a straight-line basis over the lease term.

The maturity analysis of undiscounted lease liabilities is disclosed in the liquidity risk analysis as below:

	2025 KES '000	2024 KES '000
Up to 1 year	964,558	1,258,549
1year to 5years	2,893,265	2,660,433
Over 5 years	13,453	582,350
	<u>3,871,276</u>	<u>4,501,332</u>

The amounts include future interest accrual as disclosed in liquidity risk analysis.

The Bank acts as a lessor of several assets. Future minimum lease payments operating leases as at 31 December were, as follows:

	2025 KES '000	2024 KES '000
Up to 1 year	1,025,713	1,933,568
1year to 5years	812,606	756,560
Over 5 years	87,716	-
	<u>1,926,035</u>	<u>2,690,128</u>

**Amounts recognised in statement of comprehensive income**

Interest expense on lease liabilities (Note 7)	411,074	446,651
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**Amounts recognised in statement of cash flows**

Lease liability debits/(rent paid) in the year	979,929	865,022
Interest on lease paid during the year	283,784	380,994

## 43. SHARE CAPITAL – GROUP AND COMPANY

	2025 Number of shares (thousands)	2024 Value KES '000	2025 Number of shares (thousands)	2024 Value KES '000
<b>Authorised</b>				
At start and end of year	1,647,519	8,237,598	1,647,519	8,237,598
<b>Issued and fully paid</b>				
At start and end of the year	<u>1,647,519</u>	<u>8,237,598</u>	<u>1,647,519</u>	<u>8,237,598</u>

During the current reporting period, the authorised share capital remained unchanged with par value of KES 5.00 each. There were no additional shares issued during the current reporting period (2024: Nil).

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 44. SHARE PREMIUM – GROUP AND COMPANY

	2025 KES '000	2024 KES '000
At start and end of the year	21,424,322	21,424,322

## 45. INVESTMENT REVALUATION RESERVE

<b>Changes in fair value of financial Instruments at FVOCI</b>		
At start of year	(2,454,519)	(4,781,589)
<b>Changes in fair value of FVOCI</b>		
Financial instruments	5,685,611	3,324,386
Deferred income tax (note 34)	(1,705,683)	(997,316)
<b>Fair value gains on financial assets measured at FVOCI, net of tax</b>	<b>3,979,928</b>	<b>2,327,070</b>
<b>At end of year</b>	<b>1,525,409</b>	<b>(2,454,519)</b>

The revaluation reserves, which is non-distributable, arises from changes to fair value of Government securities held at FVOCI.

The fair value gains on financial assets measured at FVOCI net of taxes amounted to KES 3,979,928,000 (2024: KES 2,327,070,000).

## 46. REVALUATION ON PROPERTY

	2025 KES '000	2024 KES '000
As at 1 January	106,020	-
Changes in fair value of buildings (note 33)	-	151,457
Deferred income tax on changes in fair value buildings (note 34)	-	(45,437)
<b>At end of year</b>	<b>106,020</b>	<b>106,020</b>

The revaluation reserve is made up of periodic adjustment arising from the valuation of buildings owned by the bank, net of the related deferred taxation. In accordance to IFRS requirement, a deferred tax liability has been recognized in respect of revaluation surplus. The reserve is not available for distribution to the shareholders.

## 47. STATUTORY LOAN LOSS RESERVE

The reserve represents an appropriation from retained earnings to comply with regional Central Banks' prudential guidelines on loan loss provisions. The balance represents excess of impairment provisions determined in accordance with the prudential guidelines over the impairment provisions recognised in accordance with the International Financial Reporting Standards. The reserve is non-distributable.

## 48. RELATED PARTIES

Parties are considered related if one party has the ability to control the other party or exercise significant influence over that party's financial or operational decisions. In the normal course of business, current accounts are operated, and placements made between the Group companies at interest rates in line with the market. Included in customer loans and advances are amounts advanced to directors, companies controlled by directors or their associates and loans to key management personnel as follows:

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 48. RELATED PARTIES (Continued)

## Due from group companies - Company

	2025 KES '000	2024 KES '000
Deposits with NCBA Bank Kenya PLC	483,809	1,333,377
Other receivables from NCBA Group companies	11,592	38,487
	<u>495,401</u>	<u>1,371,864</u>

## Due to group companies - Company

Due to NCBA Bank Kenya PLC	<u>2,101,137</u>	<u>7,892,756</u>
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The balance due to NCBA Bank Kenya PLC includes KES 2 billion (2024 – KES 7.8 billion) on transfer of investments in regional subsidiaries from NCBA Bank Kenya PLC to NCBA Group PLC.

## Other income - Company

	2025 KES '000	2024 KES '000
Dividend income	14,541,999	12,144,600
Management fees – group recharges	330,817	305,279
	<u>14,872,816</u>	<u>12,449,879</u>

## Loans and advances to directors - Group

<b>At start of year</b>	269,181	278,338
Advanced during the year	23,516	27,830
Repaid during the year	(86,913)	(36,987)
	<u>205,684</u>	<u>269,181</u>

## Loans and advances to other key management personnel - Group

	2025 KES '000	2024 KES '000
Loans and advances to other key management personnel	<u>525,094</u>	<u>440,607</u>

## Loans and advances / facilities to companies controlled by directors, common shareholders or their associates – Group

	2025 KES '000	2024 KES '000
On-balance sheet	30,373,236	27,680,329
Off-balance sheet	1,488,519	1,904,009
	<u>31,861,755</u>	<u>29,584,338</u>
Provisions for related party loans and advances	<u>537,726</u>	<u>378,778</u>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 48. RELATED PARTIES (Continued)

## Income earned on related party transactions - Group

	2025 KES '000	2024 KES '000
Interest income earned on related party loans and advances during the year	<u>3,162,502</u>	<u>3,614,081</u>
Commissions earned on related party loans and advances during the year	<u>232,137</u>	<u>190,921</u>
<b>Commissions earned on Insurance related business</b>		
ICEA Lion Insurance Holdings Limited	<u>78,832</u>	<u>75,122</u>

## Income earned on related party transactions - Group

All facilities and arrangements relating to the above loans and advances have been made in the normal course of business and on terms similar to those applicable to third parties. The loans and advances are to companies on whose Boards the directors serve and to companies with common shareholders as those of the Group

## Related party deposits - Group

	2025 KES '000	2024 KES '000
Related party deposits	28,894,714	36,146,129
Interest expense incurred on related party deposits during the year	<u>1,985,302</u>	<u>3,637,834</u>

The above deposits are from directors, companies on whose Boards the directors serve and from companies with common shareholders as the Group.

## Key management personnel compensation

	Group		Company	
	2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
Salaries and other short-term employment benefits	1,220,531	1,246,284	198,870	203,262
Post-employment benefits	88,969	113,301	21,682	21,760
	<u>1,309,500</u>	<u>1,359,585</u>	<u>220,552</u>	<u>225,022</u>

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 48. RELATED PARTIES (Continued)

## Directors' remuneration

	Group		Company	
	2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
Fees for services as directors	90,271	100,013	51,895	48,550
Other emoluments (included in key management compensation above)	275,456	560,139	-	215,882
	<u>365,727</u>	<u>660,152</u>	<u>51,895</u>	<u>264,432</u>

## 49. CASH AND CASH EQUIVALENTS

## a) Cash and cash equivalents

For the purposes of the cash flow statement, cash equivalents comprise short-term highly liquid investments, which are readily convertible into known amounts of cash without notice, with less than 91 days to maturity from the date of acquisition including balances with Central Banks, treasury bills and bonds, which are subject to insignificant risk of changes in their fair value and amounts due from and / or to banking institutions.

	Group		Company	
	2025 KES '000	2024 KES '000	2025 KES '000	2024 KES '000
Cash and balances with Central Banks (note 21)	63,774,068	43,679,381	-	-
Less: Mandatory reserve deposits*	(3,454,811)	(1,943,223)	-	-
	<u>60,319,257</u>	<u>41,736,158</u>	<u>-</u>	<u>-</u>
Due from banking institutions (note 23)	51,367,772	52,956,080	495,401	1,333,377
Due to banking institutions (note 39)	(10,337,119)	(13,407,659)	-	-
Government securities (note 25)	1,183,487	5,893,863	-	-
	<u>102,533,397</u>	<u>87,178,442</u>	<u>495,401</u>	<u>1,333,377</u>

\* The mandatory reserve deposits with Central Banks (Bank of Tanzania and Bank of Uganda) are not interest earning and are based on the value of deposits as adjusted by Central Bank from time to time. This balance is full restricted and not accessible for settlement transactions.

## b) Cash and cash equivalents restatement

The restricted balances held with the Central Bank of Kenya can be accessed by the Bank during the day to settle transactions as long as the legislated reserve balance is deposited at the end of each day. This results in a restriction of the use of the funds and not accessing the funds. Due to the access to the funds not being impacted the nature of the mandatory reserve deposits still meet the definition of cash and cash equivalent as these would qualify as on demand deposits. Consequently, management has restated the statement of cashflows to include the mandatory reserve deposits within the cash and cash equivalent line. Comparative figures have been restated accordingly.

The impact of the above restatement is as summarised below

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 49 CASH AND CASH EQUIVALENTS (Continued)

## b) Cash and cash equivalents restatement

The impact of the above restatement is as summarised below

	As previously reported <b>KES '000</b>	Prior year adjustment <b>KES '000</b>	As restated <b>KES '000</b>
<b>Changes in statement of cash flows</b>			
<i>Changes in operating assets and liabilities</i>			
Decrease in balances held with Central Banks- mandatory reserves (Note 50)	2,906,164	(2,859,047)	47,117
Total changes in operating assets and liabilities (Note 50)	40,615,142	(2,859,047)	43,474,189
Net cash used in operating activities*	(11,598,292)	(2,859,047)	(14,457,339)
Net decrease in cash and cash equivalents	(958,842)	(2,859,047)	(3,817,889)
Cash and cash equivalent at the beginning of the year	69,040,140	21,464,143	90,504,283
Cash and cash equivalents at the end of the year	68,575,346	18,603,096	87,178,442
<b>Amendments to the note</b>			
<b>Changes in cash and cash equivalents note 49(a)</b>			
Cash reserve requirements	(20,546,319)	18,603,096	(1,943,223)
Cash and balances with Central Banks	23,133,062	18,603,096	41,736,158
Due from banking institutions	52,956,080	-	52,956,080
Due to banking institutions	(13,407,659)	-	(13,407,659)
Government securities	5,893,863	-	5,893,863
	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents</b>	<b>68,575,346</b>	<b>18,603,096</b>	<b>87,178,442</b>
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## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 50 NOTES TO THE STATEMENT OF CASH FLOWS

## CASH GENERATED FROM OPERATIONS

	Notes	Group		Company	
		2025 KES '000	2024* KES '000	2025 KES '000	2024 KES '000
<b>Additional cash flow information</b>					
<b>Other non cash items included in profit before tax</b>					
Share of profit from associates	30	(91,612)	(87,025)	-	-
Fair value loss on loan note		-	94,249	-	-
Intangible assets write off		-	219,039	-	-
Unrealized foreign exchange income		246,921	(488,711)	-	-
Gain on disposal property and equipment(15(b))		(32,293)	(21,283)	-	-
Credit impairment charge	8	6,902,153	5,046,435	-	-
Amortisation of intangible assets	32	1,188,932	1,193,001	-	-
Depreciation charge on property and equipment	33	1,158,129	936,674	-	-
Depreciation of right of use asset	36	955,711	1,023,765	-	-
Fair value (gain)/loss on investment securities		(16,765)	11,086	-	-
Amortisation of lease prepayments	35	125	125	-	-
Bargain purchase gain	51(d)	-	(266,832)	-	-
Loss on re-measurement of investment in subsidiary	51(e)	-	273,111	-	-
Interest expense on lease liabilities	42	411,074	446,651	-	-
Interest expense on borrowings	41	509,723	662,079	-	-
Interest income		(81,764,856)	(88,620,061)	-	-
Interest expense		23,132,537	40,064,555	-	-
<b>Total non-cash items</b>		<b>(47,400,221)</b>	<b>(39,513,142)</b>	-	-
<b>Changes in operating assets and liabilities</b>					
(Increase)/decrease in balances held with Central Banks- mandatory reserves*		(1,511,588)	47,117	-	-
(Increase)/ decrease in loans and advances		(19,048,919)	31,618,926	-	-
(Increase)/ decrease in other assets		(5,711,537)	260,187	-	433,218
Decrease/(increase) in derivative assets		11,657	(9,651)	-	-
Decrease in due from group companies		-	-	(181,007)	(405,403)
Decrease in due to group companies		-	-	(5,791,619)	(1,187,030)
Increase/ (decrease) in customer deposits		29,410,472	(77,863,713)	-	-
Increase/ (decrease) in other liabilities		5,219,149	2,472,945	588,422	(155,337)
<b>Total changes in operating assets and liabilities</b>		<b>8,369,234</b>	<b>(43,474,189)</b>	<b>(5,384,204)</b>	<b>(1,314,552)</b>

\*Comparative figures have been restated. Refer to note 49(b)

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 51 BUSINESS ACQUISITION

On July 1, 2024, NCBA Group PLC completed the full acquisition of NCBA Insurance Company Limited from AIG MEA Limited by purchasing 66.66% of the outstanding ordinary shares for KES 1,075,000,000. As a result, NCBA Group PLC's ownership in NCBA Insurance Company Limited increased to 100%, up from 33.33%. NCBA Group PLC had initially acquired a 33.33% minority stake in NCBA Insurance Company Limited in 2006 for KES 332,593,000.

To perform the Purchase Price Allocation (PPA) valuation in compliance with IFRS 3, NCBA Group PLC appointed NCBA Investment Bank Limited to conduct the valuation.

This acquisition falls under the scope of IFRS 3 - Business Combinations, and has been accounted for using the acquisition method, with the following details:

- The consideration for the 66.66% acquisition was KES 1,075,000,000.
- The net assets of AIG Kenya Insurance Company as of 30 June 2024, the acquisition date, were valued at KES 2,028,244,000, which approximates the fair value on the acquisition date.

## (a) Recognized amounts of identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities NCBA Insurance Company Limited as at the date of acquisition were:

	2024 KES '000
<b>Assets</b>	
Due from banking institutions	208,144
Government securities at FVOCI	1,876,590
Government securities at amortized costs	13,017
Current income tax recoverable	294,561
Reinsurance contract assets	2,019,241
Other assets*	77,787
Intangible assets	331,785
Property and equipment	83,751
Deferred income tax	70,687
Right of use asset	26,829
	<hr/>
<b>Total assets</b>	<b>5,002,392</b>
<b>Liabilities</b>	
Insurance contract liabilities	2,693,395
Other liabilities	272,943
Lease liabilities	23,406
	<hr/>
<b>Total liabilities</b>	<b>2,989,744</b>
	<hr/>
<b>Net identifiable assets acquired</b>	<b>2,012,648</b>
	<hr/> <hr/>

\* The acquired other assets have a fair value of KES 41.1 million. The total gross contractual amount for the other assets is KES 41.1 million, with no loss allowance recognized upon acquisition. It is anticipated that the full contractual amounts will be collected. Acquisition-related costs of KES 48,364,944 are included in the administrative expenses in the statement of profit or loss.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 51. BUSINESS ACQUISITION (Continued)

## (b) Acquisition costs charged to expenses.

The acquisition costs charged to operating expenses was KES 48.4 million mainly relating to legal, accounting, actuarial and stamp duty.

The acquired business contributed revenues of KES 1.5 billion and net profit of KES 137.1 million to the Group for the period from 1 July to 31 December 2024.

If the acquisition had occurred on 1 January 2024, consolidated pro-forma revenue and profit for the year ended 31 December 2024 would have been KES 3.4 billion and KES 186.7 million respectively.

## (c) Purchase Consideration Cash Outflow

	2024 KES '000
Outflow of cash to acquire subsidiary (included in cash flows from financing activities, net of tax)	(1,075,000)
<b>Cash consideration</b>	
Balances due from Banking institutions acquired with the subsidiary (included in cash flows from investing activities)	208,144
Transaction costs of the acquisition (included in cash flows from operating activities) (Note 51(b))	(48,365)
	<hr/>
Net cash flow on acquisition	<b>(915,221)</b> <hr/> <hr/>

## (d) Purchase price allocation

The fair value of the identifiable assets acquired and the liabilities assumed was determined as at 30 June 2024 based on a Purchase Price Allocation (PPA) exercise performed on NCBA Insurance Company Limited. There was no significant intangible assets identified as part of the PPA exercise.

The expenses related to this transaction are as disclosed in note 51 (b)

**Bargain purchase gain - Group**

As per IFRS 3, the value of the consideration when compared to the net asset transferred results in a bargain purchase which was reflected in the Group's statement of profit and loss.

	2024 KES '000
<b>Bargain Purchase Gain</b>	
Net identifiable assets acquired	2,012,648
Less (a) Fair value of net assets held at acquisition date	(670,816)
(b) Purchase Price on full acquisition	(1,075,000)
	<hr/>
Bargain purchase gain	<b>266,832</b> <hr/> <hr/>

The gain on acquisition resulted from the negotiated purchase price being lower than the fair value of the identifiable net assets acquired. This favorable price is partially driven by synergies identified during the valuation process, where the integration of the insurance agency with the bank's operations is anticipated to generate substantial operational efficiencies.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 51. BUSINESS ACQUISITION (Continued)

## (e) Loss on remeasurement of Investment in associate

As per IFRS 3, an equity interest previously held in the acquiree which qualified as an associate is treated as if it were disposed of and reacquired at fair value on the acquisition date. Accordingly, it is remeasured to its acquisition-date fair value, and any resulting gain or loss compared to its carrying amount under IAS 28 is recognised in statement profit or loss.

	<b>2024</b>
	<b>KES '000</b>
<b>Loss on re-measurement of Investment in associate</b>	
Acquisition-date fair value	670,816
Carrying amount	(943,927)
	<hr/>
Loss on re-measurement of investment in associate	<b>(273,111)</b>
	<hr/> <hr/>

The loss on remeasurement has been recognized through the statement of profit and loss.

The carrying amount represent initial investment in associate and share of profits less dividends over the years since investment in associate.

## 52. OFF-BALANCE SHEET FINANCIAL INSTRUMENTS, CONTINGENT LIABILITIES, COMMITMENTS AND OPERATING LEASES

In common with banking entities, the Group conducts business involving acceptances, guarantees, performance bonds and indemnities. These facilities are obligations on behalf of customers, in the normal course of business, matched and with recourse. In addition, there are other off-balance sheet financial instruments including foreign exchange forward contracts for the purchase and sale of foreign currencies, the nominal amounts of which are not reflected in the consolidated balance sheet.

	<b>2025</b>	<b>2024</b>
	<b>KES '000</b>	<b>KES '000</b>
Letters of credit	19,357,079	21,031,011
Acceptances	2,894,534	6,709,153
Guarantees	29,534,836	27,176,562
	<hr/>	<hr/>
	<b>51,786,449</b>	<b>54,916,726</b>
	<hr/> <hr/>	<hr/> <hr/>

**Nature of off-balance sheet financial instruments**

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

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

Guarantees are generally written by the Group to support performance by a customer to a third party. The Group would only be required to meet these obligations in the event of default by a customer.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 52 OFF-BALANCE SHEET FINANCIAL INSTRUMENTS, CONTINGENT LIABILITIES, COMMITMENTS AND OPERATING LEASES (Continued)

	2025 KES '000	2024 KES '000
<b>Commitments</b>		
Un-drawn formal standby facilities, credit lines and other commitments to lend	4,380,665	7,931,045
Foreign exchange forward contracts	166,257	1,167,996
Swaps	2,731,248	434,773
Purchase of property, equipment and software	53,727	27,813
	=====	=====

Commitments to lend are agreements to lend to a customer in future, subject to certain conditions, and are normally for a fixed period. The Group may withdraw from its contractual obligation for the un-drawn portion of agreed overdraft limits by giving reasonable notice to a customer.

Foreign exchange forward contracts are agreements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed price.

**Legal claims contingency**

The Group is a defendant in a number of legal proceedings arising from tax assessments and from normal course of business litigations mostly relating to the operational matters. Management is confident that no material liabilities will crystallise from these assessments, beyond the provisions already recorded.

**Tax authorities' assessments**

The Group has received tax assessments from Revenue Authorities in the markets it operates in, which it has challenged on various principles and continues to engage the relevant authorities to resolve the matters. Management is confident that no material liabilities will crystallise from these assessments, beyond the provisions already recorded.

The Group has not disclosed certain detailed information relating to these matters because providing such information could seriously prejudice the Group's position in the ongoing disputes.

## 53 FIDUCIARY ACTIVITIES

The Group provides safekeeping, safe deposit, advisory, custody and nominee and investment management services to third parties. Safekeeping and safe deposit services involve providing secure and confidential storage for valuables and documents. Custodial and nominee services entail the holding of customers' assets and securities and collection of income on their behalf based on express instructions.

Advisory services involve the provision of a range of financial advice to clients either as independent advisors or as tied agents. Investment management involves advising customers on allocation and purchase and sale decisions in relation to a range of financial instruments, assets that are held in fiduciary capacity and which are not included in these financial statements. These arrangements involve the Group in an advisory capacity only, acting on specific instructions from clients and not in a discretionary manner. Consequently, the Group is not exposed to risks associated with mal-administration or underperformance of assets under its care.

At the balance sheet date, the Group had funds under investment management and securities held under nominee arrangements amounting to KES 573 billion (2024 – KES 329 billion). Other risks that may arise from these fiduciary activities are of operational and reputational nature. These risks are managed and mitigated through the existence and continuing application of sound governance and internal control policies and procedures that ensure the proper discharge of fiduciary duties.

## NCBA GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 54 EVENTS AFTER REPORTING PERIOD

On 21 January 2026, NCBA Group PLC (“the Group”), received a Notice of Intention from Nedbank Group Limited (“Nedbank”), a diversified financial services group headquartered in South Africa, to acquire approximately 1,087,362,891 ordinary shares in NCBA Group PLC, representing approximately 66% of the issued share capital, by way of a partial tender offer to existing shareholders. This proposed transaction, if successful, will result in NCBA Group PLC becoming a subsidiary of Nedbank, with the remaining 34% of shares continuing to be listed on the Nairobi Securities Exchange.

The consideration to participating shareholders will comprise 20% cash and 80% in new Nedbank ordinary shares listed on the Johannesburg Stock Exchange. NCBA Shareholders, who will have accepted the offer and would receive less than 200 Nedbank Shares, shall be paid their full consideration in cash.

Nedbank has received irrevocable undertakings from shareholders holding approximately 71.2% of NCBA’s ordinary shares to accept the tender offer in respect of their pro-rata entitlement.

The transaction is subject to regulatory approvals, including from the Capital Markets Authority (Kenya), Central Bank of Kenya, and other relevant competition authorities.

The transaction is expected to close within six to nine months from the date of the announcement, subject to the satisfaction of all conditions precedent.

Management has assessed the nature of this event in accordance with IAS 10, “Events after the Reporting Period”. The proposed acquisition represents a non-adjusting event after the reporting period as the transaction was not concluded as at the reporting date and does not provide evidence of conditions that existed at the reporting date.

However, the transaction is considered material and of such significance that non-disclosure could influence the economic decisions of users of the financial statements. Accordingly, the following disclosures are made:

- If completed, the transaction will result in a change of control, with NCBA becoming a subsidiary of Nedbank.
- The business combination positions NCBA as the cornerstone investment vehicle for Nedbank’s East African expansion while allowing it to retain its independent governance structures, local leadership, brand identity, and NSE listing.
- The transaction is expected to generate significant synergies, including enhanced corporate and investment banking capabilities, increased resource base, and expanded growth opportunities in East Africa.
- There will be no immediate integration of systems and operations, as Nedbank currently only maintains a representative office in East Africa.

The Group will continue to monitor developments and will provide further disclosures as appropriate in future reporting periods.

#### 55 SEGMENTS REPORTING

The Group operates within various geographical segments, Kenya, Uganda, Tanzania, Rwanda and Ghana. Further to the geographical segmentation and this is the basis of allocation of resources by Chief Operating Decision Maker.

##### i) Corporate and institutional banking

Targets medium to large corporate clientele and institutions, with a focus on liability mobilization and asset growth. The Bank uses the following distribution channels.

##### ii) Retail banking (SME and Consumer banking)

Targets the mass to affluent and high net worth and business banking clientele, with a focus on becoming the customers’ core deposit, transactional banker and financier. This also includes the Group’s asset finance products.

**NCBA GROUP PLC****NOTES TO THE FINANCIAL STATEMENTS (Continued)****55 SEGMENTAL REPORTING (Continued)****iii) Treasury dealing**

Treasury dealing targets corporate customers and institutions, with a focus on customers having a foreign exchange component in their business.

**iv) Digital Bank**

This segment focuses on mobile savings and lending products at a micro level.

**v) Investment banking**

Investment banking targets large and medium sized companies for research, advisory, capital restructuring and stock brokerage requirements.

**vi) Insurance**

The principal activity of the company is the transaction of general insurance business.

There is no single customer within the Group who accounts for more than 10% of the revenue.

The table below analyses the breakdown of segmental assets, liabilities, income and expenses by geographical segments.

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 55. SEGMENTAL REPORTING (Continued)

## Statement of profit or loss – Year ended 31 December 2025

Amount in KES 000	Kenya	Tanzania	Uganda	Ghana	Rwanda	Group functions	Group
Interest income and other credit-related fees	70,763,072	3,168,698	5,215,398	-	2,922,754	(305,066)	81,764,856
Interest expense	(20,779,798)	(1,128,549)	(1,717,968)	-	(732,085)	305,066	(24,053,334)
<b>Net interest income</b>	<b>49,983,274</b>	<b>2,040,149</b>	<b>3,497,430</b>	<b>-</b>	<b>2,190,669</b>	<b>-</b>	<b>57,711,522</b>
Net insurance service result	415,885	-	-	-	-	-	415,885
Non – interest revenue	27,306,349	519,727	443,396	25,286	282,604	(14,872,816)	13,704,546
<b>Operating and other income</b>	<b>77,705,508</b>	<b>2,559,876</b>	<b>3,940,826</b>	<b>25,286</b>	<b>2,473,273</b>	<b>(14,872,816)</b>	<b>71,831,953</b>
Impairment charges	(7,262,816)	97,940	95,581	-	167,142	-	(6,902,153)
Depreciation and amortization	(2,562,636)	(202,086)	(282,418)	-	(119,228)	-	(3,166,368)
Employee benefits	(14,150,480)	(904,256)	(910,668)	-	(635,473)	-	(16,600,877)
Operating expenses	(14,971,145)	(735,502)	(1,163,841)	(47,889)	(776,383)	330,823	(17,363,937)
<b>Profit/(loss) before share of associate's profit</b>	<b>38,758,431</b>	<b>815,972</b>	<b>1,679,479</b>	<b>(22,603)</b>	<b>1,109,331</b>	<b>(14,541,993)</b>	<b>27,798,618</b>
Share of associates profit	91,612	-	-	-	-	-	91,612
<b>Profit before income tax</b>	<b>38,850,043</b>	<b>815,972</b>	<b>1,679,479</b>	<b>(22,603)</b>	<b>1,109,331</b>	<b>(14,541,993)</b>	<b>27,890,230</b>
Income tax expense	(4,127,151)	290,231	(318,154)	-	(341,638)	-	(4,496,712)
<b>Profit/(loss) for the year</b>	<b>34,722,892</b>	<b>1,106,203</b>	<b>1,361,325</b>	<b>(22,603)</b>	<b>767,693</b>	<b>(14,541,993)</b>	<b>23,393,518</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 55. SEGMENTAL REPORTING (Continued)

## Statement of profit or loss – Year ended 31 December 2024

Amount in KES 000	Kenya	Tanzania	Uganda	Ghana	Rwanda	Group functions	Group
Interest income and other credit-related fees	77,900,273	3,311,361	4,463,526	-	3,224,099	(279,198)	88,620,061
Interest expense	(37,816,740)	(1,211,674)	(1,535,211)	-	(888,858)	279,198	(41,173,285)
<b>Net interest income</b>	<b>40,083,533</b>	<b>2,099,687</b>	<b>2,928,315</b>	<b>-</b>	<b>2,335,241</b>	<b>-</b>	<b>47,446,776</b>
Net insurance service result	150,946	-	-	-	-	-	150,946
Non – interest revenue	25,456,266	650,925	427,481	(5,777)	394,415	(12,530,691)	14,392,619
<b>Operating and other income</b>	<b>65,690,745</b>	<b>2,750,612</b>	<b>3,355,796</b>	<b>(5,777)</b>	<b>2,729,656</b>	<b>(12,530,691)</b>	<b>61,990,341</b>
Impairment charges	(4,801,833)	14,642	219,511	-	(478,755)	-	(5,046,435)
Depreciation and amortization	(2,364,744)	(425,666)	(215,371)	-	(147,783)	-	(3,153,564)
Employee benefits	(11,653,672)	(888,633)	(861,023)	-	(494,351)	-	(13,897,679)
Operating expenses	(12,795,154)	(618,877)	(861,481)	(17,523)	(856,635)	304,750	(14,838,640)
<b>Profit before share of associate's profit</b>	<b>34,075,342</b>	<b>832,078</b>	<b>1,637,432</b>	<b>(23,300)</b>	<b>752,132</b>	<b>(12,225,941)</b>	<b>25,054,023</b>
Share of associates profit	87,025	-	-	-	-	-	87,025
<b>Profit before income tax</b>	<b>34,162,367</b>	<b>832,078</b>	<b>1,637,432</b>	<b>(23,300)</b>	<b>752,132</b>	<b>(12,225,941)</b>	<b>25,141,048</b>
Income tax expense	(3,339,090)	522,687	(240,800)	-	(218,078)	-	(3,275,281)
<b>Profit for the year</b>	<b>30,823,277</b>	<b>1,354,765</b>	<b>1,396,632</b>	<b>(23,300)</b>	<b>534,054</b>	<b>(12,225,941)</b>	<b>21,865,767</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 55. SEGMENTAL REPORTING (Continued)

## Statement of financial position – As at 31 December 2025

Amount in KES '000	Kenya	Tanzania	Uganda	Ghana	Rwanda	Group functions	Group
<b>Assets</b>							
Cash and balances with Central banks	51,993,628	4,992,984	2,874,800	-	3,912,656		63,774,068
Government securities	191,475,414	4,774,425	21,009,703	-	4,291,537		221,551,079
Due from banking institutions	41,810,974	4,215,293	3,637,487	-	5,306,399	(3,602,381)	51,367,772
Customer loans and advances	268,739,496	15,493,720	11,429,068	-	11,255,691	-	306,917,975
Investment securities	15,470,617	42,011	-	-	-	-	15,512,628
Reinsurance contract assets	1,307,474	-	-	-	-	-	1,307,474
Other assets	93,565,448	1,770,833	4,029,206	55,110	1,898,758	(45,703,194)	55,616,161
<b>Total assets</b>	<b>664,363,051</b>	<b>31,289,266</b>	<b>42,980,264</b>	<b>55,110</b>	<b>26,665,041</b>	<b>(49,305,575)</b>	<b>716,047,157</b>
<b>Liabilities</b>							
Customer deposits	467,217,751	19,743,369	28,610,514	-	16,294,587	-	531,866,221
Due to banking institutions	6,875,268	4,256,436	2,766,843	-	3,264,623	(6,826,051)	10,337,119
Borrowings	6,165,115	157,603	-	-	1,242,575	-	7,565,293
Insurance contract liabilities	1,990,012	-	-	-	-	-	1,990,012
Reinsurance contract liabilities	87,381	-	-	-	-	-	87,381
Other liabilities	6,771,931	1,321,418	2,406,294	130,353	1,928,989	24,216,580	36,775,565
<b>Total liabilities</b>	<b>489,107,458</b>	<b>25,478,826</b>	<b>33,783,651</b>	<b>130,353</b>	<b>22,730,774</b>	<b>14,963,917</b>	<b>588,621,591</b>
Shareholders' funds	175,255,593	5,810,440	9,196,613	(75,243)	3,934,267	(66,696,104)	127,425,566
<b>Total liabilities and shareholders' funds</b>	<b>664,363,051</b>	<b>31,289,266</b>	<b>42,980,264</b>	<b>55,110</b>	<b>26,665,041</b>	<b>(49,305,575)</b>	<b>716,047,157</b>

## NCBA GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 55. SEGMENTAL REPORTING (Continued)

## Statement of financial position – As at 31 December 2024

	Kenya	Tanzania	Uganda	Ghana	Rwanda	Group functions	Group
<b>Amount in KES ‘000</b>							
<b>Assets</b>							
Cash and balances with Central banks	35,168,239	2,886,997	2,908,870	-	2,715,275		43,679,381
Government securities	182,945,351	4,664,004	16,034,855	-	3,872,082		207,516,292
Due from banking institutions	44,888,474	4,784,051	1,425,173	-	5,001,442	(3,143,060)	52,956,080
Customer loans and advances	261,000,639	13,675,109	10,399,252	-	8,857,350		293,932,350
Investment securities	15,183,360	43,470	-	-	-		15,226,830
Reinsurance contract assets	1,720,552	-	-	-	-		1,720,552
Other assets	95,999,503	1,430,535	2,841,011	13,597	801,155	(50,173,522)	50,912,279
<b>Total assets</b>	<b>636,906,118</b>	<b>27,484,166</b>	<b>33,609,161</b>	<b>13,597</b>	<b>21,247,304</b>	<b>(53,316,582)</b>	<b>665,943,764</b>
<b>Liabilities</b>							
Customer deposits	449,487,692	19,434,670	22,830,665	-	15,368,064	(5,104,597)	502,016,494
Due to banking institutions	12,889,332	1,820,305	38,586	-	-	(1,340,564)	13,407,659
Borrowings	8,567,383	163,443	-	-	1,441,399		10,172,225
Insurance contract liabilities	2,151,016	-	-	-	-		2,151,016
Reinsurance contract liabilities	62,469	-	-	-	-		62,469
Other liabilities	5,548,896	1,230,419	3,103,296	49,510	1,088,483	17,398,549	28,419,153
<b>Total liabilities</b>	<b>478,706,788</b>	<b>22,648,837</b>	<b>25,972,547</b>	<b>49,510</b>	<b>17,897,946</b>	<b>10,953,388</b>	<b>556,229,016</b>
Shareholders' funds	158,199,330	4,835,329	7,636,614	(35,913)	3,349,358	(64,269,970)	109,714,748
<b>Total liabilities and shareholders' funds</b>	<b>636,906,118</b>	<b>27,484,166</b>	<b>33,609,161</b>	<b>13,597</b>	<b>21,247,304</b>	<b>(53,316,582)</b>	<b>665,943,764</b>