

FOSTERING STEADFAST PARTNERSHIPS



2024

INTEGRATED ANNUAL
REPORT AND FINANCIAL
STATEMENTS

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Our Commitment To Integrated Reporting

NCBA Group has adopted the International Integrated Reporting Council's (IIRC)- Integrated Reporting Framework as the basis of our reporting structure.

The NCBA Group firmly believes that integrated reporting provides a platform that enables our stakeholders' to better appreciate the interplay and interaction of various factors, both financial and non-financial, which ultimately affect our performance in our pursuit of creating long-term sustainable value. This report considers key factors that principally revolve around the capitals that the Group relies upon and their contribution to its success, capacity to respond to stakeholders' legitimate needs and interests, and ability to adapt our business model and strategy to exploit the risks and opportunities presented by our external environment.

Further, this report aims to make corporate reporting more transparent and meaningful for our stakeholders, and also highlights details of our strategies, opportunities and challenges in realising sustainable value for the future. It contains a summary of our strategies, businesses, products, services and value-creation efforts towards ensuring the continued and sustainable success of our business.



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**FOSTERING STEADFAST
PARTNERSHIPS**





JAMES NDEGWA
Group Chairman

Reflections From The Group Chairman

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the NCBA Group Plc Annual Report and Financial Statements for the year ending 31st December 2024.

2024 began on the back of the continued global economic recovery amid heightened macroeconomic shocks characterised by high inflation and elevated interest rates.

Additionally, geopolitical uncertainties remained high while climate change risks continued to loom on the immediate horizon.

Despite this challenging environment, NCBA remained resilient and delivered impressive results across all our respective businesses with a consolidated profit after tax of KES 21.9 billion. With this strong performance the Board of Directors recommend a final dividend of KES 3.25 per share on top of the interim KES 2.25 per share and bringing the total dividend payout to KES 9.06 billion for the year.

As a business that has its customers' backs, we were keen on delivering innovative interventions and engagements to help our customers navigate the operating environment with ease.

- Our ongoing flagship programme for business customers, the SME Development partnership with Strathmore Business School has impacted over 1,500 business owners since inception.
- In July 2024, we introduced the waiver of monthly account maintenance fees for retail banking customers to cushion them from economic shocks.
- In October 2024, following the Central Bank Rate downward revision, we were the first bank to reduce our KES and USD base lending rates.
- During the November 2024 NCBA Economic forum themed "Navigating Uncertainty - Key Trends Influencing the Economic and Business Environment in 2025", we empowered our stakeholders with insights on the near-term economic backdrop that would likely drive business performance.

Kenya Growth GDP

4.7%
in 2024

Kenya Banks' NPL Ratio

▲ 16.4%
According to Central Bank of Kenya

Reflections From The Group Chairman (Continued)

Meanwhile, the Group's subsidiaries marked important milestones during the year.

The bank in Kenya has served the market for 65 years and NCBA has been in Tanzania since 2005. NCBA Uganda marked 12 years of enabling progress in that country while NCBA Rwanda celebrated its 7th anniversary of steady support to the economic outcomes of that country.

Our regional business contributed to support both local and regional clients. Beyond this, year 2024 saw NCBA enter the DR Congo market with our cash shipment business, a service we also provide in South Sudan.

The full acquisition of AIG Kenya strengthened our portfolio by tapping into a sizeable KES 309 billion insurance industry. This strategic move that created NCBA Insurance embedded an over 50-year-old well known insurance business to enable customers conveniently access an even wider array of financial products and services under one roof.

During this period, the Group made a strategic realignment of the Board of Directors and appointed additional directors following an expansion of its interests and growth both locally and regionally. The appointments and changes undertaken were designed to optimise the collective skills and expertise of our directors, and to maintain the Group's legacy of strong corporate governance necessary to drive the next phase of NCBA's growth and long-term sustainability.

Review of Operating Environment in 2024

Global economic growth stabilized at 3.2 per cent in 2024 supported by easing of global inflation and supply chain constraints. The year recorded stronger-than-expected growth in the USA, as well as some large emerging market economies such as India and in South America.

On the domestic scene, Kenya's economy remained resilient in 2024, with the official published numbers for the first three quarters of 2024 averaging 4.6 per cent compared to an average growth of 5.6 per cent in a similar period in 2023. Growth in 2024 was primarily underpinned by strong performance in the agriculture sector and resilience in the services sector. All the sub-sectors except mining and construction expanded in 2024, though the magnitudes varied across the sectors.

However, the industrial sector's performance remained subdued, expanding by an average of 0.8 per cent in the first three quarters of 2024. This was mainly on account of a slowdown in activities from electricity and water supply and contraction of the construction sub-sectors following a slackening of public sector infrastructure projects.

Activity in the manufacturing sector, which accounts for nearly half of the industrial sector's output, was mainly positive, particularly in the manufacture of food products.

With this performance of the domestic economy and a relatively restrictive monetary policy, growth in private sector credit declined by 1.4 per cent in the year to December 2024 compared to a growth of 13.9 per cent in 2023. More specifically, reduced credit growth was observed in manufacturing, finance and insurance, trade and building and construction.

However, with the current easing of monetary policy stance, credit to the private sector could recover as lending rates decline.

Overall inflation declined and remained below the target of 5.0 per cent since June 2024, mainly reflecting a significant drop in energy prices and continued easing of food prices. Headline inflation declined to 3.0 per cent in December 2024 from 6.6 per cent in December 2023. Easing inflation was supported by increased supply of food arising from favorable weather conditions, lower fuel inflation attributed to the appreciation of the exchange rate and lower international oil prices and the decline in non-food non-fuel (NFNF) inflation reflecting impact of previous monetary policy tightening.

Following support from agricultural exports, remittances and portfolio inflows, the foreign exchange market remained stable in 2024 despite increased global uncertainties, effects of a stronger US dollar and geopolitical tensions in the Middle East. The currency was

Who We Are

Our Business

ESG, Climate Risk & Sustainable Finance

Our Financials

Other Information

Global Growth

▲ **3.2%**

In 2024 and rise to 3.5% in 2025

Reflections From The Group Chairman (Continued)

weaker at the start of the year but strengthened against the US dollar from mid-February 2024 and stabilised at about 129.4 to the US dollar at close of 2024 from 160.8 in January.

On the fiscal side, a need to improve tax revenue generation – stuck at about 14.2 per cent of GDP down from 18.2 per cent – proved challenging amidst low socio-political buy-in.

For domestic financing, the Government continued to frontload its borrowing at a time when the market appeared to express a healthy appetite for sovereign risk on the short end. Moreover, on external financing, the receipt of concessional funding from the IMF in November 2024 helped bolster investor confidence, thereby unlocking additional appetite for Government securities.

Fiscal consolidation, although necessary, may undermine medium-term growth prospects, while failure to reach consensus on new taxation measures could see the Government falling short of revenue generation leading to an increase in pending bills.

Financial Performance

As I have mentioned, the Group reported solid financial outcomes across the business posting a profit before tax of KES 25.1 billion in full year 2024, a significant CAGR growth of 50 per cent from the full year 2020 profitability of KES 5 billion. This performance translated to a return on equity of 21.7 per cent. Over the strategy cycle, the subsidiaries' business performance has followed a sustainable growth trajectory, establishing a strong foundation for future growth.

The Kenya banking subsidiary remained our core business with a 2024 PBT of KES 20.7 billion contributing 83 per cent of Group profitability. This represented a CAGR growth of 40 per cent against 2020 performance of KES 5.4 billion PBT, resulting in a return on equity of 19.2 per cent and a strong 9 per cent market share.

The Uganda, Tanzania and Rwanda regional subsidiaries have collectively undergone significant transformation, transitioning from negative performance in 2020 to post a sizeable profit of KES 3.3 billion, a 15 per cent contribution to

Group profitability in 2024. Our Kenya Bank, being the principal subsidiary, continues to provide a solid foundation for our Group given the resilience underscored by customer-centric solutions, digital innovation, and prudent risk management, reinforcing its position as a top tier lender in the Kenyan market.

All non-banking subsidiaries, including the Investment Bank, Bancassurance, Leasing and NCBA Insurance (formerly AIG Kenya) collectively contributed KES 1 billion representing 4.6 per cent of the Group's profitability.

The Group remained adequately capitalised across the core markets enabling asset growth with an expectation to maintain a total capital threshold of 300bps above regulatory limits.

Notwithstanding, the 11 percent increase in costs in 2024, we are at an inflection point in efficiency given the peak of our investment cycle and, are focused on a 45 per cent Cost to Income Ratio (CIR) in the medium term.

Delivering on our Strategic ambitions

The Group's increasing branch footprint, from 89 in 2020 to 119 in 2024, continued to support customer acquisition efforts and deepen customer relationships create greater shared value.

The resulting KES 502 billion in customer deposits reflected reorientation to a higher CASA contribution of 52 per cent on the back of a more optimal and better priced funding mix.

Through organised mobile lending solutions, in partnership with Telcos, the Group's investment in digital financial inclusion services enabled disbursement of over KES 1 trillion to its more than 60 million customers across Sub-Saharan Africa.

Consistent investment in the NCBA brand will ensure growing customer confidence in the Group's services and products and enable accelerated conversion of a growing target customer base.

Our 92 per cent staff retention rate in 2024 signaled a stable team of over 3,700 employees dedicated to deliver results founded on a high performance culture.

We expect this positive outlook on agriculture to sustain GDP growth at about 5.3% in 2024 boosted further by the continued resilience in the services sector.

Reflections From The Group Chairman (Continued)

Sustainability

The Group recognises the importance of the Environmental, Social and Governance framework.

Since the Sustainability "Change the Story" platform launch in 2023, the team across the region has made commendable progress.

Our commitment to mobilise KES 30 billion for green and sustainable financing by 2030 was demonstrated by securing a USD 50 million facility from Proparco. The funds were strategically deployed to bolster efforts in three key areas: green financing, women entrepreneurship and SME financing.

With the global shift toward clean energy, the Group launched 6 Electric Vehicle (EV) charging stations across branches in Nairobi, Kigali and Kampala complementing the KES 2 billion EV loan portfolio supporting a sustainable automotive industry.

Early this year, NCBA became the first bank in Africa to launch a Sustainable Development Impact Disclosure report, a new approach to sustainability reporting under the Global Impact Disclosure Guidance released in 2024. The declaration was developed in collaboration with multinational financial services firm J.P Morgan and American investment bank Blaylock Van.

2025 Macroeconomic Outlook

The global economy is projected to grow at 3.3 per cent in 2025, largely unchanged from 3.2 per cent in 2024. It is expected this growth will be underpinned by the upward revision of growth in the United States that offsets growth downgrade among advanced economies.

However, uncertainties loom, the most significant being trade frictions as a result of US tariffs and geopolitical uncertainties that pose significant headwinds into 2025.

Notably, policy decisions by Central Banks will drive financial sector performance in 2025. Particularly, the slow policy easing by leading Central Banks is likely to keep external financing costs for developing economies' governments elevated.

The domestic macroeconomic environment in our primary market "Kenya" will remain challenging.

In as much as Kenya seems to have resolved to a considerable degree the exceptional shocks from inflation, currency volatility and immediate fiscal risks in 2024, 2025 appears fluid. Illustratively, the economic growth forecast for 2025 by most research institutions has already been revised downwards to about 5 per cent. Further, the National Treasury now projects growth at 5.3 per cent, down from its earlier projection of 5.6 per cent. Our in-house forecast is that growth is likely to close at about 4.8 per cent this year.

Economic growth outcomes will depend on the success in spurring economic activity by a flexible monetary policy, a timely resolution of the Government pending bills- now over KES 700 billion, improvement in business sentiment and the resolution of structural bottlenecks in the industrial sectors.

For the credit cycle, we remain hopeful that the downward revision of interest rates will spur private credit growth. Such growth will of course depend on other developments in the macro-economic front.

We expect the Monetary Policy Committee (MPC) to continue to cut the policy rate further to stimulate economic growth via credit markets.

Until credit growth picks up, we see little change in import demand, thus less pressure on the exchange rate in the first half of the year.

Finally, on the fiscal front, Kenya is expected to maintain access to both the domestic and external commercial markets this year. Resultantly, fiscal budgetary financing is expected to go on as planned, with significant frontloading achieved so far in domestic market financing. Even then, sovereign rating reviews in the third quarter could prove crucial.

Overall, aggregate demand in 2025 could stay low which would favour both inflation and the exchange rate outcomes. With fiscal consolidation a policy priority, the private sector is expected to play a stronger role in the medium-term. Growth will further be supported by enhanced agricultural productivity as a result of conducive weather conditions and a resilient services sector.

Reflections From The Group Chairman (Continued)

Conclusion

The Board is optimistic about 2025 and as a Group, we are well positioned to seize all the opportunities available in our various markets. We have a robust strategy in place that will enable us to prudently deploy our capital and resources across the region to ensure superior returns on our investments.

I would like to express my confidence in the relevance of our strategic goals and the strength, competence and ability of the Board and its committees, working hand in hand with all our teams, to implement this strategy. In addition, I acknowledge and appreciate all our stakeholders across the region for their dedication and zeal, which has continued to deliver impressive results for the Group.

Our staff are a key pillar upon which we deliver on our strategy, and we shall continue to ensure that we provide a competitive employee value proposition to enable us to sustain our growth momentum.

The customers of all the Group's businesses are the reason for our being. We are acutely aware that our customers have many choices and highly appreciate their confidence in the NCBA Group. I assured them that we never take their support for granted and always strive to remain worthy of the same.

I would like to thank you all, shareholders, my fellow Board colleagues, our employees, regulators, customers and partners for the transformative collaboration that has led to the successes achieved during 2024 and continues to propel our progress in 2025.

J P M Ndegwa
Group Chairman



JAMES NDEGWA
Mwenyekiti wa Kundi

Ripoti kamilifu toka kwa Mwenyekiti wa Kundi

Wenyehisa wapendwa,

Kwa niaba ya Bodi ya Wakurugenzi, ni furaha yangu kuwasilisha kwenu ripoti ya matokeo na taarifa za kifedha ya kila mwaka ya Kundi la NCBA kwa mwaka uliokamilika 31 Desemba, 2024.

Mwaka 2024 ulianza katika kipindi ambacho uchumi wa dunia ulikuwa unaendelea kujikwamua licha ya ongezeko la changamoto za kiuchumi zilizohusisha kiwango cha juu cha mfumko wa bei na kupanda kwa viwango vya riba.

Kadhalika, misukosuko ya kisiasa kimataifa iliendelea kuzua wasiwasi wa hali ya juu, na kulikuwepo pia hatari zilizotokana na mabadiliko ya tabia nchi.

Licha ya mazingira haya yenye changamoto, NCBA ilisalia imara na kuandikisha matokeo ya kuridhisha katika biashara zetu zote, ambapo faida ya jumla kabla ya ushuru ilifikia KES 21.9 bilioni. Kutokana na matokeo haya mazuri, Bodi ya Wakurugenzi imependekezwa mgawo wa faida wa mwisho wa KES 3.25 kwa kila hisa, juu ya mgawo wa faida wa muda ambao ulikuwa KES 2.25 kwa kila hisa. Hii itafikisha mgawo kamili wa faida kwa jumla kuwa KES 9.06 bilioni kwa mwaka huo.

Kama biashara inayowajali wateja wake, tulikuwa na azma sana ya kutumia uvumbuzi na kuhusiana zaidi na wateja ili kuwasaidia wateja wetu kupitia mazingira hayo ya changamoto kwa urahisi.

- Mpango wetu unaoendelea wa wateja wenye biashara, mpango wa Ustawishaji wa SME kupitia ushirikiano na Strathmore Business School umewanufaisha zaidi ya wenye biashara 1,500 tangu kuanzishwa kwake.
- Julai 2024, tulianzisha ufutaji wa ada ya kila mwezi ya utunzaji wa akaunti kwa wateja wetu wa benki wa reja reja ili kuwakinga dhidi ya changamoto za kiuchumi.
- Oktoba 2024, baada ya Benki Kuu ya Kenya kupunguza kiwango cha riba, tulikuwa benki ya kwanza kupunguza viwango vya riba kwa mikopo yetu ya KES na Dola ya Marekani (USD).
- Katika Mkutano wa Kiuchumi wa NCBA wa Novemba 2024 uliokuwa na mada "Kupitia Misukosuko – Mitindo Muhimu Inayoathiri Mazingira ya Kiuchumi na Kibiashara mwaka 2025", tuliwawezesha wateja na umma kwa jumla kupitia taarifa na makadirio ya hali ya kiuchumi katika kipindi kifupi kijacho ambayo huenda yakaathiri matokeo ya kibiashara.

Wakati hayo yakijiri, kampuni tanzu za Kundi zilipiga hatua kuu katika mwaka huo.

Ripoti kamilifu toka kwa Mwenyekiti wa Kundi (Kuendelea)

Nchini Kenya, benki yetu imekuwa ikitoa huduma kwa miaka 65, na NCBA imekuwepo nchini Tanzania tangu 2005. NCBA Uganda iliadhimisha miaka kumi na miwili ya kuwezesha ustawi nchini humo, nayo NCBA Rwanda ikaadhimisha miaka saba ya uwepo wake katika kusaidia uchumi nchini humo.

Ninaamini kwamba masoko haya yanayokua kwa kasi yanatoa fursa kubwa kwetu kama Kundi.

Biashara yetu katika kanda ilisaidia katika kuwahudumia wateja wa ndani ya nchi na wa kanda. Zaidi ya hayo, mwaka 2024, NCBA iliingia soko la DR Congo kupitia biashara ya kutuma pesa, huduma tunayoitoa pia nchini Sudan Kusini.

Ununuzi kamili wa AIG Kenya nao ulitia nguvu orodha ya biashara zetu kwa kuingia katika sekta ya bima ya ukubwa wa KES 309 bilioni. Hatua hii ya kimkakati ilianzisha NCBA Insurance iliyoingiza biashara ya bima iliyofahamika vyema kwa zaidi ya miaka 50 kwetu, na hivyo kuwezesha wateja wetu kupokea kwa urahisi huduma zote za kifedha za aina nyingi zaidi pahala pamoja.

Katika kipindi hiki, Kundi lilifanya mabadiliko katika mpangilio wake wa Bodi ya Wakurugenzi na kuwateua wakurugenzi zaidi baada ya kupanuliwa kwa biashara zake na ukuaji ndani ya nchi na katika kanda. Uteuzi huo na mabadiliko hayo vililenga kutumia vyema mseto wa ujuzi na uzoefu wa wakurugenzi wetu, na kudumisha sifa za Kundi za kuwa na utamaduni wa utawala bora wa kuwezesha kuongoza awamu inayofuata ya ukuaji wa NCBA na uendeleu wa kipindi kirefu.

Matokeo ya Kifedha

Kama nilivyoeleza, Kundi liliripoti matokeo mazuri ya kifedha kote katika biashara. Faida kabla ya ushuru ilifikia

KES 25.1 bilioni katika mwaka 2024, ambao ni kiwango cha wastani cha ukuaji ambatani (CACR) cha asilimia 50 kutoka faida ya KES 5 bilioni mwaka 2020. Matokeo haya ni sawa na kiwango cha asilimia 21.7 cha mapato kwenye mtaji.

Katika mzunguko wa mkakati, matokeo ya kampuni tanzu yamefuata mkondo endelevu wa ukuaji, na kuweka msingi imara kwa ukuaji wa siku za usoni.

Kampuni tanzu yetu ya benki Kenya ilisalia kuwa biashara muhimu kwetu, ambapo iliandikisha faida ya kabla ya ushuru (PBT) ya KES 20.7 bilioni mwaka 2024, na kuchangia asilimia 83 ya jumla ya faida ya Kundi. Hii ilikuwa ni ukuaji wa asilimia 40 katika kiwango cha wastani cha ukuaji ambatani (CACR) ukilinganisha na matokeo ya 2020 ya PBT ya KES 5.4 bilioni. Hii ilikuwa ni sawa na mapato kwenye mtaji ya asilimia 19.2, na udhibiti wa soko wa asilimia 9.

Kampuni tanzu za Uganda, Tanzania na Rwanda kwa pamoja zimepitia mabadiliko makubwa, na kubadilika kutoka kwa biashara zilizokuwa zikipata hasara mwaka 2020 hadi kuandikisha faida kubwa ya KES 3.3 bilioni, sawa na asilimia 15 ya faida ya Kundi katika mwaka 2024. Benki yetu Kenya, ambayo ndiyo kampuni yetu tanzu kuu zaidi, iliendelea kuwa msingi thabiti kwa Kundi letu ukizingatia ukakamavu unaotokana na huduma na bidhaa zinazotatua mahitaji ya wateja, uvumbuzi wa kidijitali na udhibiti wa busara wa hatari. Mambo haya yametia nguvu nafasi ya benki hii kama mkopeshaji wa kitengo cha juu katika soko la Kenya.

Kampuni tanzu nyingine zisizojihusisha na biashara ya benki, zikiwemo Investment Bank, Bancassurance, Leasing na NCBA Insurance (zamani ikiitwa AIG Kenya) kwa pamoja zilichangia KES 1 bilioni ambazo ni sawa na asilimia 4.6 ya faida ya Kundi.

GDP
4.7%
mwaka 2024

Uwiano wa NPL
▲ 16.4%
Kwa mujibu wa Benki
Kuu ya Kenya

Ukuaji wa uchumi duniani
▲ 3.2%
mwaka 2024 na kupanda
hadi %3.5 mwaka 2025

Ripoti kamilifu toka kwa Mwenyekiti wa Kundi (Kuendelea)

Kiwango cha mtaji wa Kundi katika masoko yote kilikuwa cha kuridhisha katika masoko muhimu, na kuwezesha ukuaji wa mali. Tunatarajia kudumisha kiwango cha jumla cha mtaji katika 300bps juu ya kiwango kinachohitajika kisheria.

Bila kujali ongezeko la asilimia 11 katika gharama mwaka 2024, tupo katika hatua ambapo mabadiliko ya mtindo yanatarajiwa ikizingatiwa kwamba tumefikia kilele cha mzunguko wetu wa ukuaji. Tunaangazia kufikisha kipimo cha Gharama ukilinganisha na Mapato (CIR) cha asilimia 45 katika kipindi cha wastani.

Kutimiza azma yetu kimkakati

Kundi liliongeza matawi yake kutoka 89 mwaka 2020 na kufikia 119 mwaka 2024, na matawi hayo yaliendelea kusaidia juhudi za kuongeza na kuboresha uhusiano wetu na wateja, na kuongeza thamani zaidi ya pamoja.

Amana za wateja zilifikia KES 502 bilioni na ni ishara ya mchango wa juu wa Akaunti za Kawaida na za Akiba (CASA) wa asilimia 52 kutokana na kuwepo kwa huduma bora na za bei nafuu.

Kupitia kushirikiana na kampuni za teknolojia na mawasiliano katika ukopesaji wa kutumia simu za mkononi, uwekezaji wa Kundi katika kufikisha huduma za kifedha kwa wote kupitia dijitali uliwezesha kutolewa kwa zaidi ya KES 1 trilioni kwa zaidi ya wateja wake zaidi ya 60 milioni Afrika kusini mwa jangwa la Sahara.

Kuendelea kwa uwekezaji katika nembo ya NCBA kutahakikisha imani ya wateja katika huduma na bidhaa za Kundi inaongezeka na kuharakisha pia kuongezeka kwa wateja wetu.

Kiwango chetu cha udumishaji wa wafanyakazi cha asilimia 92 mwaka 2024 ni thibitisho la timu yetu thabiti ya wafanyakazi zaidi ya 3,700 waliojitolea katika kufanikisha matokeo mazuri kupitia utamaduni mzuri wa kuhakikisha matokeo bora zaidi kazini.

Uendeleu

Kundi liliendelea kutambua umuhimu wa mfumo wa Mazingira, Jamii na Utawala.

Tangu kuzinduliwa kwa mpango wa uendeleu wa "Badilisha Stori" mwaka 2023, tumepiga hatua nzuri katika kanda.

Kujitolea kwetu kufanikisha upatikanaji wa KES 30 bilioni

za kutumiwa katika ufadhili wa mipango ya uhifadhi wa mazingira na uendeleu kufikia 2030 kulidhihirishwa na kupatikana kwa mfuko wa USD 50 milioni kutoka kwa Proparco, ambapo kutoka kwake KES 6.5 bilioni zilisambazwa mwaka 2024. Fedha hizo zilitolewa hususan kuongeza juhudi katika maeneo matatu kuu: ufadhili katika uhifadhi wa mazingira, ujasiriamali wa wanawake na ufadhili wa biashara ndogo na za wastani (SME).

Ulimwengu unapoangazia matumizi ya kawi safi, Kundi lilizindua vituo 6 vya kuchaji magari yanayotumia umeme katika matawi yetu mbalimbali Nairobi, Kigali na Kampala, kuongeza kwenye mikopo ya KES 2 bilioni ya magari ya umeme. Hii ni katika kusaidia kuwepo kwa sekta endelevu ya magari yanayotumia umeme.

Mapema mwaka, NCBA iliibuka kuwa benki ya kwanza Afrika kuzindua ripoti ya Ufichuzi wa Matokeo katika Maendeleo Endelevu. Huu ni mtazamo mpya kuhusu utoaji wa ripoti za uendeleu chini ya Mwongozo wa Ufichuzi wa Matokeo Duniani ulitolewa mwaka 2024. Mwongozo huo ulitolewa kwa ushirikiano na kampuni ya kimataifa ya huduma za kifedha J.P Morgan na benki ya uwekezaji ya Blaylock Van inayomilikiwa na Wamarekani weusi.

Utathmini wa Mazingira ya Uendeshaji Shughuli 2024

Ukuaji wa Uchumi wa Dunia unatarajiwa kukua kwa asilimia 3.2 mwaka 2024 kutokana na kupungua kwa mfumko wa bei duniani na changamoto za usambazaji na usafirishaji wa bidhaa. Mwaka huo, ukuaji ulikuwa mzuri kuliko ilivyotarajiwa Marekani, na katika baadhi ya masoko makubwa ibuka kama vile India na Amerika Kusini.

Nyumbani, uchumi wa Kenya ulisalia imara mwaka 2024, ambapo takwimu rasmi za robo tatu za kwanza za 2024 zinaonyesha kiwango cha wastani cha ukuaji wa 4.6 ukilinganisha na ukuaji wa wastani wa asilimia 5.6 kipindi sawa mwaka 2023. Ukuaji 2024 kwa kiwango kikubwa ulisaidiwa na matokeo mazuri katika sekta ya kilimo na ukakamavu katika sekta ya huduma. Sekta ndogo zote, isipokuwa madini na ujenzi, zilikuwa mwaka 2024, ingawa kiwango cha ukuaji kilikuwa tofauti sekta hadi nyingine.

Hata hivyo, matokeo katika sekta ya viwanda yalisalia kuwa hafifu, ambapo ukuaji robo tatu za kwanza za mwaka 2024 ulikuwa asilimia 0.8 pekee. Hii ilitokana na kushuka kwa shughuli zinazohitaji umeme na usambazaji wa maji, na kupungua kwa shughuli katika sekta ndogo ya ujenzi. Hii ni kutokana na kupungua kwa miradi ya miundo mbinu ya umma.

Ripoti kamilifu toka kwa Mwenyekiti wa Kundi (Kuendelea)

Shughuli katika sekta ya utengenezaji bidhaa viwandani, ambayo ni karibu nusu ya uzalishaji katika sekta ya viwanda, zilikuwa za matumaini, hasa katika uzalishaji wa bidhaa za chakula.

Kutokana na hali hiyo katika uchumi wa nyumbani na kukazwa kwa sera ya kifedha, ukuaji katika mikopo kwenye sekta ya kibinafsi ulishuka kwa asilimia 1.4 mwaka huo ukilinganisha na ukuaji wa asilimia 13.9 mwaka 2023. Hususan, kushuka kwa ukuaji katika mikopo kulionekana zaidi katika sekta za uzalishaji bidhaa viwandani, fedha na bima, biashara na ujenzi.

Hata hivyo, kutokana na kulegezwa kwa sera ya kifedha kwa sasa, mikopo kwa sekta ya kibinafsi inatarajiwa kuanza kuimarika tena gharama ya mikopo inaposhuka.

Mfumko wa bei kwa jumla ulishuka na kusalia chini ya lengo ambalo ni asilimia 5.0 tangu Juni 2024, sana ikichangiwa na kushuka kwa gharama ya kawi na kupungua kwa bei za vyakula. Kiwango cha mfumko hasa kilishuka hadi asilimia 3.0 Desemba 2024 kutoka asilimia 6.6 Desemba 2023. Mfumko ulishuka kutokana na kuongezeka kwa upatikanaji wa vyakula kutokana na hali nzuri ya hewa. Pia, kiwango cha chini cha mfumko unaotokana na kawi kilichotokana na kuimarika kwa shilingi ya Kenya na kushuka kwa bei ya mafuta kimataifa. Na pia, kushuka kwa mfumko usiohusisha vyakula na usiohusisha kawi (NFNF) kulikotokana na matokeo ya kukazwa kwa sera ya kifedha awali.

Kutokana na uuzaji nje ya nchi wa bidhaa za kilimo, na pesa zilizotumwa kutoka nje ya nchi, soko la ubadilishanaji wa fedha za kigeni lilisalia imara 2024 licha ya kuongezeka kwa misukosuko kimataifa, kuimarika kwa Dola ya Marekani na mzozo wa Mashariki ya Kati. Shilingi ilikuwa hafifu mwanzoni mwa mwaka lakini iliimarika dhidi ya Dola kuanzia katikati mwa Februari 2024 na kutulia katika 129.4 kwa Dola mwishoni mwa 2024 kutoka 160.8 Januari.

Upande wa fedha za umma, haja ya kuongeza makusanyo ya ushuru, ambao umesalia katika asilimia 14.2 ya jumla ya pato ghafi la taifa (GDP), chini kutoka asilimia 18.2, ilikumbana na changamoto za kutokubalika kijamii na kisiasa.

Kwa ufadhili wa ndani ya nchi, Serikali iliendelea kukopa na kulipa mikopo mapema katika kipindi ambacho soko lilionekana kuwa na hamu ya kutarajia serikali kushindwa kulipa mikopo yake. Isitoshe, katika ufadhili kutoka nje, kupokelewa kwa ufadhili kutoka Shirika la Fedha Duniani (IMF) Novemba 2024 kuliongeza imani ya wawekezaji, na hivyo basi kufungulia hamu zaidi ya ununuzi wa hati za serikali.

Hata hivyo, ulainishaji wa fedha, ingawa unahitajika, huenda ukaathiri matarajio ya ukuaji katika kipindi cha wastani. Kukosa maelewano kuhusu hatua mpya za ushuru huenda nako kukachangia Serikali kushindwa kukusanya ushuru inaohitaji na hivyo kuchangia malimbikizi ya madai ya malipo ambayo hayajalipwa.

Mustakabali wa hali ya Uchumi 2025

Uchumi wa dunia unatarajiwa kukua kwa asilimia 3.3 mwaka 2025, ambayo si mabadiliko makubwa kutoka asilimia 3.2 mwaka 2024. Matarajio ni kuwa ukuaji huu utatokana na kuongezwa kwa makadirio ya ukuaji wa Uchumi wa Marekani jambo litakalofuta matokeo ya kushuka kwa ukuaji katika baadhi ya mataifa mengine yaliyoendelea.

Hata hivyo, bado kuna wasiwasi, hasa mivutano ya kibiashara kutokana na

Marekani kuongeza ushuru wa forodha. Kuna pia misukosuko ya kisiasa ambayo ni tishio mwaka 2025.

Muhimu zaidi, maamuzi ya sera ya benki kuu yataathiri matokeo katika sekta ya kifedha mwaka 2025. Hasa, hatua ya benki kuu katika mataifa mbalimbali kulegeza polepole sera za kifedha huenda ikaendelea kuweka juu gharama ya mataifa yanayoendelea kukopa. Mazingira ya kiuchumi ya ndani ya nchi pia yatabaki kuwa ya changamoto.

Hata ingawa Kenya inaonekana kutatua kwa kiwango fulani hatari ya mfumko wa bei na kuyumba kwa thamani ya sarafu na hatari za kifedha mwaka 2024, mwaka 2025 unaweza kuwa na mabadiliko. Hususan, taasisi nyingi za utafiti wa kifedha zimepunguza makadirio ya ukuaji wa uchumi hadi takriban asimilia 5. Pia, Hazina Kuu kwa sasa inakadiria ukuaji wa uchumi kuwa asilimia 5.3 kutoka makadirio ya awali ya asilimia 5.6. Makadirio yetu ya ndani ni kuwa uchumi utakua kwa takriban asilimia 4.8 mwaka huu.



**Tunatarajia
mtazamo huu
mwema kwenye
kilimo kuendeleza
ukuaji wa GDP hadi
5.3% mwaka 2024,
ukisaidiwa na
kuendelea kwa
ukakamavu kwenye
sekta ya huduma.**

Ripoti kamilifu toka kwa Mwenyekiti wa Kundi (Kuendelea)

Ukuaji wa Uchumi utategemea ufanisi katika kusisimua tena shughuli za kiuchumi kupitia sera ya kifedha, na serikali kulipa madai ambayo hayajalipwa kwa wakati, ambayo kwa sasa ni zaidi ya KES 700 bilioni. Pia, kuimarika kwa mtazamo wa kibiashara na kutatuliwa kwa changamoto katika sekta ya viwanda.

Katika mzunguko wa mikopo, tuna matumaini kwamba kupunguzwa kwa viwango vya riba kusisimua utoaji wa mikopo kwa sekta ya kibinafsi. Ukuaji huo wa mikopo hata hivyo bila shaka utategemea matukio mengine katika mazingira ya kiuchumi.

Tunaitarajia Kamati ya Sera ya Kifedha (MPC) kuendelea kupunguza kiwango chake ili kuchochea ukuaji wa uchumi kupitia mikopo.

Hadi mikopo ianze kuimarika, hatutarajii kuwe na mabadiliko makubwa katika hitaji la uagizaji wa bidhaa kutoka nje, na hivyo basi kutakuwepo shinikizo la chini kwa ubadilishanaji wa sarafu za kigeni katika nusu ya kwanza ya mwaka.

Mwisho kabisa, katika fedha za umma, Kenya inatarajiwa kuendelea kukopa kutoka ndani na nje ya nchi. Matokeo yake ni kuwa ufadhili wa bajeti unatarajiwa kuendelea kama ilivyopangwa, ambapo mikopo ya ndani ya nchi huenda ikalipwa mapema. Lakini licha ya hayo, kipimo cha uwezekano wa nchi kushindwa kulipa mikopo robo ya tatu ya mwaka huenda kikawa muhimu.

Kwa jumla, hitaji la bidhaa na huduma huenda likasalia chini 2025. Hili huenda likafaa mfumko wa bei na ubadilishanaji wa fedha za kigeni. Ikizingatiwa kuwa kulainishwa kwa fedha za umma huenda kukaendelea kupewa kipaumbele kisera, sekta ya kibinafsi inatarajiwa kutekeleza mchango mkuu zaidi katika kipindi cha wastani. Ukuaji utasaidiwa pia na kuimarika kwa uzalishaji katika kilimo kutokana na hali nzuri ya hewa na pia uthabiti katika sekta ya huduma.

Hitimisho

Bodi ina matumaini kuhusu 2025 na kama Kundi, tupo katika nafasi nzuri kutwaa na kutumia vyema fursa zilizopo katika masoko mbalimbali. Tuna mkakati mzuri utakaotuwzesha kutumia vyema mtaji na rasilimali kote katika kanda kuhakikisha mapato ya juu kutoka kwa uwekezaji wetu.

Kwa niaba ya Bodi, ningependa kueleza imani yangu katika usahihi wa malengo yetu ya kimkakati na nguvu, ujuzi, uzoefu na uwezo wa Bodi na kamati zake,

wakifanya kazi na timu nyingine zetu zote, kutekeleza mkakati huo. Kadhalika, nitambue na kuwashukuru wadau wetu wote katika kanda kwa ari na kujitolea kwao, ambavyo vimetuwzesha kuandikisha matokeo mazuri kama Kundi.

Wafanyakazi wetu ndio nguzo ambayo kupitia kwake tunatekeleza mkakati wetu na tutaendelea kuhakikisha tunatoa mazingira mazuri kwao kutuwzesha kuendelea na kasi yetu ya ukuaji.

Wateja wote wa Kundi ndio sababu ya kuwepo kwa biashara yetu. Tunaelewa kwamba wateja wetu wana kwingi kwa kuchagua na tunathamini sana imani yao katika Kundi la NCBA. Ninawahakikishia kwamba tunathamini sana uungaji mkono wao na tutaendelea kujizatiti kuhakikisha tunastahili heshima hiyo.

Tuna Bodi imara, yenye sifa mbalimbali na ujuzi na uzoefu, ambayo itaendelea kuongoza biashara yetu katika kutimiza na kuendelea malengo yetu ya kimkakati. Ningependa kuwashukuru nyote, wenyehisa, wenzangu katika Bodi, wafanyakazi, wasimamizi wa sekta yetu, wateja, na washirika kwa ushirikiano ambao tumekuwa nao uliotuwzesha kupata mafanikio tuliyoyapata mwaka huo.

J P M Ndegwa

Mwenyekiti wa Kundi

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Our Vision & Values



Inspiring Greatness Everyday

Welcome to the bank that says go for it, Welcome to the bank that banks on your ambition, Welcome to NCBA



Our Vision

To be the Financial Partner that
Inspires your Growth



Our Values



Driven by being:

- Decisive
- Passionate
- Bold



Open by being:

- Honest
- Transparent
- Inclusive



Responsive:

- Speed
- Simplicity & Innovation
- Focusing on our customers



Trusted:

- Teamwork
- Integrity
- Accountability

BOARD OF DIRECTORS



James P.M. Ndegwa
Group Chairman - Non-Executive

Year appointed to Board: 2003
Year appointed Chairman: 2005



Desterio A. Oyatsi
Deputy Group Chairman

Other NCBA Directorships and Responsibilities:
Chairman; Group Board Governance and Nominations Committee & Group Board Executive and Strategy Committee
Year appointed to Board: 2019



John M. Gachora
Group Managing Director & Chief Executive Officer

Other NCBA Directorships and Responsibilities:
ED of NCBA Bank Kenya PLC, NED of NCBA Insurance Company, NCBA Investment Bank Limited, NCBA Bancassurance Intermediary Limited, LOOP DFS Limited and NCBA Leasing LLP (Chairman)
Year appointed to Board: 2013



Hon. Abdirahin H. Abdi
Independent, Non-Executive

Other NCBA Directorships and Responsibilities:
Chairman - Group Board Audit and Risk Committee, NED of NCBA Bank Rwanda PLC, and NED of NCBA Bank Tanzania Limited
Year appointed to Board: 2019



Mariam M. H. Abdullahi
Independent, Non-Executive

Other NCBA Directorships and Responsibilities:
Chairman - Group Board Information and Communication Technology Committee
Year appointed to Board: 2024



David Abwoga
Executive

Other NCBA Directorships and Responsibilities:
Group Director Finance (ED), NED of NCBA Bancassurance Intermediary Limited, and NED of NCBA Leasing LLP
Year appointed to Board: 2018



John S. Armitage
Non-Executive

Other NCBA Directorships and Responsibilities:
NED of NCBA Bank Kenya PLC, and NED of LOOP DFS Limited
Year appointed to Board: 2019



Isaac O. Awuondo
Non-Executive

Other NCBA Directorships and Responsibilities:
Chairman (NED) of NCBA Bank Kenya PLC, NED of NCBA Insurance Company Limited, NED of LOOP DFS Limited, NED of LOOP DFS Ghana Limited and NED of Bridge Microfinance (Cote d'Ivoire)
Year appointed to Board: 2019
Year of Board Exit: 2024



Philip R. Lopokoiyit
Independent, Non-Executive

Other NCBA Directorships and Responsibilities:
INED of NCBA Investment Bank Limited, Chairman - Group Board Human Resources Committee, and NED of NCBA Bank Uganda Limited
Year appointed to Board: 2018



Andrew S. M. Ndegwa

Non-Executive

Other NCBA Directorships and Responsibilities:
NED of NCBA Bank Kenya PLC

Year appointed to Board: 1997



Esther N. Ngaine

Non-Executive

Other NCBA Directorships and Responsibilities:
INED of NCBA Bank Kenya PLC and Chairman, Bank Board Credit Committee, Chairman Bank Board Risk Management Committee and NED of NCBA Bank Tanzania Limited

Year appointed to Board: 2014

Group Company Secretary



Mukeshchandra K. R. Shah

Independent, Non-Executive

Other NCBA Directorships and Responsibilities:
INED of NCBA Bank Kenya PLC and Chairman, Bank Board Audit Committee

Year appointed to Board: 2019

Year of Board Exit: 2024



Kairo Thuo

Independent, Non-Executive

Other NCBA Directorships and Responsibilities:
Chairman (INED) of NCBA Investment Bank Limited

Year appointed to Board: 2024



Kathyne Maundu

Year appointed 2024

Notes:

- The abridged biographies of the Board are accessible through <https://ncbagroup.com/board/>
- The Group had changes to its composition, which were notified to the public on 30th July 2024 and 29th August 2024.
- The Group had a change in Company Secretary, which was notified to the public on 29th April 2024.
- None of the Directors held a similar position in more than three public listed companies during the course of the year.
- The Chairman did not hold any other similar position in public listed companies during the course of the year.
- INED means Independent Non-Executive Director; NED means Non-Executive Director; and ED means Executive Director. Board members' directorships in other entities external to the Group are reviewed by the Group Board Governance and Nominations Committee to determine whether the Directors are fully compliant with the regulatory requirements prescribed in the Code and applicable regulations. As at the date of this report, all Directors had complied with the regulatory requirements;

Directors' Independence



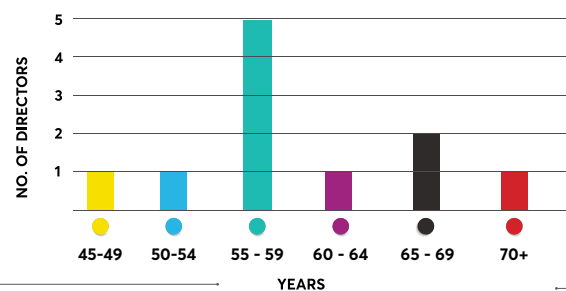
■ Non-Executive Directors
■ Independent Non-Executive Directors
■ Executive Directors

Directors' Length of Service



■ 0 - 4 years
■ 5 - 9 years
■ 10 - 14 years
■ 15+ years

Directors' Age Distribution



Notes:

- The information represented above relates to the Directors who were in office as at 31st December 2024.
- Length of service has been calculated from date of appointment up to 31st December 2024.
- Age has been calculated up to 31st December 2024.

SENIOR MANAGEMENT



DIRECTOR	DESIGNATION
1 John M. Gachora, MBS	Group Managing Director
2 David Abwoga	Group Director, Finance
3 Kathyne Maundu	Group Company Secretary
4 Monicah Kihia	Group Director, Human Resources & Culture
5 Louisa Wandabwa	Ag. Group Director, Regional Business & Director of Strategy
6 Lennox Mugambi	Group Director, Asset Finance and Business Solutions
7 Raphael Agung	Group Director, Global Markets
8 Tim Armitage	Group Director, Risk & Compliance



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DIRECTOR	DESIGNATION
9 Pauline Ndote	Group Director, Credit Risk Management
10 Eric Muriuki	Group Director, Digital Business
11 Tirus Mwithiga	Group Director, Corporate Banking & Investment Advisory
12 Mary Njenga	Chief of Staff
13 Dennis Njau	Ag. Group Director, Retail Banking
14 Isaac Owilla	Group Director, Technology & Operations
15 Nelly Wainaina	Group Director, Marketing, Communication & Citizenship

NCBA GROUP AWARDS



✓ International Finance Corporation

- SME Financier of the Year – Africa 2024

✓ Marketing World Awards

- Campaign of the Year - Twende Mbele
- Best Bank in Customer Experience
- Marketing Woman of the Year-Nelly Wainaina

✓ Financial Reporting (FiRe) Awards

- Overall winner
- Winner Banks category
- Winner Listed Banks category
- Winner Kenya Banks category

✓ Brand Finance

- 85th most valuable brand in Africa
- Top 10 Most Valuable Kenyan Brands

✓ BII Global – Africa Fintech Forum

- Most Influential Digital Banker

✓ Global Banking and Finance

- Global Banking & Finance Award

✓ Law Society of Kenya

- LSK President's Golf Tournament - Certificate

✓ Institute of Human Resource Management

- 5th Annual HR Awards - Best ESG Initiative of the Year

✓ Institute of Human Resource Management

- 5th Annual HR Awards - Runners Up TH Director of the Year-Monicah Kihia

✓ Abojani Investments

- 2024 Economic Empowerment Awards - Best Mergers & Acquisition Strategy

✓ CIO 100 Symposium Awards

- CIO Awards Goldmark Recognition

✓ mHub

- One of Two Companies in Rwanda awardees

✓ Marketing Society of Kenya

- Marketing Innovation Champions Chairperson's Award

✓ Mdundo Awards

- Best Performing Thematic Campaign

✓ Digital Media Awards

- Silver Social Good Campaign
(Hewa Safi Project - Change The Story & Sustainability)

✓ ICX

- First Runners Up - Best Customer Experience Strategy
- First Runners Up - Best Internal Customer Experience
- CX Warrior of the Year Award - Bilha Maina

✓ KBA

- 2nd place, Tier 1 Bank - Customer Satisfaction Survey release
- 2nd place, Overall winner

✓ Africa Bank 4.0 Awards 2024

- Best Bank in Customer Experience (East Africa)
- Best Bank In Corporate Compliance (East Africa)

✓ Customer Experience Africa Awards

- Finalist in the Innovation Awards Category

✓ VUKA Group

- Best Overall CX Solution

✓ KENCTAD

- Best Overall Banking Experience -Women

✓ KBA

- Sustainable Finance Awards

✓ Kenya Green Building Society

- Sustainable Finance Category

✓ International Centre for Strategic Alliances

- Excellence in Customer Experience at the Connected Banking Summit



OUR BUSINESS

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JOHN GACHORA
Group Managing Director

Message From The Group Managing Director

In 2024, our organisation achieved significant milestones by Driving Growth through a Diversified Business Model, Increased Brand Visibility and continued focus on Delivering Shared Value to our Customers and Shareholders

Dear Shareholders,

On behalf of the Board of Directors and the Group's Leadership team, I am pleased to present to you our performance for the financial year ended 31 December 2024.

The Group made significant strides, leveraging a universal, diversified business portfolio consisting of a wide-scale smart branch network, long-standing heritage as the Home of Asset Finance, a strong presence in Corporate Banking, fast growing regional and non-banking subsidiaries including NCBA Insurance and pioneering leadership in Digital innovation. With this complement, we navigated a challenging operating environment while ensuring the underlying trends of our P&L remained solid.

Financial Outcomes and Strategic Priorities

Our 2024 financial performance reflected the resilience of our business model, the steadfast partnerships with all our stakeholders and the efforts of our over 3,700 employees across the region.

The Group posted a profit after tax of KES 21.9 billion in our full year 2024 financial results which was a 2.0 per cent increase compared to KES 21.5 billion reported during a similar period in 2023.

The Kenya Bank business remained a key performance driver contributing 83 per cent of the Group's KES 25.1 billion profit before tax. Our focus on enhancing the contribution from subsidiaries has demonstrated success. The regional subsidiaries consisting of Uganda, Tanzania, and Rwanda delivered a combined profitability of KES 3.3 billion, 15 per cent up year on year, while the combined non-banking subsidiaries including the Investment Bank, Bancassurance, Leasing

Message From The Group Managing Director

and our newest subsidiary NCBA Insurance recorded a 5 per cent year on year growth contributing KES 1 billion to Group profitability.

We delivered a resilient ROAE of 21.7 per cent up from 5 per cent in 2020 and maintained strong capitalisation with a CAR of 21.2 per cent, well above the 14.5 per cent regulatory minimum. The Group continued to demonstrate strong fundamentals with a resilient asset base of KES 666 billion which is delivering stability in our earnings.

While our lending softened given mixed economic conditions and currency revaluations, we delivered a better-quality loan book compared to similarly sized peers and the industry at large with a non-performing loan (NPL) ratio of 11.2 per cent (industry at 16.4 per cent). This outcome reflected our disciplined credit underwriting, proactive portfolio monitoring, and strong customer engagement strategies. The Group remained adequately provisioned with impairment coverage at 60 per cent.

Our cost increase of 11 per cent was driven by targeted investments in digital transformation, network expansion and brand building which positioned us for long-term growth. We have consistently invested in building the NCBA brand through Always-on visibility, product campaigns and customer engagements which have increased our market consideration to 46 per cent and driven customer growth.

Strategic Imperatives

Through our smart network roll out, we enabled customers access to superior services, reaching 119 branches across the region with 10 new locations in Kenya, Rwanda and Uganda. Out of the 30 new branches opened in this

expansion cycle, 15 successfully reached break-even status, a significant improvement from 6 branches in 2023. Additionally, through the Kenya business agency banking partnership with Postbank, 476 agents and 96 branches country-wide were onboarded while the diaspora team scaled our global customer footprint in Australia, Middle East, and the USA.

We retained our Asset Finance leadership with a market share of 35 per cent driven by product innovation and scheme agreements with several partners including Isuzu, CFAO, Inchcape, Simba Corp and several others. During the year, gross lending in Asset Finance grew significantly, reaching KES 50 billion, with an impressively low cost of risk of 1.3 per cent. These achievements underscore our ability to balance market dominance with controlled risks, ensuring sustainable growth.

Our Corporate Banking deposit base of KES 210 billion was negatively impacted by foreign exchange rates and repricing while our gross loans of KES 178 billion softened due to the Kenya Shilling appreciation from 154 in December 2023 to approximately 129 in December 2024. Market dynamics notwithstanding, our dominant Corporate Banking position comprising top customers in Financial Services, Manufacturing, Trade and Telecommunication is expected to strengthen through enhanced solutions including our revamped internet banking platform.

Growth in utilisation of our digital channels remained a priority leading to a 35 per cent increase in mobile transactions, tailored financial solutions and continuous customer engagement initiatives. The NCBA Now mobile application utilisation increased to 148,000 customers up from 130,000 in 2023 and the value of transactions saw a sharp rise from KES 254 billion to KES 337 billion.

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KES 1T  **13%**
Digital Loans

KES 666B
Total Assets



Overall Winner
FiRe Awards

Message From The Group Managing Director (continued)

Our role in driving financial inclusion through telco partnerships for over 60 million customers across Africa saw us cross the KES 1 trillion mark on digital loan disbursements. By leveraging AI capabilities in credit scoring, we significantly improved our digital credit metrics and delivered strong profitability from our digital business up 74 per cent year on year across all our markets.

As we sought to support the growing business needs of our customers, our staff numbers increased by 7 per cent. We were recognised as an employer of choice, attracting top-tier talent and ensuring growth through structured learnings hours and leadership development. The Go Getter internship program onboarded over 80 young potential employees. Our gender balance of 51:49 (Male/Female), demonstrates our strong commitment to diversity. The employee training partnerships with Microsoft and Amazon Web Services are poised to accelerate our digital transformation efforts.

Sustainability

August 2024, marked the first anniversary of our sustainability platform **"Change The Story"**, anchored on five strategic pillars and a set of 15 bold commitments aimed at driving positive impact on our environment, communities and governance.

On our ambition to grow 10 million trees by 2030, we successfully planted over 450,000 trees, contributing to reforestation and long-term carbon offset efforts as part of our broader commitment to environmental sustainability. This was achieved through leveraging strategic partnerships including Karura Forest, Kenya Forest Service, Boreka Group, World Wide Fund Kenya and Baboon Project.

We committed to allocate KES 100 million annually for community transformation and engagement.

- In the year under review, we proudly awarded KES 12.9 million in education scholarships to support academically talented yet underprivileged students.
- This initiative was made possible through our partnerships with organisations such as the Dr. Choksey Albinism Foundation, Palmhouse Foundation, M-Pesa Foundation, Edumed Trust, SOS Children's Villages Kenya, Daraja Kenya, Kianda Foundation, KenSAP and WEDCO.

- Alongside community development partnerships with organisations such as Endeavour Kenya, Mama Doing Good, Business Engage, Women on Boards Network, Safe Homes Safe Spaces, Bird Song Africa, Ushiriki Wema Foundation and Ahadi Kenya Trust, we empowered over 6,000 women and youth through education, mentorship and business skills development.

Additionally, we recycled 73 per cent of waste in select offices, directed 20 per cent of the Group's general procurement towards women and youth and championed inclusive regional sports development through Golf and Cycling sponsorships which impacted 11,500+ participants.

Awards

The Group's commitment to customers garnered over 40 top honors including, Top 10 Most Valuable Kenyan Brands by Brand Finance, Best Bank in Customer Experience by African Bank Awards, SME Financier of the Year-Africa by the International Finance Corporation, 2nd runners up in Sustainable Finance by KBA, Best Mergers & Acquisition Strategy by Abojani Investments, Campaign of the Year- Twende Mbele by Marketing World Awards and Overall Winner of the Financial Reporting (FIRE) Awards.

Looking Ahead

We anticipate sustained, strong growth driven by enhanced profitability and greater value creation from our investments. To preserve a healthy loan book, we will strengthen credit risk controls, sharpen recovery strategies, and refine our lending approach. Our focus continues to be on operational efficiency, deepening customer relationships, and scaling through digital channels. In 2025, we will accelerate this momentum through five strategic priorities under the Mission Leadership initiative, centered on our core goal: embedding customer obsession at every level.

**Our Regional
businesses delivered
a combined profit of
KES 3.3 billion
representing 15%
of the Group PBT.**

Message From The Group Managing Director (continued)



Conclusion

I extend my gratitude to our customers, employees, partners, our board of directors and our shareholders for your continued support and trust in NCBA. Together, we will continue to build a stronger, more inclusive, and sustainable organisation that is poised for success in the years to come.

Together, Let's Go for It! Twende Mbele!

John Gachora
Group Managing Director

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JOHN GACHORA
Meneja Mkurugenzi wa Kundi

Ujumbe Kutoka Kwa Meneja Mkurugenzi wa Kundi

Mwaka 2024, shirika letu lilipiga hatua kubwa katika Kuongoza Ukuaji kupitia Muundo wa Biashara Tofauti tofauti, Kuitangaza Nembo na kuendelea kuangazia Kutoa Thamani kwa Wateja wetu na Wenye hisa wetu

Wenye hisa wapendwa,

Kwa niaba ya Bodi ya Wakurugenzi na kundi la Viongozi wa Kundi, ni furaha yangu kuwasilisha kwenu matokeo yetu ya kifedha ya mwaka uliokamilika 31 Desemba, 2024.

Kundi lilipiga hatua kubwa, kwa kutumia vyema muundo wetu wa biashara tofauti tofauti ambao unajumuisha mtandao pana wa matawi, historia yetu nzuri kama Bingwa wa Ufadhili wa Mali, na uwepo wetu mkubwa katika utoaji wa huduma za benki kwa Mashirika. Kadhalika ni kutokana na kampuni zetu tanzu zinazokua kwa kasi katika kanda ambazo hazihusiani na masuala ya benki ambazo ni pamoja na NCBA Insurance na uongozi katika uvumbuzi wa Dijitali. Kwa yote hayo, tulifanikiwa kupitia mazingira yenye changamoto huku tukihakikisha kwamba mtindo wetu wa kuandikisha matokeo mazuri ya kifedha uliendelea.

Matokeo ya Kifedha na Vipaumbele vya Kimkakati

Matokeo yetu ya 2024 yaliashiria ukakamavu wa muundo wetu wa biashara, na ushirika na ushirikiano ambao tumekuwa nao na wadau wetu na juhudi za zaidi ya wafanyakazi wetu 3500 kote katika kanda.

Kundi liliandikisha faida ya baada ya ushuru ya KES 21.9 bilioni katika mwaka 2024, ambayo ni ongezeko la asilimia 2.0 ukilinganisha na faida ya KES 21.5 bilioni tuliyoipata katika kipindi sawa na hicho mwaka 2023.

Biashara yetu ya Benki Kenya ilisalia kuwa kiungo kikuu katika matokeo yetu ambapo ilichangia asilimia 83 ya faida ya Kundi ya KES 25.1 bilioni kabla ya ushuru. Uangazaji wetu katika kuimarisha mchango wa kampuni zetu tanzu umeonyesha mafanikio. Kampuni tanzu katika kanda ambazo zinapatikana Uganda, Tanzania, na Rwanda kwa pamoja zilileta faida ya KES 3.3 bilioni, ambalo ni

Ujumbe Kutoka Kwa Meneja Mkurugenzi wa Kundi (Kuendelea)

ongezeko la asilimia 15 mwaka baada ya mwaka; kampuni tanzu zisizo za masuala ya benki zikijumuisha Benki ya Uwekezaji, Bima ya Kupitia Benki, Ukodishaji na kampuni tanzu yetu mpya zaidi ya NCBA Insurance kwa pamoja ziliandikisha ukuaji mkubwa wa asilimia 5 mwaka baada ya mwaka, na kuchangia KES 1 bilioni kwenye faida ya Kampuni.

Tuliandikisha Mapato ya Wastani wa Mtaji (ROAE) ya asilimia 21.7, ukilinganisha na asilimia 5 mwaka 2020 na kiwango chetu cha mtaji kilisalia imara ambapo kipimo chetu cha Utoshaji wa Mtaji (CAR) kilikuwa asilimia 21.2 ambapo ni cha juu ukilinganisha na kipimo cha chini kinachohitajika kisheria cha asilimia 14.5. Kundi liliendelea kuonyesha uthabiti katika viashiria muhimu, ambapo mali yake ni KES 666 bilioni jambo linalohakikisha uthabiti katika matokeo yetu.

Ingawa ukopeshaji wetu ulishuka kidogo kutokana na mazingira ya kiuchumi na kubadilika thamani kwa sarafu, tulihakikisha tuna mikopo ya kiwango bora ukilinganisha na wahusika wengine wa ukubwa sawa na wetu katika sekta hii. Kipimo chetu cha Mikopo Isiyolipwa kilikuwa asilimia 11.2, (kipimo cha wastani cha kanda ni asilimia 16.4). Matokeo hayo yanadhihirisha nidhamu yetu katika utoaji wa mikopo, ambapo gharama ya kiwango cha mikopo isiyotarajiwa kulipwa ilishuka asilimia 40, pamoja na ufuatiliaji mzuri wa mikopo, na mkakati thabiti wa kuhusiana na wateja. Kundi limo katika nafasi nzuri katika pesa zilizotengewa mikopo isiyolipwa, ambapo matarajio ya mikopo isiyolipwa yanafikia asilimia 60.

Ongozeko letu la gharama la asilimia 11 lilitokana na uwekezaji wa busara katika mabadiliko ya kidijitali, upanuzi wa mtandao wetu na uboreshaji wa uendeshaji shughuji, mambo ambayo yanatuweka katika hali nzuri ya kufikia ukuaji wa kipindi kirefu. Tumeendelea kuwekeza katika kujenga nembo ya NCBA kupitia Kuonekana kila Wakati, Kampeni za kutangaza Bidhaa na Kukutana na Wateja.

Mambo haya yameongeza kiwango cha wateja wanaozingatia biashara yetu hadi asilimia 46, na kuchangia ukuaji wa wateja.

Vipaumbele vya Kimkakati

Kupitia uzinduzi wetu wa mtandao wa kisasa na kiteknolojia, tumewawezesha wateja kufikia huduma za hali ya juu. Mtandao huo umefikia matawi 119 kote katika kanda, ambapo ulifikia matawi mengine 10 mapya Kenya, Rwanda na Uganda. Kutokana na juhudi hizo za upanuzi, matawi 15 kati ya 30 yamefikia kiwango cha kuanza kuandikisha faida, ambayo ni mafanikio makubwa kutoka kwa matawi 6 mwaka 2023. Kadhalika, kupitia ushirikiano na Postbank wa utoaji wa huduma za benki kupitia mawakala, maajenti 476 na matawi 96 kote nchini yalianza kutoa huduma zetu. Kundi letu la kuhudumia walio nje ya nchi nalo lilianza utoaji huduma Australia, Mashariki ya Kati na Marekani.

Tulidumisha nafasi yetu kama kiongozi katika ufadhili wa mali, sehemu yetu ya soko tunayodhibiti ikiwa asilimia 35. Hii ni kutokana na uvumbuzi katika bidhaa na huduma na pia mipango ya makubaliano na washirika kadha wakiwemo Isuzu, CFAO, Inchcape, Simba Corp, Sarrai Group na Sanlam Life. Katika mwaka huo, jumla ghafi ya ukopeshaji katika Ufadhili wa Mali ilikua pakubwa na kufikia KES 50 bilioni, kiwango cha gharama ya hatari kikiwa chini katika asilimia 1.3. Mafanikio hayo ni dhihirisho la uwezo wetu wa kusawazisha ukubwa wetu sokoni na udhibiti wa hatari ili kuhakikisha ukuaji endelevu.

Amana yetu ya KES 210 bilioni kutokana na utoaji huduma za benki kwa mashirika iliathiriwa na viwango vya ubadilishaji wa sarafu za kigeni na mabadiliko ya thamani. Mikopo yetu ghafi ya KES 178 bilioni nayo ilipungua thamani kutokana na kupanda thamani kwa shilingi ya Kenya kutoka kubadilishwa 154 kwa dola moja ya Marekani Desemba 2023 hadi 129 Desemba 2024. Licha ya

Who We Are

Our Business

ESG, Climate Risk &
Sustainable Finance

Our Financials

Other Information

KES 1T ▲ 13%
Mikopo ya kidigitali

KES 666B
Jumla ya Mali


**Mshindi wa Jumla
FiRe Awards**

Ujumbe Kutoka Kwa Meneja Mkurugenzi wa Kundi (Kuendelea)

misukosuko sokoni, uongozi wetu katika kutoa huduma za benki kwa mashirika, ambapo tulikuwa na wateja 10 wakuu katika huduma za kifedha, viwanda, biashara na teknolojia na mawasiliano unatarajiwa kuimarika zaidi kutokana na uboreshaji wa huduma zetu pamoja na kuimarishwa kwa mfumo wetu wa utoaji huduma za benki mtandaoni.

Tuliendelea kupatia kipaumbele dijitali mwaka huo ikiwa ni pamoja na mabadiliko. Hii ilichangia ongezeko la asilimia 35 katika miamala ya kutumia simu za mkononi na pia mikakati ya kuhusiana na mteja kwa njia endelevu. Hii iliboresha utoaji huduma wetu kwa kutumia vyema ushirikiano wetu na wadau wengine na pia teknolojia. Wateja wanaotumia programu tumishi ya NCBA Now kwenye simu zao waliongezeka hadi wateja 148,000 kutoka wateja 130,000 mwaka 2023 na thamani ya miamala ilishuhudia ongezeko kubwa kutoka KES 254 bilioni hadi KES 337 bilioni.

Wajibu wetu katika kufikisha huduma za kifedha kwa wote kupitia ushirikiano na kampuni za teknolojia na mawasiliano kuwafikia wateja zaidi ya 60 milioni kote Afrika uliwezesha thamani ya mikopo tuliyoitoa kwa njia ya dijitali kuvuka KES 1 trilioni. Kwa kutumia uwezo wa akili mnemba (AI) katika kukadiria uwezo wa watu kulipa mikopo, tuliboresha vipimo vyetu kuhusu mikopo na kuongeza faida kutoka kwa biashara yetu ya dijitali, kwa kukua asilimia 74 mwaka baada ya mwaka katika masoko yote.

Tulipojizatiti kusaidia mahitaji ya biashara yanayoendelea kukua, idadi yetu ya wafanyakazi iliongezeka kwa asilimia 7 licha ya mazingira magumu ya kiuchumi. Tilitambuliwa kama mwajiri anayependwa, ambapo tulivutia wafanyakazi wenye ujuzi na uwezo wa hali ya juu na kuhakikisha ukuaji kupitia mafunzo yaliyoratibiwa na ustawishaji wa uongozi. Mpango wetu wa wakurufunzi wa Go Getter uliwapokea vijana +80 waajiriwa watarajiwa na usawa wetu wa jinsia wa 51:49 (Wanaume/Wanawake), uliashiria kujitolea kwetu kwa dhati kuhakikisha tunaajiri watu wa jinsia, asili na sifa mbalimbali. Ushirikiano wetu na Microsoft na Amazon Web Services wa kutoa mafunzo kwa wafanyakazi wetu nao utaongeza kasi ya juhudi zetu za mabadiliko ya kidijitali.

Uendeleu

Agosti 2024, tuliadhimisha mwaka wetu wa kwanza wa mpango wetu wa uendeleu kwa jina "Badilisha Stori", ambao una nguzo tano kuu za kimkakati na ahadi 15 kuu zenye lengo la kuwa na matokeo ya kufaa kwenye mazingira, jamii na utawala.

Kuhusu azma yetu ya kustawisha miti 10 milioni kufikia mwaka 2030, tulifanikiwa kupanda miti zaidi ya 426,678, kusaidia utunzaji wa misitu na juhudi za lengo la kipindi kirefu la kupunguza utoaji wa gesi ya kaboni kama sehemu ya ahadi yetu pana kwa mazingira endelevu. Hili lilitimizwa kupitia kutumia vyema ushirikiano wa kimkakati na washirika wengine kama vile Karura Forest, Kenya Forest Service, Boreka Group, World Wide Fund Kenya na Baboon Project.

Tuliahidi kutenga KES 100 milioni kila mwaka kwa mabadiliko ya kijamii na kuhusisha jamii.

- Katika mwaka tunaouangazia, tulitoa ufadhili wa masomo wa jumla ya KES 12.9 milioni kuwasaidia kimasomo wanafunzi wenye vipaji wasiokuwa na uwezo wa kifedha. Mpango huo ulifanikishwa kupitia ushirikiano

na wadau kama vile Dr. Choksey Albinism Foundation, Wakfu wa Palmhouse, Wakfu wa M-Pesa, Edumed Trust, SOS Children's Villages Kenya, Daraja Kenya, Wakfu wa Kianda, KenSAP na WEDCO.

- Kupitia ushirikiano wa maendeleo katika jamii kwa pamoja na mashirika kama vile Endeavour Kenya, Mama Doing Good, Business Engage, Women on Boards Network, Safe Homes Safe Spaces, Bird Song Africa, Wakfu wa Ushiriki Wema na Ahadi Kenya Trust, tuliwezesha wanawake na vijana zaidi ya 6,000 kupitia elimu, ulezi na mafunzo ya ujuzi wa kibiashara.

Ushirikiano wa Kundi na Proparco mwezi Machi 2024 ulikuwa hatua kuu katika ahadi yetu ya kufanikisha ufadhili wa miradi ya kuhifadhi mazingira, yaani Green Financing. Kupitia mfuko wa USD 50 milioni, sasa tunaweza kuwa na mafao zaidi kwenye uchumi, kufadhili Biashara Ndogo na za Wastani na zile zinazoongozwa na

Ujumbe Kutoka Kwa Meneja Mkurugenzi wa Kundi (Kuendelea)

Wanawake huku tukitunza na kulinda mazingira. Aidha, tumejenga vituo 6 vya kuchaji magari yanayotumia umeme (EV) Kenya, Rwanda na Uganda katika juhudi za kuchochea watu kukumbatia magari yanayotumia umeme na kutumia mfuko wetu wa EV wa KES 2 bilioni.

Kadhalika, tulirejeleza asilimia 73 ya taka katika baadhi ya afisi, na tukatengea asilimia 20 ya usambazaji wa bidhaa na huduma kwa Kundi kwa wanawake na vijana. Pia, tulichangia ustawishaji wa michezo inayojumuisha wote katika kanda kupitia kudhamini mashindano ya Gofu na mbio za Baiskeli ambayo yaliwafaidi washiriki zaidi ya 11,500.

Tuzo

Kujitolea kwa Kundi katika wateja kulilishindia Kundi zaidi ya tuzo 40, zikiwemo Tuzo ya Nembo 10 za Kenya za Thamani Zaidi inayoandaliwa na Brand Finance, Benki Bora katika Kuwahudumia Wateja ya African Bank Awards, Mfadhili Bora zaidi wa Mwaka wa SME – Afrika ya Shirika la Fedha la Kimataifa (IFC), mshindi wa tatu katika Uendeleu katika Fedha la KBA, Mkakati Bora wa Ununuzi na Uunganishaji wa Kampuni ya Abojani Investments, Kampeni ya Mwaka- Twende Mbele ya Marketing World Awards na Mshindi wa Jumla katika Tuzo za Ripoti za Kifedha (FIRE).

Kutazama Mbele

Tunatarajia kuendelea na mtindo tulio nao wa ukuaji thabiti pamoja na kujenga thamani kwa wenye hisa wetu, kuongeza faida na kuongeza thamani kutoka kwa uwekezaji wetu.

Ili kudumisha mikopo iliyo katika hali nzuri, tutaendelea kukaza usimamizi wetu wa hatari ya mikopo, kuongeza juhudi za kufuatilia mikopo isiyolipwa na pia kuboresha mikakati yetu ya utoaji mikopo. Tutaendelea kuangazia uimarishaji wa utoaji wa huduma zetu, kukoleza uhusiano wetu na wateja na kutumia njia na majukwaa ya kidijitali kuhakikisha ukuaji endelevu. Kwa mwaka 2025, tumetambua maeneo matano makuu ya ukuaji chini ya mpango wetu wa Uongozi wa Malengo ili kuongoza lengo letu kuu la kuweka mteja katika kila jambo.

Hitimisho

Natoa shukrani zangu kwa wateja, wafanyakazi na washirika wetu kwa uungaji mkono wao na imani ambayo wameendelea kuwa nayo katika NCBA. Kwa pamoja, tutaendelea kuunda shirika thabiti zaidi, lenye kushirikisha wote, na endelevu na lililo katika nafasi ya kufanikiwa kwa miaka mingi ijayo.

Pamoja, twende tutimize! Twende Mbele!

John Gachora

Meneja Mkurugenzi wa Kundi



Kukoleza utamaduni wa kuangazia mteja

Lengo la Mabadiliko

Vipaumbele vyetu vya kimkakati 2025

Kukuza utamaduni wa kumfikiria mteja katika kila jambo

Kufungamanisha Dijitali katika biashara

Kuwa mshirika mkuu kwa SME na wateja wa rejareja

Kutwaa tena uongozi kwa Mashirika kupitia mapato

Kukoleza utamaduni wa utekelezaji wa kila kitu kwa ubora



DAVID ABWOGA
Group Director, Finance

Reflections From The Group Director Finance

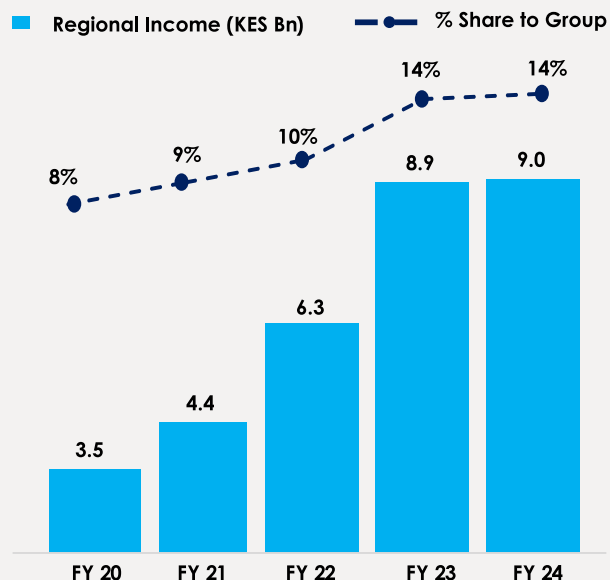
Summary of financial performance

The Group delivered a strong performance in 2024, achieving a profit before tax of KES 25.1 billion and a robust 21.7% return on average equity. Business diversification played a pivotal role in delivering the 2024 results, with the Kenyan banking business contributing 83% (KES 20.8 billion) of the Group's profit before tax, complemented by a record KES 4.3 billion contribution from both the regional banking and non-banking subsidiaries. Overall, the Group's stable earnings were underpinned by a strong KES 666 billion asset base, with the Kenyan banking business contributing 88% (KES 589 billion) of total assets.

Operating income of KES 62 billion remained relatively stable year-on-year reflecting resilient profit and loss trends. The Group's strategic focus on enhancing subsidiary contributions yielded success, with 18.6% of the top line derived from non-Kenyan banking operations.

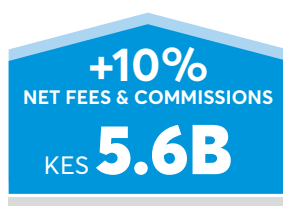
Group Revenue Diversification

	Revenue Y-o-YΔ	% Contribution
 NCBAK	KES 50.5Bn (3%)	81.4%
 NCBAU	KES 3.4Bn 7%	5.5%
 NCBAT	KES 2.8Bn (3%)	4.5%
 NCBAR	KES 2.7Bn 1%	4.4%
Non-Bank Subsidiaries	KES 2.6Bn 25%	4.2%
Group	KES 62.0Bn	



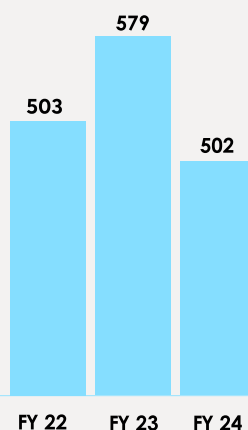
Over the 2020 - 2024 strategic cycle, the regional business performance has followed a sustainable growth trajectory, establishing a strong foundation as a future growth engine.

- Net interest income** remained stable year-on-year at KES 47 billion. Interest income growth driven by increased loan disbursements was offset by higher funding costs primarily attributed to elevated global and local interest rates.
- In response to the high interest rate environment, we actively managed our deposit base, resulting in a 13% year-on-year customer deposits decline to KES 502 billion. Despite this reduction, we optimized our funding structure, increasing the proportion of CASA (current and savings account) deposit base by 300 basis points year-on-year and reducing our term deposits by an equivalent margin.



Resilient Balance Sheet (KES Bn)

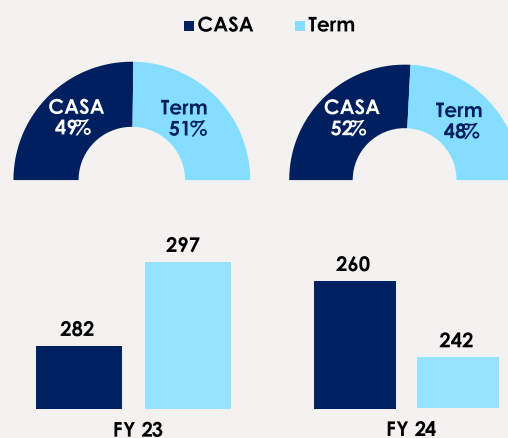
Customer Deposits



Gross Loans



Funding Base Reorientation



- Interest-earning assets, primarily customer loans and government securities, declined 11% year-on-year to KES 570 billion from KES 644 billion in 2023. Net customer loans were 12% lower following the local currency's appreciation against the US dollar and government securities maturities were deployed to meet funding requirements amid the customer deposits reduction.

Reflections From The Group Director Finance (Continued)

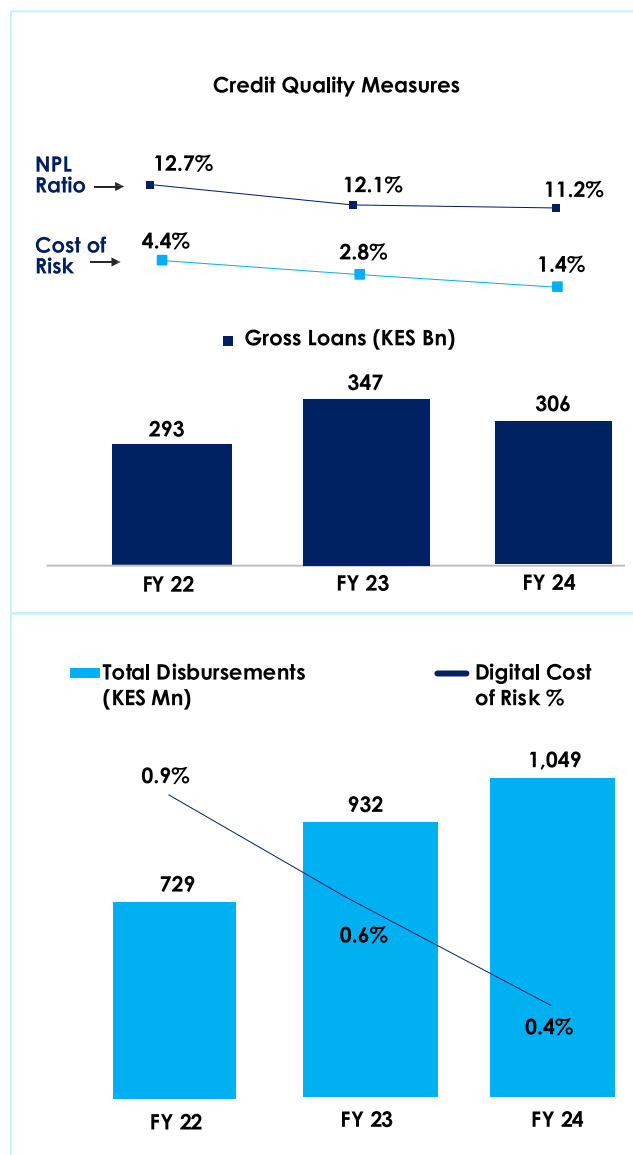
- **Non-Interest income** remained stable at KES 14 billion. Net fees and commissions grew 10% to KES 5.6 billion, driven by higher transactional volumes and a 13% increase in digital lending disbursements, surpassing KES 1 trillion. NCBA-IG contributed KES 150 million in net insurance fees, post the 1 July 2024 acquisition. Foreign exchange income was 25% lower year-on-year due to reduced transactional volumes and thinning margins attributed to currency stability.
- **Operating expenses** were 11% higher year-on-year, on account of strategic investments in digital transformation, network expansion, and operational efficiency as we continue to position the Group for long-term growth. The cost-to-income ratio settled at 51%, within our target range.
- **Credit impairment** of KES 5 billion in 2024 was 32% lower year-on-year, with the cost of risk reducing by 140 basis points to 1.4% on account of improved asset quality. Our credit outcomes continue to show improvement in loan quality albeit on the back of softness in lending year-on-year; the Group maintained strong provisioning with 60% coverage ratio and our non-performing loan ratio outperformed the industry closing at 11.2% (industry: 16.4%), reflecting our solid credit management principles and robust customer engagements.

By leveraging AI capabilities in credit scoring, we have significantly improved our digital credit metrics and delivering strong PBT outcomes. This advancement positions us to achieve scalable growth in the future.

Earnings per share held constant year-on-year at KES 13 on account of the stable profitability.

Liquidity

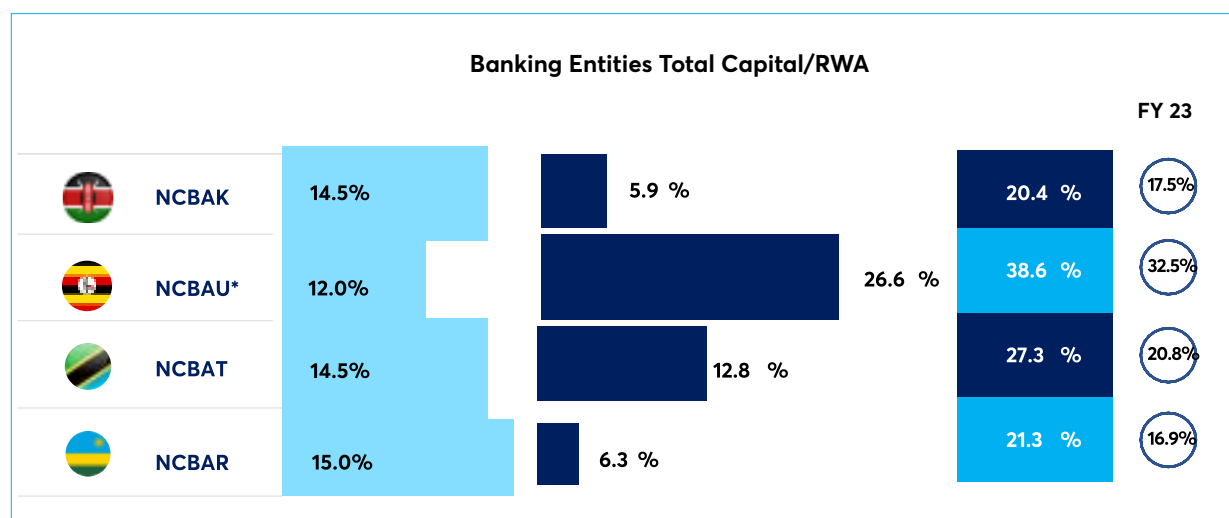
The Group maintained adequate liquidity levels throughout the year, closing 2024 with a 54% liquidity ratio (2023; 53%) indicating effective liquidity risk management and a resilient, diversified funding base.



Capital

The Group's efforts on reorienting the balance sheet to protect its bottom line are enabling us remain well-capitalized across our core markets and providing ample room to invest for growth. NCBA Bank Kenya total capital grew by 8% to KES 89.1 billion, and the total capital ratio increased by 283 basis points to 20.4%, exceeding the statutory minimum of 14.5% by 590 basis points.

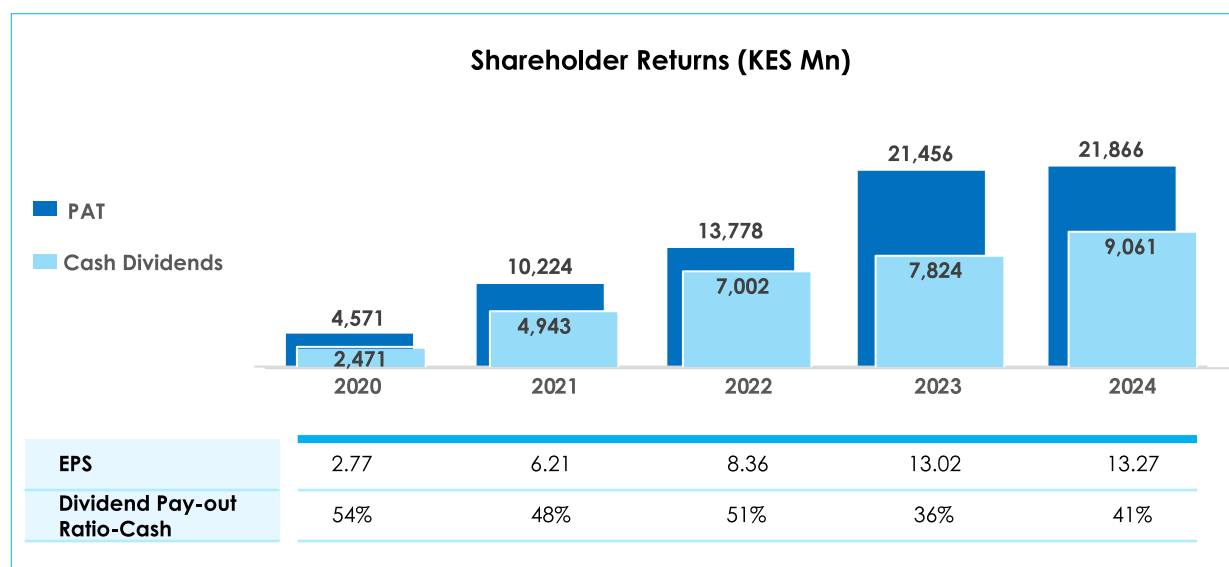
Reflections From The Group Director Finance (Continued)



Dividends

In August 2024, the Board approved payment of an interim dividend of KES 2.25 per share, paid in September 2024. In the 2024 annual general meeting, the Board will recommend to the shareholders a final dividend of KES 3.25 per share, bringing the total dividend for the year to KES 5.50 per share. This equates to KES 9.06 billion, a 41% payout ratio and a 16% increase from 2023.

Over the current strategic cycle, the Group has returned KES 31 billion (44% of profit after tax) to shareholders, driven by consistent earnings growth. EPS has risen steadily, reaching KES 13.27 in 2024 from KES 2.77 in 2020, underscoring the Group's commitment to delivering strong shareholder value.



Reflections From The Group Director Finance (Continued)

Five-year summary

	Change %	2024	2023	2022	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Consolidated Income Statement						
Operating Income	1%	61,990,341	61,577,155	59,874,166	47,645,448	45,765,979
Operating expenses	11%	(31,889,883)	(28,695,723)	(25,120,097)	(21,489,230)	(20,847,567)
Impairment losses	(32%)	(5,046,435)	(7,441,230)	(12,465,742)	(11,210,713)	(20,094,371)
Share of associates profit	109%	87,025	41,704	203,200	89,485	157,880
Profit before income tax	(1%)	25,141,048	25,481,906	22,491,527	15,034,990	4,981,921
Income tax expense	(19%)	(3,275,281)	(4,025,273)	(8,713,501)	(4,811,346)	(411,054)
Profit for the year	2%	21,865,767	21,456,633	13,778,026	10,223,644	4,570,867

Consolidated Statement of Financial Position

Net loans and advances to customers	(11%)	293,932,350	330,214,425	276,033,184	240,337,678	247,506,956
Government securities	(9%)	207,516,292	228,860,973	222,450,660	209,450,847	158,182,019
Other assets	(6%)	164,495,122	175,546,010	121,177,800	141,299,512	122,179,406
Total assets	(9%)	665,943,764	734,621,408	619,661,644	591,088,037	527,868,381
Customer deposits	(13%)	502,016,494	579,401,918	502,675,954	469,890,084	421,504,454
Borrowings	59%	10,172,225	6,411,971	4,206,965	6,096,755	13,319,474
Other liabilities	(16%)	44,040,297	52,144,341	30,357,034	37,114,169	20,496,156
Total liabilities	(13%)	556,229,016	637,958,230	537,239,953	513,101,008	455,320,084
Shareholders' funds	14%	109,714,748	96,663,178	82,421,691	77,987,029	72,548,297
Total liabilities and shareholders' funds	(9%)	665,943,764	734,621,408	619,661,644	591,088,037	527,868,381

Ratios

Return on average assets	3.2%	3.2%	2.3%	1.8%	0.9%
Earnings per share	13.27	13.02	8.36	6.21	2.82
Dividends per share	5.50	4.75	4.25	3.00	1.50

Guidance

We expect continuous strong underlying growth trajectory across the following performance metrics;

- **Return on Equity** is targeted to be above 22% creating value for shareholders while reinvesting internal capital to drive growth.
- **Non-Performing Loans** ratio is targeted to be below 12%, enabling increased capital allocation for new underwriting and enhanced profitability.
- **Cost-to-Income ratio** is targeted to be below 50% to ensure efficiency, maximizing returns from strategic investments while managing inflationary pressures.
- **Capital Adequacy** is projected to remain 300 basis points above regulatory limits, ensuring robust capitalization for asset growth across core markets.
- **Core Bank Cost of Risk** is targeted to be between 1.5% and 2.0%, reflecting strong credit onboarding and proactive loan portfolio management.

David Abwoga

Group Director Finance

15 SECONDS
VEHICLE LOAN APPROVAL



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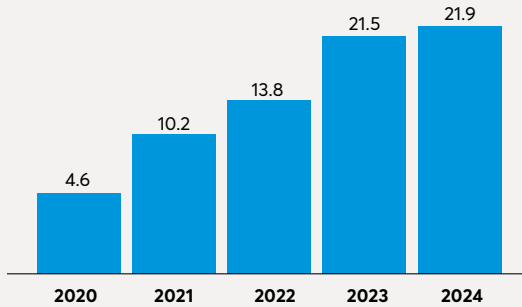
ncbagroup.com

Go for it

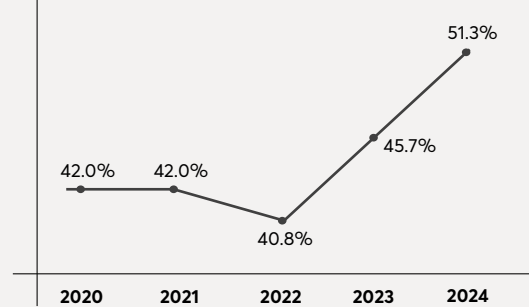
STRATEGIC FOCUS

Five years ago, we embarked on a bold strategy to elevate the success of NCBA Group. Through targeted strategic interventions, we have made substantial progress in establishing a significantly larger and more relevant organisation.

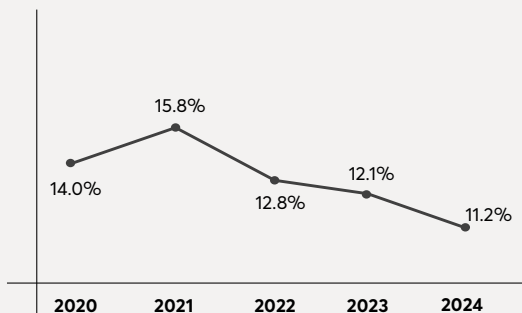
Profit After Tax (KES. B)



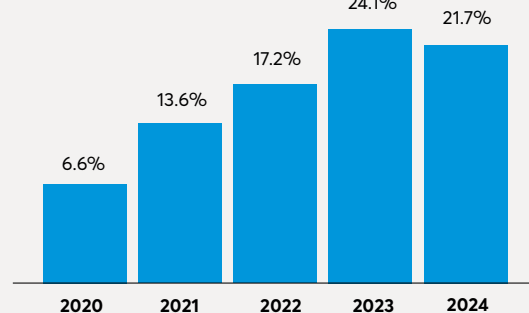
Cost to Income Ratio



Non-Performing Loans Ratio



Return on Equity



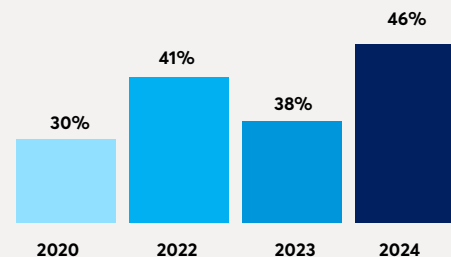
Become a Distinguished Brand Known for Customer Experience

In 2024, our brand consideration and power have seen significant growth, demonstrating the increasing trust customers place in us. This is a direct result of our relentless focus on customer experience and our strategic branding initiatives, which have reinforced our presence in the market and driven lasting relationships with our customers.

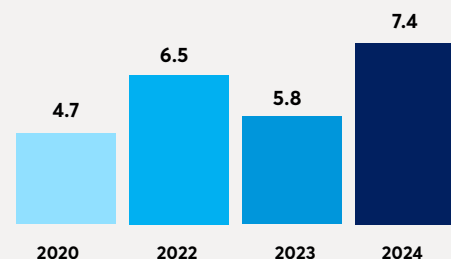
Key Investments Made



Brand Consideration*



Brand Power Index*



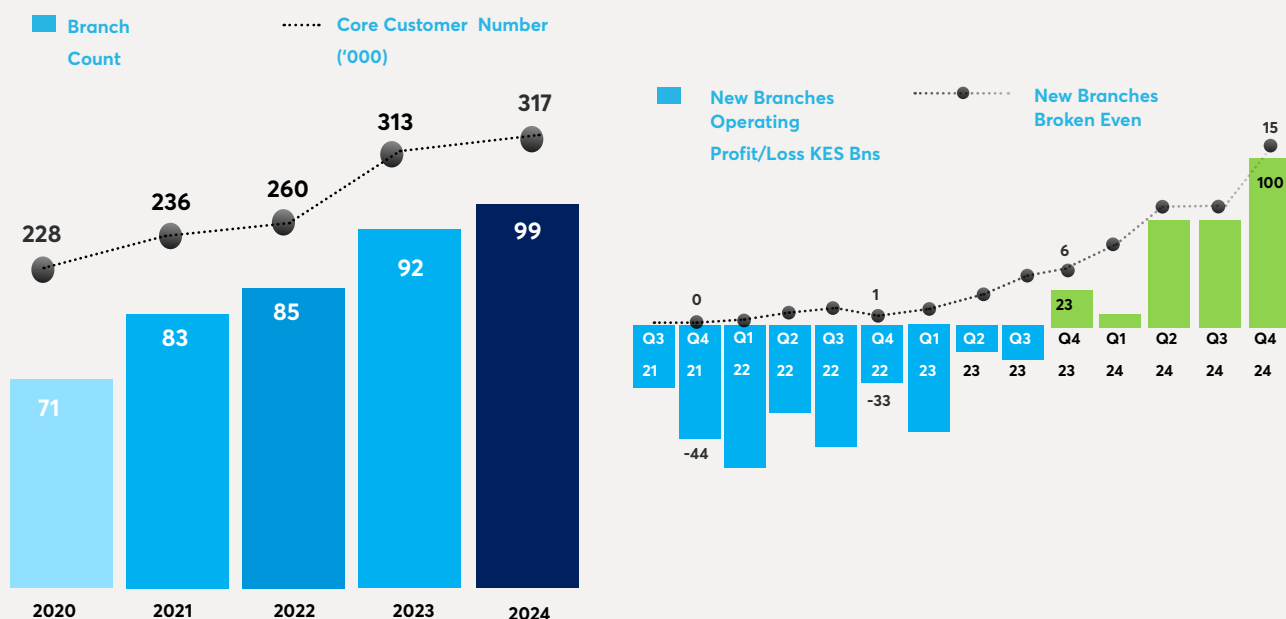
Source: Kantar Brand Health Report November 2024

*Brand Consideration assesses the likelihood of consumers choosing a brand, measured through survey responses analyzing awareness, preference, and purchase intent to evaluate the brand's market position.

+Brand Power Index evaluates the strength and market influence of a brand, calculated based on survey responses, which are averaged across 3 key metrics meaningful, differentiation, and salience.

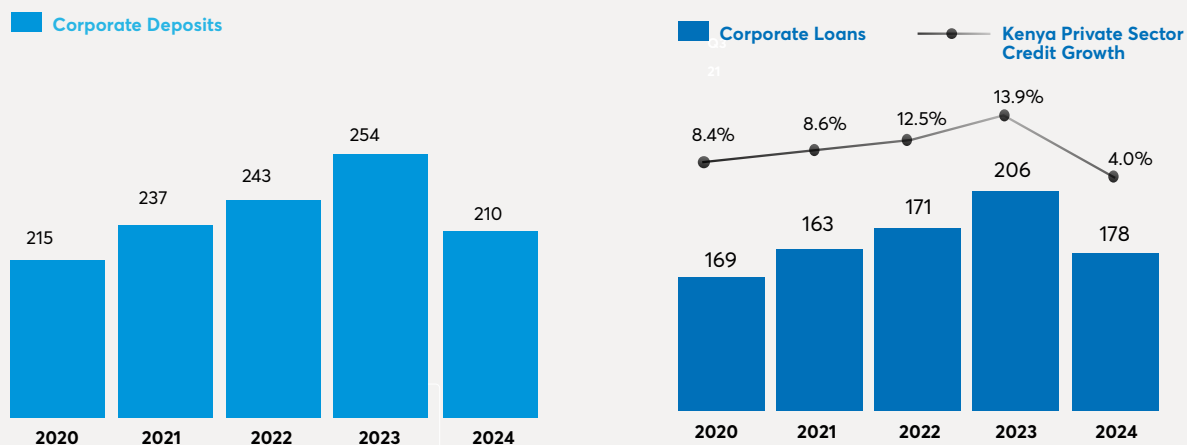
Scale Retail Banking

Our retail banking business has made tremendous strides, with the expansion of our branch network and a consistent increase in our customer base. 15 out of 30 newly opened branches have broken-even, and profitability continues to improve. These milestones reflect our ability to execute on our growth strategy and lay a solid foundation for sustained success



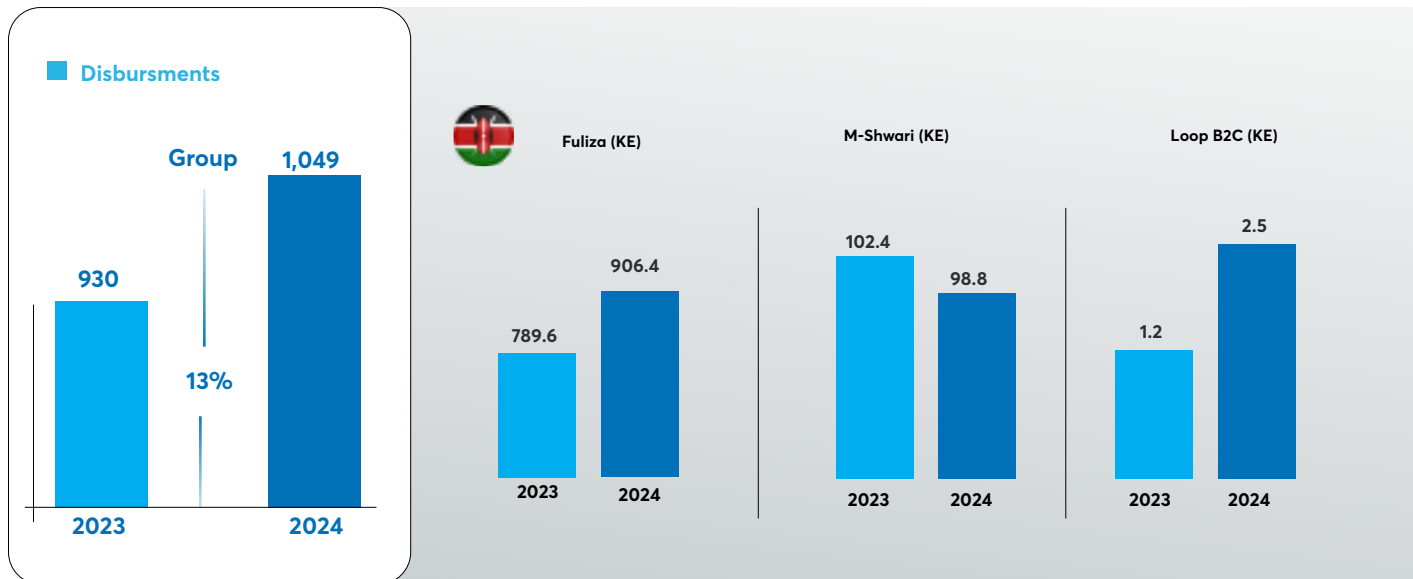
Deepen Leadership in Corporate Banking

NCBA has continued to strengthen its leadership position in corporate banking by delivering tailored solutions that meet the evolving needs of businesses. Our strategic approach ensures that we remain the preferred banking partner for companies seeking innovative, reliable, and value-driven financial services.



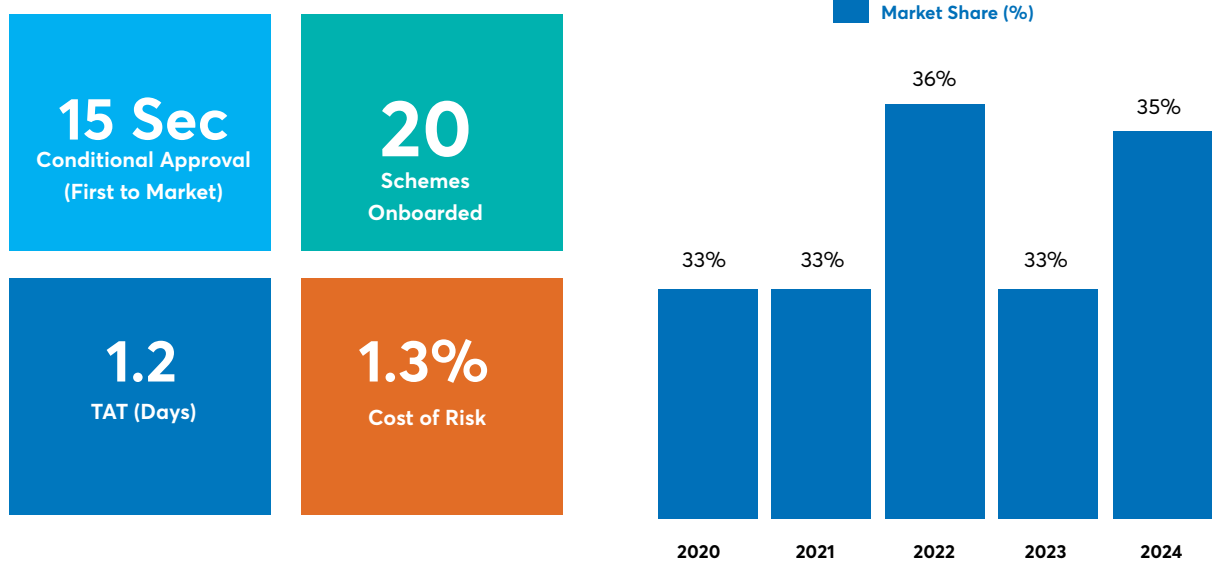
Digital Transformation

In 2024, NCBA disbursed KES 1 trillion in digital loans, reflecting a 13% year-on-year increase. This growth underscores our unwavering commitment to digital innovation and advancing financial inclusion, providing our Sub-Saharan Africa customer base with seamless and accessible financial solutions



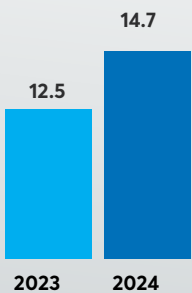
Deepen Leadership in Asset Finance

Our commitment to asset finance has resulted in a steady increase in market share, reaching an impressive 35 per cent in 2024. Alongside this growth, we have expanded our lending portfolio while successfully lowering our cost of risk. This achievement highlights our disciplined credit management practices and further solidifying our leadership in this segment.

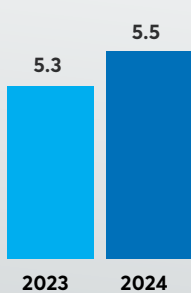




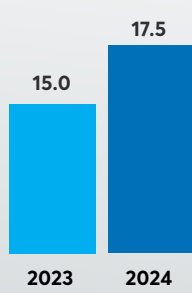
MoKash (UG)



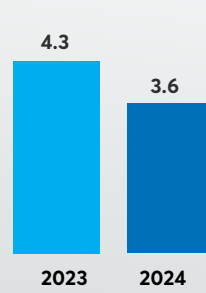
M-Pawa (TZ)



MoKash (RW)

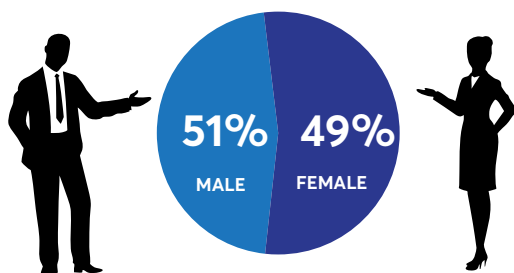


MoMo (IC)

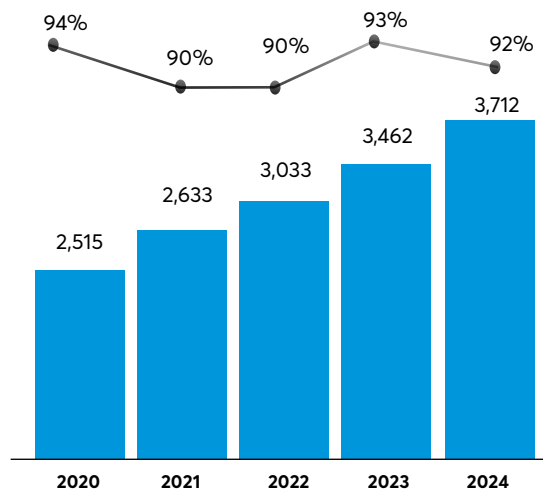


Develop a High-Performance Employee Culture

Our employees are the cornerstone of our strategy, and we recognise them as our greatest asset in driving success. The workforce remains diverse, with a near equal gender split, reflecting our commitment to inclusivity.



■ Head count —●— Staff Retention



THEMES AFFECTING OUR BUSINESS



Economic Uncertainty and Cost of Living Crisis.

In 2024, the global economy remained broadly stable despite persistent inflation, geopolitical tensions, and regional disparities. While inflation stayed above target in many economies, it trended downward, enabling a gradual shift toward lower interest rates. In Kenya, early-year challenges—marked by inflation, currency depreciation, and fiscal strain—were partially mitigated by tight monetary policy, though limited fiscal consolidation dampened economic activity. Consequently, growth forecasts were revised down to 4.7%, reflecting ongoing economic headwinds. The proposed Finance Bill 2024 in Kenya, introduced new taxes, sparked public unrest amid weakened consumer purchasing power and high borrowing costs. In response, the Central Bank of Kenya lowered its policy rate further to 10% in 2025 to boost growth. Meanwhile, a politically engaged Generation Z, empowered by digital connectivity, emerged as a catalyst for accountability and economic reform, significantly influencing public discourse and policy direction.

Against this backdrop, NCBA has strengthened its commitment to customer-centric financial solutions across its markets of operation. Through its focus on **"Customer Obsession" focus**, the Group has leveraged digital tools to offer personalised financial services, while addressing the broader generational shift. Looking ahead to 2025, businesses must continue adopting digital-first strategies, navigating an unpredictable economic and political landscape, and offering innovative, cost-effective solutions that cater to both immediate financial relief and long-term economic sustainability. By staying agile and customer-focused, NCBA is well-positioned to support individuals and businesses across Africa through evolving market challenges.

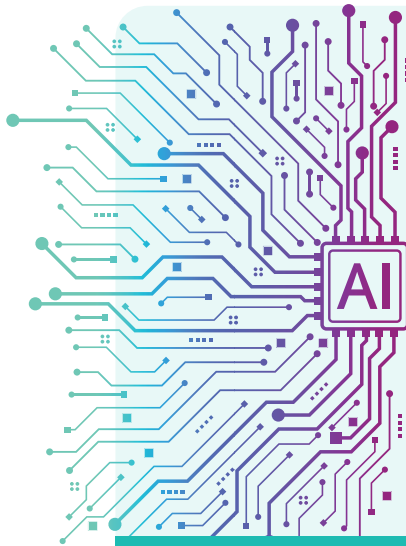
Climate Change and Natural Disasters.

As global efforts to combat climate change and mitigate natural disasters intensify, the Earth's climate continues to shift at an alarming rate. The global mean temperature has risen approximately 1.2°C above pre-industrial levels, making it the warmest period on record. Over the years, economic losses from natural disasters have increased by an average of 9 per cent per year, driven by both heightened climate risks and greater exposure to extreme weather events. Efforts to reduce carbon emissions are gaining momentum, with countries and organisations committing to net-zero emissions by 2050. Investments in emissions reduction technologies and carbon capture projects are on the rise, and more businesses are stepping up to address climate challenges.

Looking ahead to 2025, businesses across Kenya and the broader region are integrating sustainability into their operations. NCBA is prioritising climate-resilient infrastructure and promoting sustainable business practices and launched its Group Sustainability Strategy dubbed **"Change The Story"** in 2023 which serves as NCBA's blueprint for building a sustainable future. The strategy is anchored in five pillars and fifteen commitments, aligned with the Environmental, Social, and Governance (ESG) framework and the UN Sustainable Development Goals (SDGs).

Further, in early 2025, NCBA became the first financial institution in Africa to launch its **Sustainable Development Impact Disclosure (SDID)**, developed in collaboration with J.P. Morgan and Blaylock Van. Aligned with the Impact Disclosure Taskforces 2024 guidelines, this framework introduces a new approach to sustainability reporting. Through the SDID, NCBA commits to advance financial inclusion, expand green financing, enhance operational sustainability, and foster community engagement, while contributing to global efforts to improve transparency and accountability in impact measurement. As businesses increasingly embrace and integrate sustainability, there is a growing emphasis on innovative, eco-friendly solutions that align with environmental responsibility.





1 Tr
Digital Loan Disbursements

Technological Advancements and AI Evolution

Technological advancements and the rapid evolution of artificial intelligence (AI) are reshaping industries, particularly the financial services sector. In 2024, we saw many organisations, particularly, financial institutions increasingly adopting AI to enhance their customer service, streamline operations, and make data-driven decisions. AI-powered chatbots and robo - advisors, for instance, have allowed for 24/7 customer support, improving user experiences while reducing operational costs.

Similarly, AI's ability to analyse vast amounts of data quickly and accurately, enables financial institutions to make more informed decisions, from risk assessment to personalized financial advice. These innovations are empowering organisations to not only optimize existing services but also introduce entirely new offerings that align with the evolving needs of their customers. Technologies like blockchain, machine learning, and AI-driven automation are reshaping digital finance by enhancing security, improving efficiency, and enabling personalized services.

In 2024, NCBA played a key role in digital transformation and innovation. Our investment in digital financial services enabled us to disburse KES 1 trillion in digital loans, supporting our financial inclusion agenda & diversifying our customer base across Sub Saharan Africa. This scale of digital financial services is powered by a capability hinged on AI which supports our credit scoring and loan management. Going into 2025, as the financial services sector continues to evolve in response to technological advancements, it is essential for companies to invest in both cutting-edge technology and robust cybersecurity measures to mitigate these risks and ensure long-term success.

19M
Cyber Threats detected and blocked

Regulatory Landscape

The regulatory landscape continues to evolve in response to rapid advancements in technology, digital financial services, and global economic shifts. In 2024, we saw the financial services sector under increasing scrutiny as governments and regulators seek to create frameworks that ensure stability, protect consumers, and encourage innovation. In Kenya, the Central Bank was proactive in implementing regulations to address the growth of mobile money, digital lending, and fintech solutions, striving to balance financial inclusion with consumer protection. They also made several monetary policy adjustments to curb inflation and stabilise the economy. Meanwhile, Uganda and Tanzania continued to make strides in adopting regulations that support digital financial inclusion, with a particular focus on safeguarding consumer data and addressing cybersecurity risks.

In 2024, NCBA significantly strengthened its cybersecurity efforts to protect customers and digital services. Most notably, our systems blocked over 19 million cyber threats through our Web Application Firewall — preventing potential attacks before they could reach our platforms. In total, we detected and stopped more than 684,000 additional threats across devices, networks, and email systems. These results reflect our proactive commitment to keeping customer data safe and staying ahead of evolving cyber risks.

Who We Are

Our Business

ESG, Climate Risk & Sustainable Finance

Our Financials

Other Information

KEY FOCUS AREAS IN 2024



Digital at the Core

Building on our strong digital banking heritage, NCBA continues to strategically invest in technology to empower our customers. This focus has resulted in significant traction on our mobile banking apps, driving a consistent increase in active users and achieving a substantial 13 percent year-on-year growth in digital loans disbursements, reaching KES 1 trillion.

KES
1Tr
Digital Loan Disbursements



Culture of Execution Excellence

In 2024, NCBA strategically initiated a significant investment in continuous learning and development, empowering our entire workforce with future-relevant skills essential for navigating the evolving digital landscape. Demonstrating our commitment to this transformation, our strategic partnership with Amazon Web Services (AWS) has already enabled us to successfully enroll 1,560 employees in specialised training programs, including cloud computing and Artificial Intelligence. This initiative strategically positions our talent pool with critical future digital capabilities, ensuring we remain at the forefront of innovation and service excellence.

NCBA Staff Enrolled
in AWS Training
1560
42% of Total Group Staff



Operational Efficiency

In 2024, NCBA made substantial investments in cutting-edge platforms and technologies, establishing a robust foundation poised for significant returns. Our commitment to a reliable and secure infrastructure is evidenced by our strong systems uptime of 99.5%. Building upon this foundation, we continue to strategically invest in technological capabilities that directly enhance customer experience and fortify our cyber security defenses. This dedication to excellence has been recognised through numerous prestigious awards in customer experience, underscoring the positive impact of our technology-driven initiatives.



99.5%
system uptime



One NCBA

As part of our "One NCBA" strategy, last year, we prioritised the unearthing of synergies across our diverse business lines to deliver greater convenience to our customers and enhance shareholder value. This strategic focus was anchored in leveraging our integrated capabilities—bringing together our strengths in asset finance, corporate banking, digital disbursements, Insurance and investment solutions—to create seamless, cross-platform experiences. By aligning our teams, systems, and services, we successfully delivered a return on equity (ROE) of 21.7%, demonstrating the tangible impact of our collaborative efforts.

21.7%
Return on equity (ROE)

NO MONTHLY FEES **THE NEW ERA**



Welcome to the new era of no monthly fee banking.

Open an NCBA account today.

#TwendeMbeleNaNewEra



**T&C's Apply*



DIGITAL BANKING

NCBA's digital banking achieved significant business milestones in 2024, with total **disbursements reaching 1 Trillion, reflecting a 13% increase** from 2023. The LOOP Safari Gravel Series attracted over 1,200 participants, onboarded 3,000 new LOOP customers, and generated over KES 100 million in PR value. Additionally, the LOOP Merchant proposition successfully recruited over 157,000 new merchants, processing a total transaction value of KES 13.1 billion. Looking ahead, Digital Banking remains committed to expanding its digital platform and driving sustainable growth across the continent.



RETAIL BANKING

In 2024, our Retail Banking network expanded significantly, adding 10 new branches and bringing our total to 119 branches groupwide. This growth was augmented by innovative alternative banking channels, including 476 Post Bank agents and access to 99 Post Bank branches. The bank eliminated ledger fees, introduced the "Lending for All" digital loan solution, and conducted successful diaspora outreach initiatives. Our Commercial and SME Banking sector saw progress with ecosystem banking and strategic partnerships, including an International Market Exposure Trip to China. Additionally, our partnership with Strathmore Business School provided valuable educational opportunities for our SME clients, with a key outcome being the enhancement of digital skills. Despite the economic uncertainty and inflation experienced in 2024, we achieved growth in assets and revenue, maintained prudent risk management, and received the Best Customer Experience (CX) Strategy award at the 2024 Institute of Customer Experience (ICX) Awards.



CORPORATE BANKING

Our Corporate Banking success is powered by 49 dedicated relationship managers who service large institutions and who are in the top 10 in some sectors such as financial services, manufacturing, trade, and telecommunications. Although the year was impacted by aggressive deposit repricing, FX fluctuations, and KES appreciation, the bank focused on optimising our balance sheet and improving our lending book quality. This led to a year-end PBT of KES 5.4 billion. Looking ahead, the bank remains committed to building strong partnerships and leveraging its capabilities in Asset Finance, Insurance, and Investment Banking to deliver consistent value to all our customers and stakeholders.



NCBA LEASING

NCBA Leasing LLP achieved remarkable success in 2024, with a 134% growth in Profit Before Tax (PBT) compared to the previous year. Since its establishment in 2015, the company has leased over KES 10 billion worth of diverse assets, serving corporates, SMEs, professionals, and government entities, while maintaining a leadership position in corporate and multinational leases. Key milestones included excellent asset management, which led to high-income asset disposals and lease extensions, alongside operational efficiencies driven by technology and robotics. The integration of retail leasing with banking approval processes improved turnaround times for SMEs. NCBA Leasing further solidified its commitment to sustainability by offering green energy leasing solutions, allowing clients to cut power costs by up to 50%. With plans for 2025, the NCBA Leasing LLP is set to enhance customer satisfaction through faster leasing approvals, improved customer experience, and regional expansion into Uganda, Tanzania, and Rwanda.



ASSET FINANCE

In 2024, NCBA Group solidified its leadership in Asset Finance with a 35% market share, growing its balance sheet to KES 50 billion and disbursing KES 26 billion in loans. Profit Before Tax (PBT) surged by 69% to KES 3.2 billion, driven by strategic partnerships, automation, and sustainability initiatives. Key achievements included expanding our strategic partnerships from 14 to 20 schemes, fully automating our pre- and post-approval processes, and hosting the 18th annual Johari Awards to honor our major stakeholders. The bank has also enhanced its sustainability efforts through partnerships with Electric Vehicle (EV) and Solar Photovoltaic (PV) providers. In 2025, our aim is to expand our market share to 40%, deepen our strategic partnerships, and enhance customer-centric solutions.

Our Diversified Business Model



GLOBAL MARKETS

NCBA Global Markets offers comprehensive solutions to a diverse clientele, including individuals, SMEs, and large enterprises across various geographies and industries. In 2024, our Global Markets unit played a pivotal role in reviving the FX interbank market, enhancing liquidity, and stabilising the exchange rate. Our tailored pricing solutions, FX hedging, and active trading in fixed income markets contributed over **KES 4.8 billion** to the Group's bottom line. We supported financial institutions with correspondent banking and cash management solutions, and our economic research provided strategic insights. We maintained robust liquidity and optimised our investment portfolio.



NCBA BANCASSURANCE INTERMEDIARY LIMITED

In 2024, NCBA Bancassurance Intermediary Limited (NCBA BIL) achieved remarkable success, contributing KES 401 million to the Group's Profit Before Tax (PBT), marking a 37% growth from the previous year and cementing its position as the fastest-growing bancassurance intermediary in the market. Building on its legacy in motor insurance, NCBA BIL diversified into medical, life, and non-motor insurance, driving over 100% growth in its Retail Life insurance book. The subsidiary forged strategic partnerships with Sanlam and Old Mutual and launched innovative products, including the 'Go-Educator' education plan and tailored medical insurance solutions for Retail and SME customers. Furthermore, it also optimized its operations through automation, saving 1,500-man hours, and strengthened its team with over 1,500 staff graduating from the Bancassurance Master Class. With a clear focus on customer obsession, NCBA BIL is poised for further growth in 2025, aiming to deepen customer engagement, introduce new insurance solutions, and expand into regional markets.



NCBA INVESTMENT BANK

NCBA Investment Bank had a remarkable year in 2024, recording a 7% increase in revenues to KES 866 million supported by a 13% rise in Assets Under Management (AUM) to KES 69 billion. The bank's diverse offerings in corporate finance, brokerage, and wealth management have cemented its position as a trusted partner for both retail and institutional clients. With a robust track record in debt and equity capital markets, the bank has earned a strong reputation for structuring successful transactions and delivering tailored solutions. We are delighted that our advisory team successfully led and concluded the capital raising for the Ethiopia Stock Exchange which is now live. Other key wins for 2024 include the enhancement of the NCBA Invest Now platform, regional expansion to broaden investment opportunities, and strategic engagement with state-owned enterprises to support Kenya's privatization program.



NCBA INSURANCE COMPANY

Amidst a transformative year, NCBA Insurance Company Limited successfully transitioned from AIG to become a wholly owned subsidiary of NCBA Group, marking a new chapter in its legacy. Despite the complexities of this transition, the company surpassed expectations, underwriting KES 3.5 billion in Gross Premiums, a 6% growth. Leading the market in specialised products like Cyber Liability and Travel Insurance, NCBA Insurance achieved an impressive 82% renewal retention rate and saw a 154% increase in insurance service results, reaching KES 409 million. With a strong Capital Adequacy Ratio of 328% and an AA-(KE) credit rating, the company continues to leverage its global heritage, strategic partnerships, and local expertise to expand its reach. Over 45,000 policies were issued, covering KES 4.6 trillion in risks. Focused on customer-centricity, sustainability, and profitable growth, NCBA Insurance is poised to remain a leader, providing innovative solutions and comprehensive protection in an ever-evolving risk landscape.



CORPORATE BUSINESS

Our Corporate business remains one of the largest corporate banks in East Africa serving over 3,000+ customers across various sectors. In 2024 we increased our capabilities and we remain committed to support our customers through our corporate internet banking platform allowing our customers a better digital experience. We closed the year at KES 210 billion Corporate deposits, and KES 178 billion corporate loans.

Business Performance

The year 2024 began with mixed fortunes for the local currency which weighed down on many customers with foreign currency denominated loans or those who imported a significant portion of their input. Reflecting on the previous year, the Kenya Shilling experienced a significant depreciation against the US Dollar, fluctuating from 123 to 157 by end of the year. This downward trend persisted into the first two months of 2024, peaking at 163.

However, an unexpected turn occurred in February, with the Kenya Shilling appreciating to 143, and later stabilising around the 130 level until year-end. This remarkable reversal in the exchange rate can largely be attributed to two unforeseen macroeconomic events: the successful early redemption of Kenya's Eurobond, totaling USD 1.5 billion, and the strong foreign investor participation in Kenya's February infrastructure bond, which raised KES 241 billion.

Despite this positive currency movement, credit growth remained sluggish due to persistent high lending rates, rising pending bills that affected customers dependent on government contracts, and overall increase in Non-Performing Loan (NPL) ratios that signaled a challenging operating environment. In response, we reaffirmed our commitment to supporting our customers by offering tailored solutions to help them navigate these turbulent economic terrains.

The bank's sustainability agenda remains alive where we continue to support businesses in transitioning to cleaner energy sources as well as improving energy efficiency. These initiatives have no doubt led to significant cost savings as attested by the clients.

Our sector-focused approach continued to be crucial in driving both balance sheet and profitability across our Kenyan operations and regional businesses in Rwanda, Tanzania, and Uganda. However, we experienced slower than expected growth in both lending and deposits, which closed at KES 178 billion and KES 210 billion respectively. This was partly due to the challenging environment and the significant exchange rate translation effects due to the structure of our book.

Aware of this headwind, we placed renewed emphasis on optimising our balance sheet to enhance overall yields and improving the quality of our lending book through prudent portfolio management. These efforts resulted in net provisions falling to an all-time low of KES 664 million, which significantly contributed to the improvement of the bank's NPL ratio and the business unit's year-end Profit Before Tax (PBT) of KES 5.4 billion.

TIRUS MWITHIGA

Group Director, Corporate Banking & Investment Advisory



KES 5.4B
Profit Before Tax

KES 178B
Loans

KES 210B
Deposits

Customer Focus

The relationship management team ensured that customer engagement remained a priority, as demonstrated by the positive Net Promoter Score. We also hosted sector-focused events throughout the country, culminating in an insightful Economic Forum in the final quarter of the year. The NCBA Golf series is our strong brand asset and provides an additional touch point for interacting with our customers.

As part of our ongoing digital agenda, we are excited about the successful launch of our new and enhanced internet banking platform, ConnectPlus. This platform is poised to improve customer experience and solidify our position as the preferred transactional banking partner.

I am pleased to highlight that risk management remained a core focus across all activities in Corporate Banking, and it will continue to play a central role in shaping our risk approach moving forward.

Looking Ahead

We acknowledge that the operating environment is very dynamic, and businesses cannot be fully shielded from both internal and external shocks. It will be interesting to watch how the new US policies will shape the global economy - snippets of these have emerged and we are currently witnessing how they have begun impacting the aid/donor funded clients that we manage.

We are committed to building strong partnerships and shall remain a customer-obsessed team, leveraging our capabilities in asset finance, insurance, and investment banking to continuously improve our service delivery to our esteemed corporate banking customers and deliver consistent value to all our stakeholders.

Corporate internet banking outcomes at Dec 2024: 53,000 transactions processed of

KES 7.5B

in value with a 98% success rate

Banking

Top 10

Customers in financial services, manufacturing, trade & telecommunication further reinforcing our sector focus

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DENNIS NJAU

Ag. Group Director, Retail Banking

RETAIL BANKING BUSINESS



The Retail Banking division in NCBA Bank continues to provide comprehensive banking services to individual clients through our Consumer Banking and Affluent Clients segments, as well as to small and medium enterprises through our Commercial and SME banking propositions. Our integrated approach ensures we meet the diverse financial needs of our customers while maintaining operational excellence and driving sustainable growth.

As we build upon our rich 61-year legacy, we remain committed to expanding our franchise, enhancing customer experience, and adapting to meet the evolving needs of our diverse clientele. Our strategic focus on digital transformation, network expansion, and ecosystem development positions us strongly in an increasingly competitive banking landscape.

Network Business and Distribution

Our strategic initiative to scale Retail Banking continues to show strong momentum through both traditional and innovative channels. Building on our expansion efforts from previous years, we opened 7 additional branches during the year - located in Kitui, Kerugoya, Nyahururu, Githunguri, Homa Bay, Tatu City, and Kawangware - bringing our total network to 99 branches across Kenya at the close of 2024. Each new location has been carefully selected based on a comprehensive market analysis and potential for growth, ensuring optimal resource allocation and maximum impact.

The expansion of our physical presence is complemented by our innovative approach to alternative banking channels. Following our successful Agency Banking pilot program in Kajiado and Kiambu counties in 2023, we have significantly expanded our reach through strategic partnerships. We have now onboarded 476 Post Bank agents and gained access to 99 Post Bank branches nationwide. This collaboration enables our customers to conduct select transactions in areas where we do not maintain a physical branch presence, effectively extending our service coverage across the country.

Our distribution strategy continues to be guided by our commitment to financial inclusion and accessibility. The combination of traditional branches and alternative channels allows us to serve both urban and rural communities effectively, while maintaining operational efficiency and cost management.

Empowering Individuals With Banking Services.

Despite challenging market conditions, we achieved growth in both assets and revenue year-on-year. These challenges include continued pressure on disposable incomes, inflationary pressures, and overall economic uncertainty. Despite these headwinds, we have implemented strategic measures to support our customers through these challenging times while maintaining prudent risk management practices.

Strategic Initiatives in Consumer Banking.

A significant development in our consumer banking segment was the elimination of all ledger fees in July 2024. This forward-looking initiative aims to establish daily relevance in customers' lives, driving increased transactions and strengthening our position as their primary banking partner. The initial results have been encouraging, with increased transaction values aligning with our long-term goal of building deeper, more valuable relationships with our customers.

RETAIL BANKING BUSINESS (CONTINUED)

We introduced **"Lending for All"** a revolutionary digital loan solution accessible through our mobile banking app. This innovative offering has driven over KES 1 billion in disbursements and provides our consumer customers with convenient, instant access to credit. The platform utilises advanced analytics and automated decision-making processes to ensure responsible lending while maintaining quick turnaround times. Key features include:

- Credit Limit allocation and instant disbursement
- Flexible repayment terms
- Competitive fees
- Progressive loan limits based on customer behavior
- Integrated financial management tools

To strengthen our position as the preferred financial partner for Kenyans abroad, our Diaspora Banking Team conducted strategic outreach initiatives across two continents. The team completed comprehensive activation tours in Australia, engaging with Kenyan communities in Adelaide, Melbourne, and Perth. This was followed by an extensive U.S. tour covering Washington DC, Washington State, New Jersey, Texas, and Massachusetts.

These targeted engagements reached 3,000 Kenyans living abroad, facilitating meaningful discussions about investment opportunities in Kenya, with particular emphasis on Property Financing and Wealth Management solutions. The tours reinforced our commitment to supporting the Kenyan diaspora in building their financial future back home.

Additionally, we initiated partnerships with international money remittance companies to enhance remittance inflows, particularly from the Gulf Cooperation Council (GCC) countries, expanding our reach and service offerings for our diaspora customers in this region.

Our Journey Toward Excellence In Commercial & SME Banking.

Our commitment to the Commercial and SME sector has intensified with a strong focus on ecosystem banking. The journey, which began in 2023, has made substantial progress toward developing a comprehensive digital lending platform, scheduled for rollout in 2025.

This platform will revolutionise how we serve our business customers by providing:

- Automated credit assessment and approval processes
- Supply chain financing solutions
- Integrated payment and collection services
- Real-time business performance analytics
- To support our ambitious ecosystem banking strategy, we have significantly strengthened our organisational capacity by:
- Appointing a General Manager of Ecosystems to lead our strategic initiatives in this space.
- Adding a Senior Manager in ecosystems to drive implementation and operational excellence.

- Recruiting 150 direct sales professionals to help us penetrate various business ecosystems.
- Developing training engagements to enhance team capabilities.
- Implementing new performance metrics aligned with ecosystem banking objectives.

This enhanced team structure enables us to better understand and serve specific business ecosystems, providing tailored solutions that address unique sector challenges and opportunities.

Strategic Partnerships and Engagements.

In October 2024, our Retail Business Commercial and SME segment successfully organised an International Market Exposure Trip to China, providing an invaluable opportunity for 108 customers to explore new business prospects.

Over a period of 10 days, participants visited over 80 factories and wholesale markets across China, gaining firsthand insight into global manufacturing capabilities and trade opportunities. The trip also included significant networking at the renowned Canton Fair, where many customers established meaningful business contacts. Additionally, 8 customers extended their stay to finalise deals, underscoring the success and business potential derived from this initiative.

This trip not only broadened our clients international exposure but also strengthened their competitive edge in sourcing goods for their businesses.

Additionally, our partnership with Strathmore Business School continues to provide valuable educational and networking opportunities for our SME clients. The NCBA-Strathmore Enterprise Development Programme has evolved to include:

- Specialised modules on digital transformation
- Sustainable business practices
- Financial management in challenging economic conditions
- Strategic planning and execution
- Family business governance

Furthermore, we have established a new collaboration with Water.org, which has facilitated the training of over 200 staff members in the water, hygiene, and sanitation sector. This partnership serves multiple strategic objectives:

- Enhancing our expertise in a crucial development sector
- Supporting our sustainability agenda
- Opening new business opportunities in the WASH sector
- Contributing to community development and environmental protection
- Building relationships with key stakeholders in the sector



Kirinyaga Governor H.E. Anne Waiguru EGH (Centre) was Chief Guest at the Branch opening ceremony in her county. Monicah Kihia (Group Director HR & Culture), James Ndegwa (NCBA Group Chairman), Tirus Mwithiga (Group Director Retail Business), looking in.

Customer Experience Enhancement

We continue to invest in improving our customer experience across all touch points. Our digital platforms have undergone significant upgrades to enhance user interface and functionality, while our branches now feature advanced queue management systems to streamline customer service.

We introduced QR codes throughout our branch network, providing customers with an immediate channel to share their feedback. Regular customer feedback sessions and satisfaction surveys guide our continuous improvement efforts, ensuring our services remain aligned with customer needs and preferences.

This commitment to service excellence was recognised at the 2024 ICX Awards, where NCBA received the Best CX Strategy award, acknowledging our structured approach to customer experience that aligns with our corporate vision, supported by clear CX goals and targets, comprehensive customer engagement action plan, and robust monitoring framework.

Digital Transformation And Innovation

Our digital transformation journey continues to accelerate, with significant investments in technology and innovation. In addition to the new digital unsecured loan, we launched our digital onboarding platform currently in pilot phase, with rollout expected in Q1 2025.

KES 4.5B
Profit Before Tax

KES 104B
Loans

KES 144B
Deposits

Our enhanced mobile banking platforms have driven increased transaction volumes and values across various payment methods, contributing to year-over-year revenue growth.

Key achievements include strengthened cybersecurity measures, advanced analytics capabilities for deeper customer insights, automated processes for improved operational efficiency, and seamless integration with ecosystem partners systems.

RETAIL BANKING BUSINESS (CONTINUED)

These strategic investments position us well to meet evolving customer expectations and maintain our competitive edge in an increasingly digital banking environment.

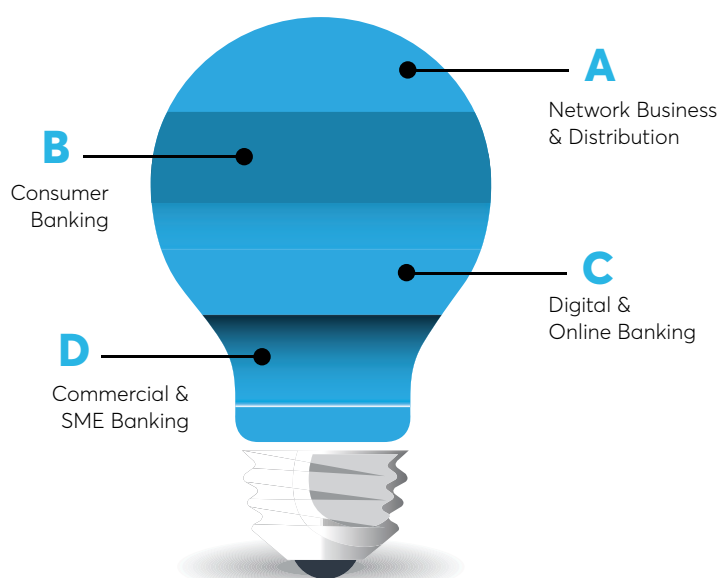
Conclusion

Despite the challenging economic environment in 2024, our Retail Banking business demonstrates resilience through strategic expansion, digital innovation, and strengthened partnerships.

Our investments in physical infrastructure, digital capabilities, and ecosystem banking position us well for future growth. The combination of traditional banking strengths with innovative approaches to service delivery creates a robust foundation for sustainable growth. Looking ahead, we remain focused on:

- Expanding our market presence through strategic channel development.
- Enhancing our digital capabilities to improve customer experience.
- Developing comprehensive ecosystem banking solutions.
- Maintaining prudent risk management practices.
- Contributing to sustainable economic development.

We remain committed to supporting our customers while pursuing sustainable business practices that create long-term value for all stakeholders. Our strategic initiatives and investments in 2024 have strengthened our position in the market and laid a solid foundation to accelerate future growth.



BANKING MADE EASY

RECEIVE CASH FROM
ABROAD VIA OUR
REMITTANCE PARTNERS



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QR Code to
learn more





LENNOX MUGAMBI

Group Director, Asset Finance & Business Solutions

ASSET FINANCE & BUSINESS SOLUTIONS

NCBA Bank continues to be the leading institution of choice in Asset Finance, commanding a dominant 35% market share. This achievement underscores the strength and effectiveness of our strategically driven, competitive and innovative solutions, which cater to customers seeking to acquire both new and used movable assets. Our 65-year legacy of excellence remains the cornerstone of our success. Alongside this, NCBA is also the leading provider of Insurance Premium Financing.

In 2024, our total balance sheet grew to KES 50 billion, up from KES 45 billion in 2023, reflecting a robust 11% year-on-year growth. We also successfully disbursed loans totaling KES 26 billion, which played a pivotal role in driving significant business expansion. Furthermore, our Profit Before Tax (PBT) saw an impressive 69% increase, rising from KES 1.9 billion to KES 3.2 billion. This substantial growth highlights the critical contribution of the Asset Finance business to the overall performance of the Group.

Below are some of the key activities and initiatives that were instrumental in driving this success.



STRATEGIC PARTNERSHIPS

Our robust and strategic partnerships with key players in the Asset Finance industry enabled us to provide more comprehensive and competitive solutions to our customers. By expanding our schemes from 14 to 20 over the past year, we not only ensured that our customers acquired the assets they needed but also supported them throughout their entire journey. These collaborations deepened our relationships and enhanced customer satisfaction.



AUTOMATION

We fully automated both our pre and post-approval processes, optimising operational efficiency and ensuring a seamless customer experience. With a conditional approval time of just 15 seconds and offer letters issued within an average of 1.2 days down from 1.4 days, we have set a new benchmark for speed, reliability, and efficiency. This innovation has not only streamlined our internal processes but also built trust and confidence among our customers and partners. NCBA is the only Bank in the country with a fully digitised end-to-end process in Asset Finance.



NCBA JOHARI AWARDS:

The 18th edition of the annual Johari Awards served as a prestigious platform to recognise and honour the critical role our valued dealers, insurance partners and other stakeholders play in driving our business forward. This event underscored our commitment to fostering strong, collaborative relationships with our partners, whose support is essential to our sustained success.



SUSTAINABILITY

Through strategic partnerships with Electric Vehicle (EV) and Solar Photovoltaic (PV) providers, we advanced our sustainability agenda. These collaborations have not only promoted environmental responsibility but also contributed to the growth of green technologies in the region. We remain dedicated to supporting the transition to more sustainable energy solutions and reducing our carbon footprint.

CONCLUSION

NCBA's unwavering commitment to innovation and the delivery of customer-centric financing solutions has solidified our position as the undoubted market leader in Asset Finance. As we continue to enhance our offerings, we aim to expand our Asset finance market share to 40% by delving into new markets. We also plan to continue deepening our relationship with strategic partners. Automation and continuous process improvement remains our key unique selling proposition and they will be our priority in 2025. Our focus on value-added solutions and services will ensure that we remain at the forefront of the industry, driving long-term success for all stakeholders.

NCBA LEASING LLP 2024

NCBA Leasing LLP is a wholly owned subsidiary of NCBA Group PLC. Our core business is equipment leasing to both NCBA Bank and Non-Bank customers. Since its inception in 2015, the business has leased over KES 10B worth of assets in various asset classes like Medical Equipment, Motor Vehicles, IT Equipment and Infrastructure, Software, Commercial Kitchen, Corporate Gym equipment, Earth moving equipment, Industrial and Commercial Solar PV systems and corporate office fit outs. We serve Corporates, SMEs, individual

professionals and Government entities. We have been a leader in corporate and multinational leases for the last five years.

The business has continued to lead in innovative leasing solutions in Kenya through cradle-to-grave assets life-cycle management. We create efficiencies and cost saving by handling acquisition, operation, maintenance, end of use and disposal hassles. This frees our customers to concentrate on their core business while enjoying the benefit of our scale and expertise. We have partnered with original equipment manufacturers and distributors to offer pay-per-use solutions like printing and cash handling services to their customers.

On sustainability, we have partnered with leading Solar Engineering and Procurement Contractors (EPCs) to offer our customers cheaper, and clean power leasing with savings of up to 50% of their grid power bills. Our bespoke green energy leasing solution eliminates the need for capex as no upfront deposit is required for acquisition of the solar power systems. Our expertise also eliminates performance risk as we vet the project delivery partners.

In 2024 we had a Profit Before Tax (PBT) growth of 134% from the previous year. This success was because of the following initiatives:

1. **Lease extensions and asset disposals:** Our excellent asset user support and maintenance management over the years helped conserve the quality of the leased assets. At the end of term, we had satisfied lessees who opted to make short extensions with lower rentals, while the assets we disposed retained good market prices due to their good quality hence high incomes.
2. **Operations efficiencies.** We employed technology including robotics in assets management and implemented a leasing system that has been customised to our operations. These initiatives improved our efficiencies and leading to better cost management.
3. **Retail leasing:** We aligned the approval process for Retail Banking clients this improved the turn-around time for SME customers and increased up-take of leases for this category of clients.

In 2025, we are focusing on increasing customer satisfaction with the following initiatives:

- Mapping of leasing approval process to our workflow system to reduce turnaround time from an average of two weeks to two days.
- Enhancing the leasing system to provide great customer experience by giving customers/lessees a 360-degree view of their leased assets and availing contract performance reports in real time.
- We will be strengthening our support to NCBA regional Bank subsidiaries by establishing presence in Uganda, Tanzania and Rwanda.

NCBA BANCASSURANCE INTERMEDIARY LIMITED

NCBA Bancassurance Intermediary Limited (NCBA BIL) is a wholly owned subsidiary of NCBA Group that is licensed and regulated by the Insurance Regulatory Authority (IRA) under Bancassurance regulations of 2020.

From its inception, the intermediary has enjoyed a rich heritage as the leading bancassurance intermediary in motor insurance on the background of NCBA Bank's market leadership in Asset Finance in the country. Building on this success, the business has over the last couple of years fully diversified into a wider spectrum of solutions covering Medical, Life and other non-motor insurance covers.

During the 2024 financial year, the subsidiary generated KES 401 million to the overall Group's Profit Before Tax (PBT), a 37% growth from the previous year. This growth ranked the intermediary as the fastest growing bancassurance intermediary in the market according to local rating agencies and also one of the highest profit before tax contribution of non-banking subsidiaries in the Group in 2024. The business also registered a total income growth

of 24% compared to 2023. The stellar performance in the year 2024 was mainly driven by the below initiatives;

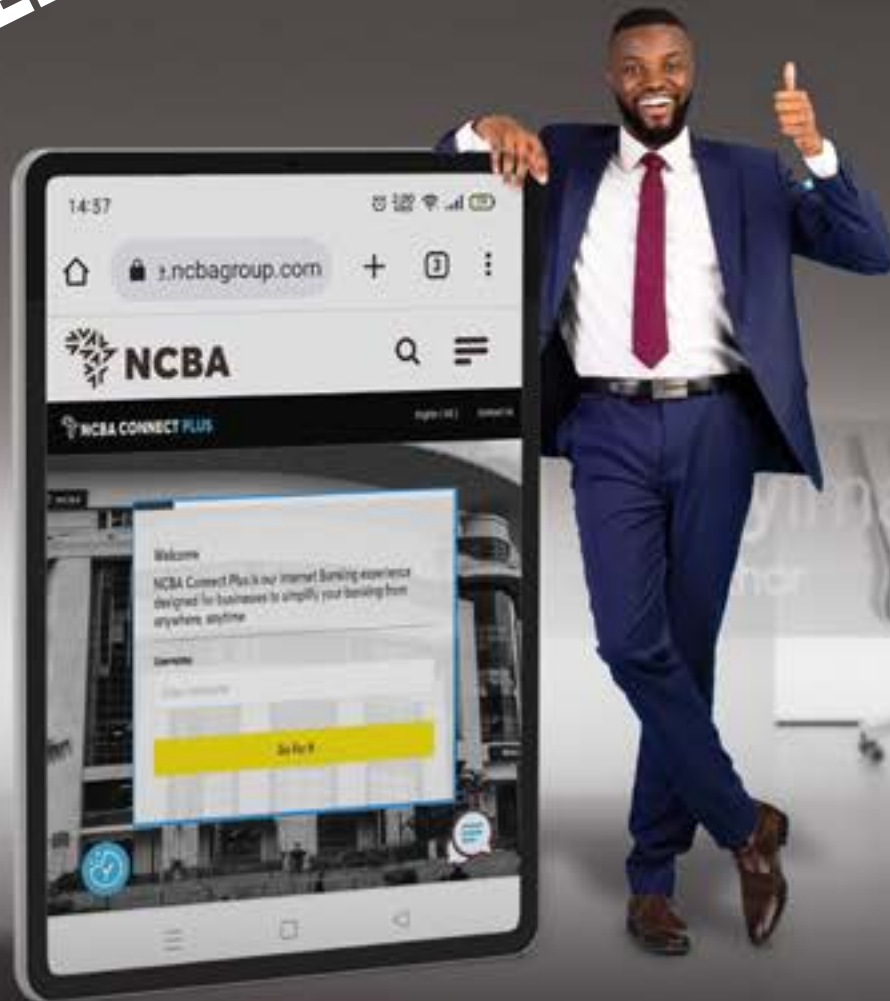
- **Deepened Partnerships** - The intermediary launched a unique partnership with Sanlam Insurance to distribute a custom-made education product dubbed 'Go-Educator' which in part led to the growth of Retail Life insurance book by more than 100% over the previous year. In the fourth quarter of 2024 the intermediary also partnered with Old Mutual Insurance to distribute bespoke medical insurance solutions to Retail and SME customers. The Introduction of the new medical product is expected to further diversify the revenue streams while responding to a growing demand for protection and risk mitigation among the growing Commercial and Enterprise business in the Bank.
- **Operational Efficiencies** - NCBA Bancassurance Intermediary embarked on a journey to optimise service fulfillment and delivery by reviewing and automating its back-end processes using robotics technology. Automations done in the second half of the year resulted into savings of up to 1,500-man hours that would have been spent in manual process. This has generated greater efficiency and improved turnaround times for our services.
- **Capacity Building** - To support our aspirations to grow and transform the subsidiary, a set of specialised training sessions were conducted for branch staff which saw the number of Bancassurance Master Class graduates cross the 1,500 mark. This empowering knowledge improvement program has gone a long way in boosting the competence of branch staff to engage customers on insurance solutions thereby providing our customers with a wholistic financial solution.

Looking forward

Going into 2025, the intermediary has just stepped into its 3rd phase of the three-year strategy which is expected to be achieved through the following initiatives;

- Deepened customer engagement in a bid to understand and serve our customers better.
- Entrenchment of new customer focused insurance solutions on the back of research and technology.
- Entry into new markets: Introduction of Bancassurance functions across regional subsidiaries where we have Banking presence.
- Rigorous cross-selling within the Group and introduction of bundled Retail and SMEs products.
- System integration and deepening of partnerships with Insurers.

NCBA CONNECT PLUS UPGRADE YOUR EXPERIENCE



Allowing you to monitor your transactions better:

Welcome to NCBA Connect Plus, our new internet banking solution that is:

- Easy to navigate.
- Easy to customize.
- Accessible across multiple devices.
- User friendly & comes with a smart search feature.

Visit ncbaconnectplus.com to get on board.

NCBA DIGITAL BUSINESS



NCBA's Digital Business continues to champion customer-centric innovation in financial services across Africa by building upon an illustrious 14 years' track record of driving financial inclusion and empowering the livelihoods of more than 68 million customers across five (5) African markets. Our vision to develop Africa's foremost digital financial platform positions us as a key driver of the Group's long-term growth strategy. We do this by achieving operational excellence at scale through significant investments in cutting-edge technology and systems, exceptional customer service and delivery execution via an agile operating model and this positions us to consistently attract and retain top talent.

NCBA's Digital Business operates three distinct business models. Firstly, our B2B proposition is our legacy business that focuses on delivering of Banking-as-a-Service (BaaS) for clients (M-Shwari and Fuliza in Kenya, M-Pawa (TZ), MoKash (UG & RW) and MoMoKash (CIV). Secondly, our B2C business is our direct-to-consumer proposition under our flagship service brand, LOOP®. Finally, we offer Platform as a Service proposition to enterprises. This unique operating model affords us the benefit of being able to meaningfully cater to a diverse set of customers, ranging:

1. Rural market trader relying on readily accessible, low-cost digital credit to purchase their inventory
2. Urbane 'digital-first' professional and/or entrepreneur desirous of the best elements of mobile money and banking under an all-in-one digital platform
3. The fast-growing enterprise wishing to leverage on our modular financial infrastructure capabilities and embed them as part of their service operations.

During 2024, NCBA Digital Business furthered the charge of diversifying the Group's universal business by developing and venturing into digital agricultural value-chain financing, specifically for underserved and fragmented rural economies. In late-2023, NCBA's Digital Business launched a 6-month pilot program to finance the purchase of farm inputs, in collaboration with a consortium of strategic ecosystem partners. The product was designed to offer unsecured credit facilities

ERIC MURIUKI

Group Director, Digital Business



7.4B

Profit Before Tax



1Tr

Disbursement



60M

Number of Customers

covering 100% of total production costs for farmers, linked to off-takers with the objective of increasing yield productivity. Loan proceeds are disbursed directly to input providers, ensuring funds are used exclusively for rice production inputs. Some of the key performance outcomes achieved during phase 1 include:

- Lowered the cost of production by 25% (KES 94,000 to KES 71,000 per acre),
- Increased production yield by an average of 81%, from ~15-25 bags to 34 bags per acre, and
- Enhanced the rice farmer's production margin from KES 5,000 per acre to KES 67,000 (an astonishing 1,460%)

Building on the initial success of phase 1, we rolled out implementation of phase 2 of the program in May 2024, with the product designed. The program has demonstrated significant impact, evidenced by the following:

- Farmer income increased by 204%.
- 40% of direct beneficiaries were women, and
- 100% loan repayment rate was achieved for harvested yields.

Building on our success in the rice value chain, we are expanding this model to other agricultural value chains across Africa. With the continent spending over USD 50 billion annually on food imports, our work supports local production to enhance food security, drive inclusive economic growth, and reduce the continent's food import bill.

Loop Brand

NCBA Digital Business has made significant strides in garnering brand awareness and traction, having relaunched the LOOP Consumer mobile app in late-January 2023 as a digital platform with more than 700K.

In February 2024, we successfully launched the inaugural LOOP Safari Gravel Series in partnership with The AMANI Project, an annual cycling event comprised of four different legs/series across select locations, namely Tatu City (Kiambu), Iten (Rift Valley),

Naivasha (Nakuru), and Vipingo (Kilifi). Through this important citizenry engagement initiative, our aspiration and goal is to promote cycling as a fun and exciting sport for seasoned athletes, the weekend warrior, and everyone in between, as well as spearheading health and well-being awareness among our communities.

During the four events, NCBA Digital Business successfully drew over 1,200 attendees/participants and on-boarded over 3,000 new LOOP customers through on-the-ground activation drives. The first season of the series delivered over KES 100 million in PR value, enabling us to position the brand as a lifestyle brand connected to customers' wellness goals and interests.

LOOP Thematic Brand Campaign - Why Wait? LOOP It!™:

We launched the "Why Wait? LOOP It!" thematic brand campaign to reinforce LOOP as the go-to solution for everyday financial needs. The campaign was designed to inspire immediate action and position LOOP as a trusted, accessible Lifestyle partner.



157,953

Merchants



"LOOP FLEX" - BNPL device financing:

LOOP in partnership with Samsung launched the Samsung S25 premium smartphone device. This was followed by a pre-order campaign where LOOP customers can exclusively pre-order the device and pay with LOOP at select stores.

Through our "LOOP FLEX" solution, we are offering flexible consumer financing to our customer to purchase a broad range of non-consumable goods, including household electronics, smartphones, and more. With a Buy Now Pay Later (BNPL) structure, customers can benefit from up to 6 months of repayment terms, with credit limits of up to KES 1,000,000. This solution addresses the growing need for accessible financing options for high demand products, unlocking significant revenue potential, positioning us for robust business growth and long-term value creation.

LOOP Merchant Customer Growth & Key Offering:

Following the official launch of the LOOP® Merchant proposition back in October 2023 – having successfully recruited over 10,000 merchants by the close of 2023 – we continued into overdrive by acquiring an incredible 157,953 new merchants during 2024, closing the year with a remarkable total count of over 167,000. From this, we have achieved a total transaction processed value (TPV) of KES 13.1 billion, from 110,945 active merchants.

At the heart of NCBA Digital Business's success is our unwavering focus on customer centricity and obsession – and nowhere is that more necessary than when serving our customers primarily through digital channels (i.e., mobile app and web). Our agility transformation program, now entering Phase 3, has greatly improved our responsiveness in product feature enhancement and delivery, squarely guided by usability feedback that we perpetually gather to ensure all our offerings speak directly to their needs and aspirations. Key among our customer experience (CX) and brand highlights include:

- LOOP Consumer App Android rating reached a record 4.6 on Google Play with 1M+ downloads.
- App optimisation initiatives boosted loading speeds by up to 50%, reducing load time from 8 seconds to just 4 seconds, with continued efforts towards delivering a faultless mobile experience.
- Customer satisfaction (CSAT) leaped to 88%, the highest score ever seen throughout the year, while averaging 81% throughout 2024.
- Net Promoter Score (NPS) and Customer Engagement Score (CES) throughout 2024 averaged 52.25 and 84% respectively.

As we move into 2025, we are focused on delivering more value through customer-centric, design-led innovations. We will expand offerings like LOOP Discover, a digital marketplace offering exclusive deals and discounts, while enhancing the LOOP Merchant credit solutions, including overdrafts, term loans, and Supplier Financing. Our goal is to create seamless, appropriate journeys that empower our customers and boost our competitiveness.

We will also strengthen our presence in established merchant segments by improving the onboarding experience across all channels and driving increased total payment volume (TPV). The addition of point-of-sale (POS) solutions alongside our existing LOOP Till will help us capture additional value from the card market.

As we continue to innovate and grow our digital platform, our commitment to customer-centricity and relentless focus on user needs will guide us in transforming the way our customers access and engage with financial services, driving growth and prosperity across the continent

Product	Partner	Customer Numbers (31 Dec 2024)	Loans Disbursed (Inception to 31 Dec 2024 – Volume Count)	Loans Disbursed (Inception to 31 Dec 2024 – Value)
M-Shwari	Safaricom	32.0mn	210.7mn	\$6.06bn
LOOP	A fully integrated digital platform with both payments and banking services delivered through mobile, web and card.	422K	887K	\$48.0mn
Fuliza	Safaricom	33.4mn	7.54bn	\$22.4bn
M-PAWA	Vodacom	6.5mn	12.8mn	\$157.1mn
MoKash Uganda	MTN	12.1mn	29.0mn	\$659.5mn
MoKash Rwanda		4.6mn	8.6mn	\$266.6mn
MoMoKash Ivory Coast		6.6mn	4.0mn	\$113.0mn



It's always been your time

why wait?

LOOP IT!



Who We Are

Our Business

ESG, Climate
Sustainability
Risk &
Governance

Our Financials

Other Information

it's not an app, it's a lifestyle

DOWNLOAD LOOP TODAY



MUATHI KILONZO

Managing Director, NCBA Investment Bank

INVESTMENT BANKING



NCBA Investment Bank has earned a strong reputation as the preferred financial partner for debt and equity capital markets transactions. Our track record speaks for itself and includes structuring and placing equity issuances and listed medium-term notes for a diverse clientele, including banks, mortgage finance companies, securities exchanges, and insurance companies. We remain committed to providing innovative and tailored financial solutions that meet the evolving needs of our clients in today's dynamic market.



INVESTMENT BANKING: ADVISORY

Our Advisory unit at NCBA Investment Bank provides specialist value-add services in corporate finance advisory, capital raising, and project finance solutions. We act as a critical bridge between investors and issuers, offering a robust and reliable platform for both debt and equity issuances. Our primary objective is to assist clients in meeting their unique financing needs while simultaneously helping investors achieve their desired return objectives through a diversified and carefully curated product portfolio.



WEALTH MANAGEMENT SOLUTIONS

With NCBA Wealth Management Services,
Money Never Sleeps

Investment solutions in

- Unit Trust Funds Investments
- Private Wealth Management
- Pension Funds Management
- Institutional Portfolio Management
- Offshore Investment Solutions



CORPORATE FINANCE ADVISORY SERVICES

Our corporate finance advisory services are comprehensive and designed to cater to a wide range of client needs. These include:

- **Due Diligence Reviews:** We conduct thorough and independent due diligence reviews to provide clients with a clear understanding of the financial, commercial, and legal aspects of potential investments or transactions.
- **Business Restructuring:** We assist businesses in optimising their operational and financial structures to improve efficiency, profitability, and overall financial health. This includes advising on mergers, acquisitions, divestitures, and other restructuring transactions.
- **Mergers and Acquisitions:** We provide expert advice and support throughout the entire merger and acquisition process, from target identification and valuation to deal structuring, negotiation, and closing.
- **Spin-offs:** We assist companies in separating and listing non-core business units or subsidiaries to unlock value, streamline operations, and enhance strategic focus.
- **Company or Business Valuations:** We provide independent and objective valuations of companies or businesses for various purposes, including mergers and acquisitions, financial reporting, and strategic planning.
- **Working capital optimisation:** We analyse a company's working capital cycle to identify opportunities for improvement and optimise cash flow.



CAPITAL RAISING SERVICES

Our capital raising services encompass a broad spectrum of debt and equity capital raises, catering to both public and private markets. Our expertise includes:

- **Syndicated facilities:** We structure and arrange syndicated loans involving multiple lenders to provide clients with access to larger amounts of capital.
- **Structured products:** Offering innovative structured finance solutions, including securitization products, to meet specific client needs and risk appetites.



PROJECT FINANCE

We specialise in comprehensive structuring financing for large-scale, capital-intensive projects. Our approach focuses on mitigating risks for investors through limited or non-recourse financing structures.



BROKERAGE

Our brokerage unit is a licensed member of the Nairobi Securities Exchange (NSE), offering equities, fixed income and derivatives trading. This is delivered through our advanced digital platforms, ensuring seamless accessibility and an enhanced customer experience. The target customer segments are retail and institutional investors. Our offering is underpinned by a robust research proposition that channels out actionable insights for the investing community.



WEALTH MANAGEMENT

Our wealth management unit continues to offer fit-for-purpose investment solutions to meet our clients' short to long-term investment goals that reflect their financial status, risk preferences, liquidity needs, investment horizon and other unique factors. We maintain a strong commitment to customer centricity, ensuring that our services are designed around the evolving needs of our clients. Our array of solutions entails;

- **Private Wealth Management:** Targeting high net worth individuals.
- **Institutional Wealth Management:** Offering liquidity and treasury management services, through discretionary professionally managed bespoke portfolios,
- **Investment Execution Services:** Providing our clients access to a range of investments through our custodial solutions, while they retain the investment selection discretion



COLLECTIVE INVESTMENT SCHEMES

We offer a range of Investment funds comprising:

- The Kenya Shilling denominated NCBA Fixed Income Fund,
- The NCBA Dollar Fixed Income Fund,
- The NCBA KES Fixed Income Basket Note Special Fund,
- The NCBA Dollar Fixed Income Basket Note Special Fund and
- The NCBA Equity Fund.
- The NCBA USD Global Equities Special Fund
- The NCBA USD Global Fixed Income Special Fund

NCBA Investment Bank is the fourth-largest unit trust service provider in the market, despite being in operation for just over 10 years—demonstrating the trust our clients place in us. We are also licensed as a pension fund manager, offering corporate retirement planning solutions including;

- Segregated portfolio management services and the NCBA Umbrella Retirement Benefits Scheme.
- NCBA Individual Pension Fund
- NCBA Income Drawdown Fund

Our guiding philosophy is **"Money never sleeps" with a strong emphasis on "safety over returns"**. Consequently, we manage investments to ensure optimal long-term returns on the invested funds while mitigating the investment risks through fundamental analysis and as adherence to investment policies and regulatory guidelines issued by the Capital Markets Authority (CMA) and Retirement Benefits Authority (RBA)



FINANCIAL PERFORMANCE

NCBA Investment Bank recorded strong growth in 2024, with:

- Revenues of KES 866 million, a 7% increase from KES 808 million in 2023..
- Assets under Management (AUM) increased by 13%, reaching KES 69 billion (up from KES 52 billion in 2023).
- Growth was also supported by the performance of our brokerage business for the financial year ending 2024.



KEY INITIATIVES FOR 2025

- **Strengthening NCBA Brand Momentum:** As NCBA continues to gain market visibility, we aim to translate this momentum into our investment banking segment by enhancing service delivery and reinforcing our brand presence.
- **Enhancing Investor Experience:** We are embarking on the second phase of enhancements to the NCBA Invest Now Platform to incorporate additional products beyond unit trust funds and streamline client onboarding and reporting processes.
- **Diversification through Offshore Investments:** We aim to provide greater investment diversification by expanding our offshore investment solutions and onboarding other asset classes.
- **Regional Expansion Strategy:** We plan to broaden our investment and advisory coverage across East Africa, supporting more Initial Public Offerings (IPOs), secondary offerings, and debt offerings.
- **Government Engagement:** We seek to deepen our advisory relationships with State-Owned Enterprises (SOEs) in line with Kenya's ongoing privatisation program.

Our commitment remains steadfast in delivering strategic, innovative, and client-centric financial solutions that align with market dynamics and all our stakeholder expectations.



IS NOW



NCBA
INSURANCE



Who We Are

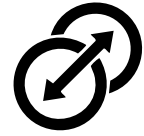
Our Business

ESG, Climate Risk &
Sustainable Finance

Our Financials

Other Information

NCBA INSURANCE COMPANY LTD.



Following a successful share transfer agreement on 1 July 2024, NCBA Group PLC acquired 66.67% shares in AIG Kenya Insurance Company Limited: making it a wholly owned subsidiary of NCBA Group. With the requisite regulatory approvals, the insurance subsidiary's governance, technology and operating framework were decoupled from AIG Group and incorporated into NCBA Group, ensuring necessary operating and regulatory autonomy. This intricate and complex engagement was expertly handled and successfully concluded by our teams while remaining firmly focused on our business targets. This ensured seamless service excellence that our partners had become accustomed to over the fifty plus years of existence in this market. The entity, now renamed NCBA Insurance Company Limited, has fully embraced the NCBA culture and is well positioned to become a key member of the financial services group.

Business and Product Overview

NCBA Insurance Company Limited has been offering cutting-edge risk management and bespoke insurance solutions through comprehensive products in general insurance. The company is the market leader in providing specialised products such as Cyber Liability, Director's and Officer's Liability, Commercial Crime, Contaminated Product Insurance, Environmental Impairment Liability, Commercial General Liability, Travel Insurance, and a comprehensive SME package, among others.

Financial Strength and Performance

During the **second half** of 2024 financial year, NCBA Insurance surpassed the target by delivering KES 1.4 billion of Gross Premiums Underwritten. We remained the market leader in liability classes, travel insurance, and specialty products. In line with the new financial reporting standard, IFRS 17, adopted in 2023, NCBA Insurance recorded insurance service results (analogous to underwriting profit) of KES 409 million in the second half of the

year. The major driver for this growth was the impressive renewal retention rate, which was sustained at an average of 82% across all lines of business. Additionally, our superior claims handling has significantly contributed to our success. Over the years,

with our customer centric culture, we have been consistently recognised as one of the top insurance companies for efficient and effective claims management.

During the period, NCBA Insurance issued over 45,000 policies and covered risks in excess of KES 4.6 trillion across Kenya and globally; a testament to our global reach capability and capacity developed over the last 54 years of our operations. Despite a dynamic year

KES 191M
**Profit Before
Tax**

STELLA NJUNGE

Managing Director & CEO, NCBA
Insurance Company Limited

marked by the transition from AIG to NCBA, changes in government policies and legislation, political protests, and flooding early in the year, we maintained our focus on customer acquisition, retention, and relationship management with our insurance intermediaries.

Our Capital Adequacy Ratio (CAR) stood at 328%, significantly above the prescribed regulatory minimum of 200%. We take great pride in being among the top 5 insurance companies in Kenya with one of the highest CARs in the industry. Furthermore, the latest review from Global Credit Rating (GCR) affirmed NCBA Insurance's financial strength rating at AA-(KE) with a stable outlook. This rating was driven by strong risk-adjusted capitalization and solid liquidity, highlighting our financial health and stability. Ultimately, this endows our business with an ability to continue to serve our diverse customer base effectively.

Strategic Partnerships and Positioning

NCBA Insurance continues to be the first-choice niche underwriter for specialised products, establishing itself as a strong brand with premier proposition and appeal. This reputation is anchored on our dedicated and experienced service professionals in underwriting, claims, operations and relationship management. Our bespoke insurance solutions, designed to meet global standards, are tailored to meet the ever-evolving risk landscape, ensuring comprehensive protection for our clients. This commitment to excellence is our key value proposition.

Leveraging our global heritage and strategic partnerships with both local and international insurance intermediaries, we are well-positioned to serve multinationals, blue-chip companies, middle to large corporates and high-net-worth clientele. Additionally, our continued relationship with AIG Group as their multinational network partner further enhances our ability to deliver exceptional service and innovative solutions to our diverse client base.

During the period, we revised our reinsurance program and structure to significantly enhance our local and regional capacity to cover risks. The new program is underwritten by carefully selected local, regional and global reinsurance companies. It not only delivers the capacity for growth but also ensures the retention of profitable business within our existing product suite. Additionally, it offers comprehensive protection to safeguard our balance sheet from potential adverse exposures.

Looking Ahead

NCBA Group brand, combined with our superior insurance solutions, global heritage, unique skills, and capabilities, will continue to position NCBA Insurance Company as a key partner for clients navigating complex risks in an evolving world. In this way, we will be part of the Group goal to fulfill the customer demand for a 'One Stop Shop' for financial solutions.

KES 409M
Insurance Service
Result

KES 1.4B
Gross Written
Premiums

328%
Capital Adequacy

As a business, we will uphold our underwriting philosophy and risk appetite, focus on profitable growth, leverage on technology and strategic partnerships, and expand our geographical reach to counties and the East Africa region. We are acutely aware of our new corporate positioning and recognise that we have built a resilient business. Our commitment to customer-centricity and loyalty will remain at the forefront of all our engagements.

As a recent signatory to the Nairobi Declaration on Sustainable Insurance (NDSI), we are poised to leverage NCBA Group's sustainability commitments to drive a sustainable business aligned with the Principles of Sustainable Insurance. This commitment highlights our dedication to integrating sustainability into our core operations and delivering long-term value to our stakeholders.

KEY NUMBERS

Value	Metric (2024)
KES 1.4 billion	Gross Premiums Underwritten
KES 409 million	Insurance Service Results
KES 141 million	Investment Income
KES 191 million	Profit Before Tax
82%	Renewal Retention Rate
328%	Capital Adequacy Ratio (CAR)
> 45,000	Number of Policies Issued
> KES 4.6 trillion	Risks Covered
AA-(KE) with a stable outlook	Financial Strength Rating (GCR)

Who We Are

Our Business

ESG, Climate Risk &
Sustainable Finance

Our Financials

Other Information



RAPHAEL AGUNG

Group Director, Global Markets

GLOBAL MARKETS

The NCBA Global Markets team is a leading customer centric and trusted Global Markets partner, providing broad-based client solutions for a wide spectrum of individuals, small and medium-sized businesses as well as large commercial enterprises. Our client coverage cuts across a range of geographies and industries, to support our clients' growth.

Foreign Currency and Fixed Income Liquidity Provision.

As a leading Tier 1 bank, NCBA Global Markets contributed immensely towards the country's overall socio-economic welfare in various ways in 2024. Notably, we were at the forefront in reviving the foreign exchange (FX) interbank market by regularly providing liquidity as a market maker. Resultantly, today, Kenya's FX interbank market liquidity is at a multi-year high, enabling individuals and business enterprises to not only convert currencies, but more importantly access, utilise and transfer those funds. This has helped normalise the country's exchange rate. In addition, more specifically to the banking sector, NCBA is a major player in market making to Tier 2 and 3 commercial banks in the market. We believe this plays a crucial role in further enhancing Kenya's financial markets' effectiveness.

To all our clients, the Global Markets team provided pricing solutions by navigating currency positions and volatility in line with the direction of movement of major currency pairs in 2024. The team structured various solutions for specific customer business needs. Apart from that, the team continued to offer client solutions on FX hedging, exotic currencies liquidity provision all with an enhanced end-to-end digitised FX customer journey.

NCBA Global Markets is a key liquidity provider in the Fixed Income Markets, trading actively in local government securities, Eurobonds as well as US Treasuries. Whilst enabling our clients to unlock growth opportunities across various sectors, Global Markets contributed over KES 4.8 Billion to the bank's bottom line.

Financial Institutions.

Our Financial Institutions (FI) team provided proprietary correspondent banking support for the bank and group subsidiaries with a broad network of counterparties for transactions under various products to support international trade throughout the region and the world at large. Moreover, given our expertise in this area, several commercial banks in the region called on us to offer cash management solutions in Africa's nascent economies, including South Sudan and Democratic Republic of Congo.

Economic Research and Thought Leadership/knowledge and information brokerage.

Against a backdrop of ongoing global market volatility, our unique economic research franchise enabled us to remain a credible go-to analytical brain trust in the country, providing timely, strategic and actionable market and business insights to our clients and stakeholders.

To more specific highlights in 2024, the research team circulated to all our clients more succinct macroeconomic developments reports, which had a redesigned look, offering readers a better interaction with our reports.

Moreover, for our clients in different regions in the country, we held targeted macroeconomic discussion forums that were tailor-made to suit socio-economic aspects in different regions.

Given the very crucial needs of our clients to know, understand and align their business strategies with the government policies and agenda, we held the much sought after NCBA Economic Forum in November. This forum offered all our clients, the media and the public at large the opportunity to follow the proceedings online and on their televisions. To this end, the Economic Forum was covered in 2 print newspaper stories, 21 radio station stories, 10 TV stories, 10 online stories and 4 industry stories, creating a Public Relations (PR) value of KES 33.45 million to our brand.

Asset Liability Management (ALM).

In our Asset Liability Management practice, we maintained adequate liquidity to meet both expected and unexpected cash flow needs of the bank in 2024. Moreover, asset growth was supported by a corresponding increase in liquid assets and access to funding sources to ensure that the bank met its obligations as they came due.

As evidence of our capability to ensure that the bank's liquidity is able to withstand liquidity shocks, during the year we managed to hit a peak of 20% on our high-quality liquid assets (HQLA) ratio.

More importantly, our ALM team optimised the investment portfolio by enhancing the returns from our investment securities that included government securities in both local currency (T-bill, Bonds) as well as foreign currency (Eurobonds) and the bank's placements in the interbank in different currencies.

Looking Ahead:

We are remarkably well placed to be the leading customer centric and trusted Global Markets partner to provide relevant thought leadership, insights and bespoke solutions to our clients as they navigate 2025. We plan to;

- Redesign core customer journeys to deliver unmatched customer experiences.
- Hold bespoke customer knowledge and information brokerage forums.
- Ignite deeper customer engagements through thought leadership.
- Diversify our client product offering into structured and risk management solutions in foreign currency trading, fixed income trading as well as commodities.

- Reduce the effort required by customers to access services or have issues resolved.
- Drive an optimal cost of funds profile for the bank.
- Provide efficient cash flow and liquidity management tools for the Group and its subsidiaries.
- Enhance business intelligence system capabilities within the ALM practice that will support our strategic priority of ensuring our balance is ever agile to respond to changes in our operating environment.

KES 4.8B
Profit Before Tax





LOUISA WANDABWA

Letter from our Ag. Group Director,
Regional Business

OUR REGIONAL PRESENCE

Our Performance

It's with great pride that I share the Regional Business results for the fiscal year 2024 marked by strong performance, resilience, and balanced growth, contributing meaningfully to NCBA Group's overall success.

Strong Financial Performance

With disciplined execution, a customer-first approach, and operational excellence, we delivered solid results. Operating income rose to KES 8.8 billion, marginally up year-over-year and above Group averages. Our region contributed 14.3% of the Group's operating income, underlining our vital role.

We took a proactive stance on credit risk management, cutting non-performing loans from 10% to 4% and recovering KES 1.1 billion in previously written-off accounts. Net profit grew 6% year-over-year to KES 3.2 billion. Our success reflects a resilient, diversified portfolio that balances mature stability with emerging market growth.

Diversification and Growth Across Markets

Performance was balanced across all markets:

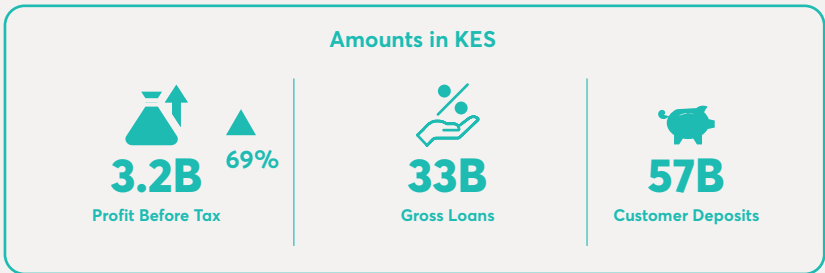
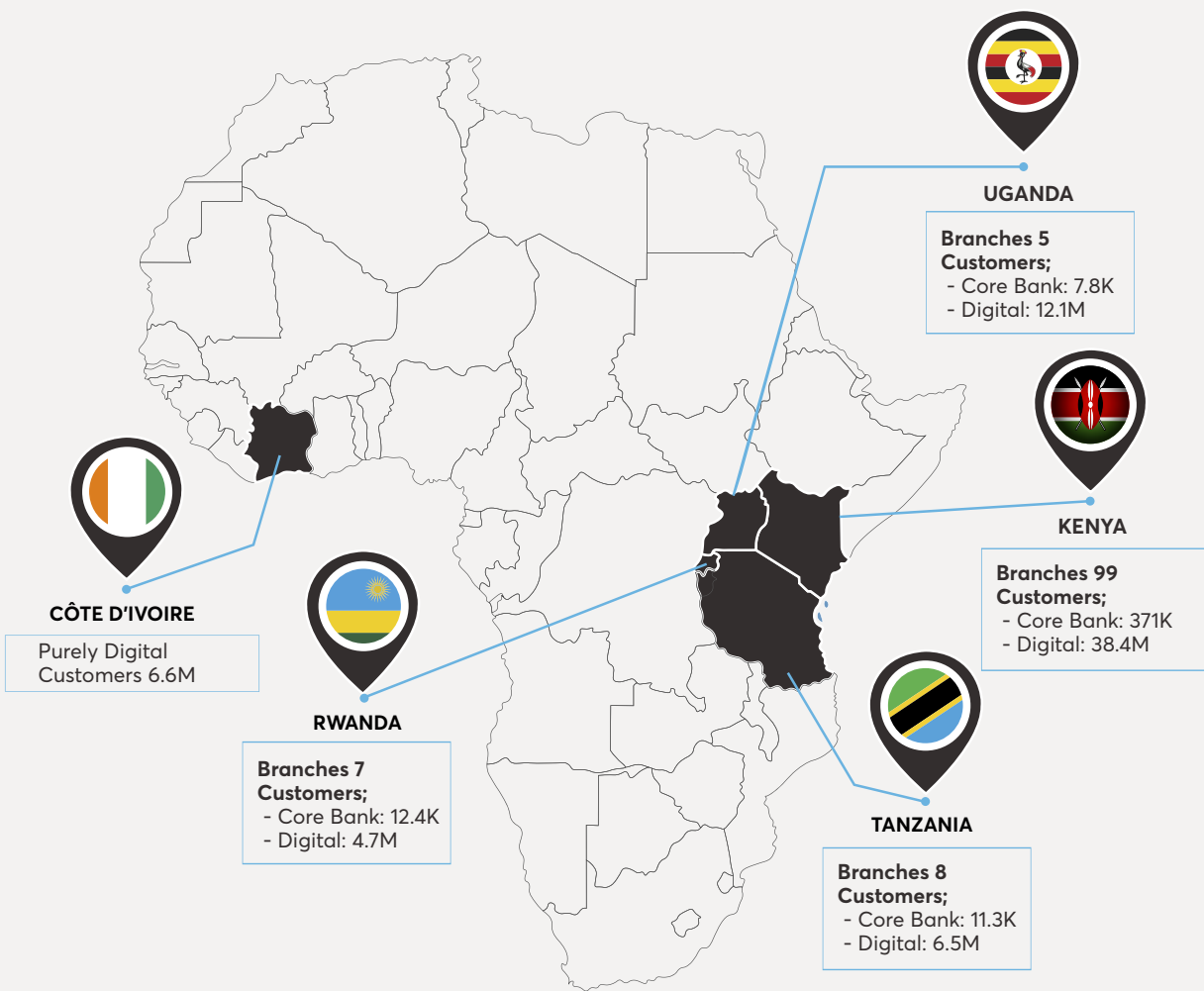
- Uganda delivered KES 1.6 billion PBT, up 34% year-over-year, driven by digital lending growth and disciplined credit management. Expanding our physical network further boosted customer growth and retention.
- Tanzania achieved a turnaround milestone, with sustained profit growth, stronger asset quality, and a third straight year of declining NPL ratios. It contributed KES 832 million PBT, up 11% year-over-year.
- Rwanda faced early credit pressures but acted swiftly to stabilize the balance sheet through tightened risk controls and increased provisions. Recovery is now visible, with improving loan volumes and portfolio quality. Rwanda contributed KES 752 million PBT.

Looking Ahead to 2025

We enter 2025 with optimism. Strong capital, prudent risk practices, and agile teams position us well despite dynamic macro conditions. We will continue to invest in technology, talent, and customer experience, leveraging the Group's scale to deepen market share and drive long-term value.

On behalf of the entire leadership team, thank you to our regional employees for their innovation and dedication, and to our shareholders for your trust.

Together, we will build a stronger, more resilient future for our regional businesses and position them as a true growth engine for NCBA Group.



BUSINESS OVERVIEW - UGANDA



12.1M

Number of
Customers



205

Number of
Employees



5

Number of
Branches



5

ATM's



MARK MUYOBO

Letter from our
Chief Executive Officer,
NCBA Uganda

“
NCBA Bank Uganda achieved a key milestone in earnings with a 34% increase in Profit Before Tax of 1.6 billion KES in 2024, as we continued to deliver the long-term Strategy

NCBAU continued to deliver on its business model of inspiring greatness to its customers with our integrated approach to Corporate customer ecosystems through providing solutions along the value chain resulting in good financial performance in 2024. We embarked on a people development journey to attract and retain a strong and capable staff complement that strengthened the banks' bench strength.

Strong Financial Performance.

We are pleased to share an overview of NCBA Bank Uganda's performance for 2024, highlighting the progress made in executing our strategy. Our Total assets grew by 13% from UGX 854 billion (KES 35 billion) in 2023 to UGX 963 billion (KES 34 billion) in 2024.

The above balance sheet performance resulted in a 7% growth of Operating Income from KES 3.1 billion in 2023 to KES 3.4 billion in 2024 and 34% increase in Profit Before Tax (PBT) from KES 1.2 billion in 2023 to KES 1.6 billion in 2024. Shareholders' equity increased marginally from KES 7.49 billion in 2023 to KES 7.64 billion in 2024 with a return on shareholders' equity of 21% in 2024 above target of 16%. The bank was fully compliant with the recently revised minimum core capital requirement of KES 5.4 billion.

Amounts in KES


1.6B **34%**
Profit Before Tax


33.6B
Total Assets


10.4B
Net Loans & Advances


22.8B
Customer Deposits


3.4B
Operating Income

Business Overview Uganda (Continued)

In 2024, the bank implemented an improved risk management framework by reviewing the Credit Risk Management structure, credit management process and building the resources bench strength of the department. This resulted in the Non-Performing Loan ratio of 4.8% below the threshold of 5% and industry average of 5.2%.

Delivering on our Strategy

In 2024, NCBAU continued to strengthen brand awareness, notably by expanding the NCBA Golf Series to Jinja Sports Club and Mary Louise Memorial Golf Club in Namulonge, as well as renaming the US Kids Tournament to the NCBA Junior Tournament. We also increased the Relationship Manager Satisfaction Index to 95%, in line with the peer average of 96%. In addition, we prequalified over 25 vendors and suppliers to streamline turnaround times and hosted our first-ever supplier conference to enhance engagement and sales opportunities.

NCBAU increased its growth trajectory with the strategic branch expansion into **Namanve Industrial Park targeting Corporate and Retail customer ecosystems** through the specific sector approach. We continued to invest in digital transformation enhancing platform reliability with strategic partnerships with Agency Banking Company (ABC) and Interswitch to expand our distribution channels through Agency Banking.

Our ongoing partnership with MTN Uganda, coupled with the recently upgraded BOSS platform, allowed us to offer more accessible banking services to the unbanked population, resulting in over 2 million active customers. **The digital bank contributed 74% to the total bank profitability**, generating KES 1.1 billion in 2024. The continued strong performance of the Mo-Kash business highlights the importance of our mobile loans and savings products, further advancing financial inclusion within our communities. We continue to deepen our relationship with MTN Uganda by expanding the financing solutions to the super dealerships to increase their capacity to purchase float and make collections through our Cash Depositor Machines (CDMs).

NCBAU embarked on a people development journey to attract and retain talented staff through training and reviewed our Employee Value Proposition (EVP). By filling all vacant positions, we achieved a 93% staff complement, while our employee wellness initiatives led to a reduction in staff attrition from 15% in 2023 to 8% in 2024—well below the 10% threshold.

The bank identified key sectors with strong growth potential for diversification, including mining and quarrying, oil and gas, communications and transport, commercial agriculture, and personal banking.

Fostering Sustainability

NCBAU remains commitment to our Sustainability Agenda.

In 2024 we partnered with the National Forestry Authority and supported the planting of 20,000 trees towards restoration of the degraded Jubiya Forest Reserve in Masaka District Central Uganda. In addition to continuing our tree planting programs at Golf Clubs on courses where our stakeholders play. This was complimentary to the regional sport development program where we are a major promoter of Golf in the country sponsoring the NCBA Uganda Golf Series, the NCBA Uganda Monthly Mug and the NCBA Junior Golf Series for developing the talent of young golfers.

Our plans to transition our customers and the Bank to low carbon operating models are also on track as we entered a partnership with our customer and fleet solutions provider. This is to transition one of our transport vehicles from an internal combustion vehicle to Electric that we expect to deploy in 2025, along with two EV charging stations that will also be available for public usage.

This initiative will enable us to further green our supply chain, reduce our carbon emissions and increase our green finance portfolio, in addition to reducing our financed emissions in line with the 2015 Paris Agreement. Additionally, we continued to eliminate single use plastic as we adopted glassware bottles and embarked on greening our office spaces with an assortment of potted plants in key locations in our premises.

As part of capacity building in the "I Change the Story" staff development program, we leveraged the Group's Sustainability Team expertise to provide tailored training for our Board of Directors and Management Team that was further enhanced with a deeper two days sustainability training for the Management Team. These tailored trainings are part of a Bank wide sustainability development program that will be cascaded to all levels of staff in the Bank in 2025 starting with the Business Teams that are the first point of reference for customers. Our focus on community engagement also took shape as we partnered with the Makerere University Endowment Fund in a marathon run and other fundraising activities to support the education of Students with disabilities in addition to partnering with Rotary Uganda in the annual Cancer run along with other banks in the country.

Outlook for 2025

During the year 2024 Uganda's inflation remained stable operating well below the policy target of 5.0% closing the year at 3.3% driven by improved energy and petroleum prices, a stable currency for the greater part of the year and strengthened capital flows. According to the Central Bank of Uganda's Monetary policy statement for December 2024, the GDP outlook remains unchanged with growth expected in the range of 6.0% to 6.5% in the financial year 2024/2025 supported by strategic government

Business Overview Uganda (Continued)

interventions, increased foreign direct investment in the extractive industry and the commencement of oil production in 2025/2026 according to the Central Bank.

The National Budget strategy for 2025/2026 issued by the Ministry of Finance, Planning and Economic Development laid out the Tenfold (10X) Growth Strategy for Uganda, targeting to expand the economy from a GDP of 50 Billion USD in 2023 to 500 Billion USD by 2040 with a focus on the ATMS i.e. (Agro-Industrialization, Tourism development, Mineral development plus Oil and Gas, and Science and Technology). The plan will also mark the first year of implementation of RAPEX reforms (Rationalization of Public Expenditure Reform) across all levels of Government.

Considering the above macro-environment, NCBA Uganda is committed to sustainable growth, focusing on corporate ecosystem partnerships, driving leadership in Corporate Banking, and enhancing digital capabilities. We will invest in stabilising our network, launching improved Corporate and Retail Internet Banking platforms, and expanding customer engagement. Additionally, we will enhance our risk management framework with a stronger credit risk assessment process and foster a robust risk culture. In 2025, the Bank will implement the ESG Framework for the Banking Sector that was developed by member Banks in the Uganda Bankers Association (UBA) and launched in June 2024.

At NCBA Uganda, the customer will be the center of all that we do.

Appreciation

I would like to take this opportunity to thank the members of the Board of Directors for their continued support and guidance in steering the bank towards a successful year in building value for the stakeholders and in addition, I would like to extend heartfelt appreciation to our valued customers for their trust and partnership during the year. Finally, the dedicated staff that have shown the Go-Getter attitude and as a team have achieved this stellar performance. I am looking forward to greater opportunities in 2025.



Figure 1, 2 & 3: NCBA Uganda Staff in partnership with NFA planted 20,000 trees in an effort to restore Jubiya Forest Reserve in Masaka, this is in line with our commitment to a sustainable future..

BUSINESS OVERVIEW - TANZANIA



6.5M

Number of
Customers



199

Number of
Employees



8

Number of
Branches



8

ATM's



CLAVER SERUMAGA

Chief Executive Officer,
NCBA Tanzania

“The year 2024 marked a defining moment for NCBA Tanzania as we strengthened our financial position, delivering a profit before tax of KES 832 million, a remarkable 11% increase from the previous year.

To Our Valued Shareholders,

The year 2024 marked a defining moment for NCBA Tanzania as we strengthened our financial position, delivering a profit before tax of TZS 16 billion (KES 832 million), a steady 11% increase from the previous year. This performance consolidates our profitability for a second consecutive year, following three years of post-merger losses. These results demonstrate the success of our Target Operating Model, underscoring the success of our strategic turnaround and reinforcing our position as a resilient and growing financial institution in Tanzania.

Amounts in KES



0.83B
Profit Before Tax



27.5B
Total Assets



13.7B
Net Loans & Advances



19.4B
Customer Deposits



2.8B
Operating Income

Business Overview Tanzania (Continued)

Delivering on our Strategy.

In 2024, we executed our strategic priorities through four key pillars:

1. **Being Digital at the Core:** The bank drove digital banking solutions to enhance efficiency and improve customer experience. Key achievements included the successful launch of the NCBA Now mobile app in Q2 2024 and a 45% contribution to Profit Before Tax (PBT) from our Digital Business.
2. **Building a Culture of Execution Excellence:** By ensuring operational effectiveness and service excellence, the bank achieved strong 11% year-on-year PBT growth. Notable successes within this pillar include a significant reduction in Non-Performing Loans (NPL), from 13.5% in December 2023 to 6.4% by December 31, 2024. Additionally, we exceeded our recoveries target by achieving 107%, resulting in recoveries surpassing provisions for the year.
3. **Focusing on Operational Efficiency:** We optimised processes and cost structures to drive sustained profitability. The Bank achieved operational expenses that were 9% below budget while advancing process automation, with 11 out of 15 prioritised processes completed on track by December 31, 2024.
4. **Leveraging the Strength of Our Group:** By harnessing NCBA's regional network, we enhanced our service offering in Tanzania, benefiting from strong resource support across HR, Finance, Operations, and Digital Business. This collaboration boosted the Banks productivity, while Group-facilitated learning and development programs further elevated our staff's expertise.

Financial Performance and Business Optimisation.

In 2024, the bank focused on optimising its balance sheet, with total assets closing at KES 27 billion (TZS 513 billion), a slight decline from KES 32 billion (TZS 516 billion) in 2023. This reduction reflects our continued efforts to drive greater productivity and operational efficiency across the business.

Income growth was driven by a marginal growth in interest income to KES 3.3 billion and a 4% rise in forex income to KES 273 million. A major highlight of the year was our successful containment of non-performing loans (NPLs), which improved by over 48%, reducing from 13.5% in 2023 to 4.5% by year-end. This achievement underscores our continued focus on de-risking non-performing accounts and enhancing recovery efforts, which yielded KES 553 million in the period.

Despite total operating expenses declining by KES 272 million, there was a strategic investment in human capital and digital transformation to drive long-term sustainability. Our funding base remained strong, with customer deposits closing at KES 19 billion. Although lower than the KES 24 billion recorded in 2023, this reflects our shift towards a more optimised and efficient balance sheet structure.

Sustainability.

At NCBA Tanzania, we believe our success is deeply connected to the communities we serve. Through our "Change the Story" sustainability agenda, we have made significant progress across five core pillars: climate impact mitigation, customer transition to low-carbon operations, risk management, community engagement, and governance optimization.

In 2024, we planted 4,000 trees in Dar es Salaam, Arusha, and Mwanza, embedding each initiative within community-driven projects. A notable example was the planting of 1,000 shade and fruit trees at Arusha City Hospital during our regional Golf Series launch, aligning environmental sustainability with community well-being.

Sports and community development remain at the heart of our engagement efforts. We successfully hosted the NCBA Golf Series in Dar es Salaam and Arusha, attracting over 200 golfers and expanding junior golf initiatives to over 100 youth players. Our commitment to social impact extended to women and youth empowerment through initiatives like the Binti Initiative and support for the Jerusalem Children's Home. Additionally, our healthcare contributions included an TZS 8 million sponsorship for pediatric surgeries at the Jakaya Kikwete Cardiac Institute.

Business Overview Tanzania (Continued)

Looking Ahead to 2025.

Despite global and local economic headwinds, we remain optimistic about the future. Tanzania's projected GDP growth rate of 6% in 2025 and an inflation target below 5% provide a favorable economic backdrop. Our focus remains on entrenching customer obsession, delivering compelling product value propositions, enhancing operational efficiencies, and harnessing the NCBA Group's regional strength to cement our position as Tanzania's preferred corporate banking partner. NCBA Tanzania remains committed to delivering sustainable growth, creating value for our stakeholders, and making a meaningful impact in Tanzania.

Asante Sana!



Figure 1: NCBA Group Managing Director, John Gachora, NCBAT MD, Claver Serumaga and senior leadership during NCBA NOW launch.

Figure 2: NCBAT MD, Claver Serumaga Teeing off during the NCBA Golf Series - Arusha Edition in June 2024.

Figure 3: NCBAT MD, Claver Serumaga participating in Tree Planting activity at Arusha City Hospital in June 2024.

BUSINESS OVERVIEW - RWANDA



4.8M

Number of
Customers



216

Number of
Employees



7

Number of
Branches



7

ATM's



MAURICE TOROITICH

Chief Executive Officer,
NCBA Rwanda

“

In 2024, NCBA Rwanda opened two new branches in Remera and Gisozi and a service center in Nyagatare District.

9.0%

GDP Growth in 2024

In 2024, Rwanda's economy was resilient posting a real GDP growth estimated to reach 9.0%. This was underpinned by well-balanced growth between all economic sectors. Headline Inflation was managed within single digit levels easing to 5.0% from 5.4% in 2024. Consequently, there was a downward adjustment of Monetary Policy rate by 50 basis points during the year. However, due to continued burgeoning of the balance of payments deficit, which reflects the import-based structure of the economy, the local currency depreciated by 9.4% over the year.

6.5%

GDP Projected Growth in 2025

In 2025, the economy is expected to remain strong, with GDP projected to grow by 6.5%. This growth will be primarily fueled by robust service and construction sectors, along with a recovery in food crop production. Inflationary pressures are expected to remain moderate, targeting around 6% in 2025. However, this outlook is subject to risks associated with adverse weather conditions and global and regional geopolitical developments.

Amounts in KES



0.75B

Profit Before Tax



21.2B

Total Assets



8.9B

Net Loans & Advances



15.4B

Customer Deposits



2.7B

Operating Income

Business Overview Rwanda (Continued)

Delivering on our Strategy.

On the backdrop of a resilient macroeconomic environment, the bank made significant strides to consolidate our presence and impact in the market by continuing to execute our medium-term strategy which is underpinned by our ambition to deliver exceptional service to our customers. In order to provide greater convenience to our customers, we opened two new branches in Remera and Gisozi and a service center in Nyagatare District. Consequently, our channel and brand reach continue to expand as demonstrated by an all-time high customer net promoter score of 92%. In 2025, we will continue to expand our reach with additional branches in Rubavu and in Rusizi. This is in addition to enhancing the capabilities of digital platforms to ensure seamless service to our customers. While this expansion will have a short-term impact on the profit performance of the bank due to the capital outlay and staff cost, the long-term effect is expected to be positive and long lasting for our stakeholders.



We opened two new branches in Remera and Gisozi and a service center in Nyagatare District.

energy consumption, conserve water, and minimise paper usage are well underway. We have also remained steadfast in our financial inclusion agenda, providing 4.2 million loans totaling Frw 175 billion through our Mo-Kash digital lending platform. Moving forward, the bank plans to expand its reach to new customer segments, further advancing financial empowerment. Additionally, our commitment to eliminating plastic materials from our workspaces has become deeply ingrained in our organisational culture.

Appreciation.

I would like to extend our greatest appreciation to the board of directors for their unwavering commitment and diligence in providing the governance structures and continued challenge to management and staff to aspire for much greater impact and to our staff for rising to the challenge and delivering on their commitments in 2024.

Business Performance.

In 2024, our balance sheet grew by 11% from RWF 204.8 billion (KES 25.4 billion) to RWF 227.2 billion (KES 21.2 billion). This growth reflects the impact of our investments in customer-focused infrastructure and in our people, who continuously innovate and deliver tailored solutions that help customers achieve their business and personal goals. We remain committed to providing relevant financial solutions to all our customers in Rwanda. In this regard, we continued to play a key role in supporting the growth of the economy across all the major sectors of the economy.

On the revenue front, the bank achieved a marginal growth, driven by all our core business lines. This performance reflects our substantial investment in customer-focused infrastructure and talent, as well as a prudent approach to credit risk. While these factors contributed to a decline in the bank's bottom line, we are confident that these investments and adjustments to our credit risk strategy lay a strong foundation for improved performance and resilience in the years to come. We are also pleased to also note that the bank remains well-capitalised, well above regulatory thresholds, and adequately funded to support our future growth prospects.

Sustainability.

Aligned with our commitment to creating a sustainable world, NCBA Rwanda continues to invest both independently and in partnership with other stakeholders in initiatives that foster social and environmental resilience. Our efforts to reduce



Senior leadership during the appointment of Maurice Toroitich NCBA Rwanda, Managing Director, in December 2024.

SWING
YOUR WAY TO
GREATNESS

RISK MANAGEMENT

NCBA Group believes that the practice of risk management should be deeply engrained in the way we do business to both enhance our customer proposition and strengthen our business. To meet the increasingly complex operating environment, we continue to strengthen and develop our integrated enterprise wide risk management framework. Notable initiatives include enhancing our operating platforms, fostering a strong and embedded risk culture, expanding analytical capabilities and tools to navigate increasingly volatile markets, and further evolving and diversifying our business model.

Our Framework combines both qualitative models and expert judgement to anticipate, navigate and mitigate risk to our business model. The framework is governed by NCBA's Group and Entity Board Risk Committee's which ensure relevant oversight at each entity level.

THREE LINES OF DEFENSE

1 FIRST LINE OF DEFENCE

The Framework embraces the three lines of defense model with the business responsible for owning and managing the organisation's risk.

2 SECOND LINE OF DEFENCE

The second line risk function is managed by senior experienced risk officers supported by risk systems and tools. They provide second line oversight and challenge of risk management activities performed by the First Line of Defense

3 THIRD LINE OF DEFENCE

The third line, audit function, provides independent assurance on the effectiveness of controls and process.

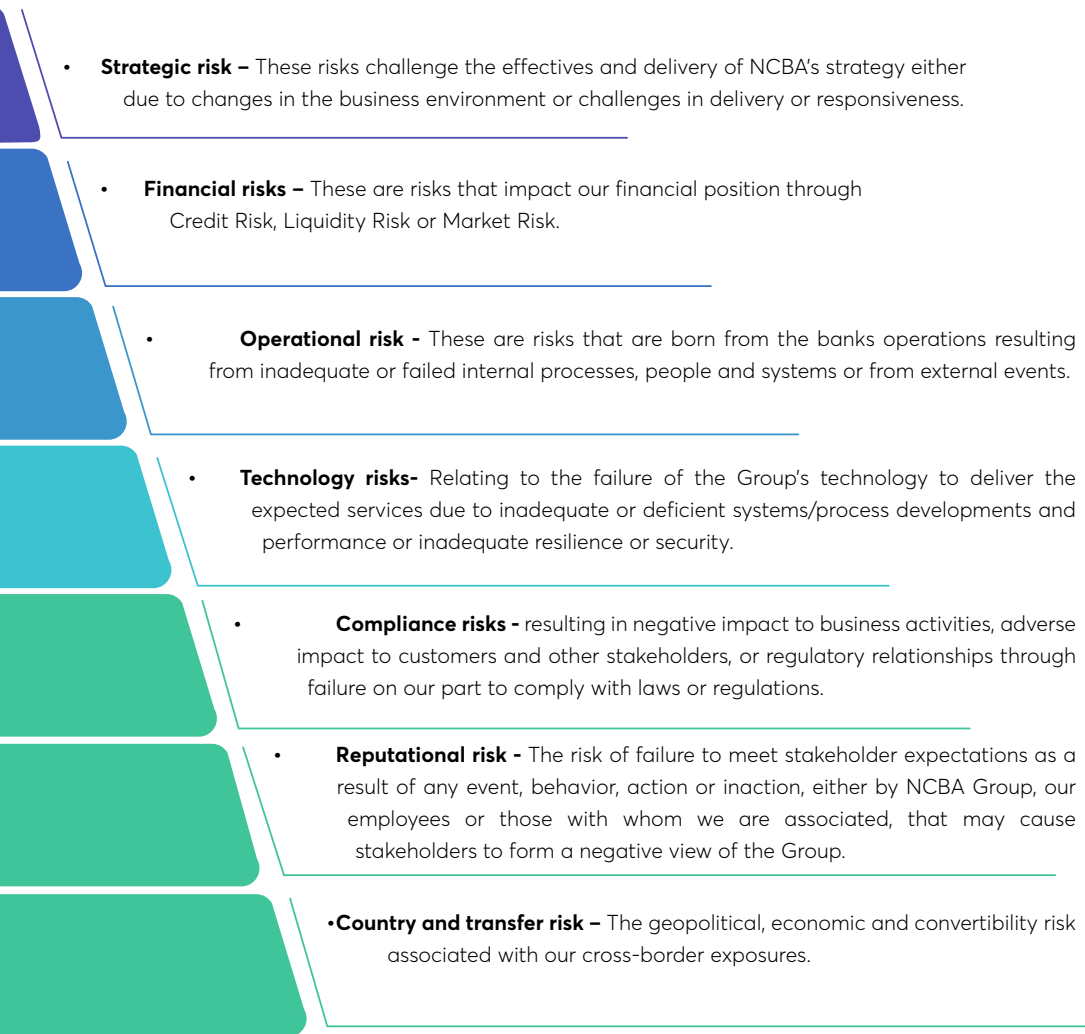
TIM ARMITAGE

Group Director, Risk & Compliance

Risk Management (Continued)

PRISM OF CORE RISK

As an organisation we look at risk through the prism of core risk categories and the exposure of the organisation and its subsidiaries face on an amalgamated basis.



In addition to managing the core risk categories we appreciate the interconnectivity of risks and review the organisations readiness and exposure to developing risks in the business environment. This enables the business to better position the organisation to anticipate, navigate and mitigate the risks facing the business.

Following a challenging domestic environment in 2024 the Group envisions the risk environment to broadly improve supported by domestic monetary policy, stable political environment, improved local markets and balance of payments position. This view is however tempered by the geopolitical and global macroeconomic uncertainty primarily driven by the Trump presidency and policies as well as continued economic weakness in China. With this view, the Group's top risks in 2025 are as highlighted below.

Who We Are

Our Business

ESG, Climate Risk & Sustainable Finance

Our Financials

Other Information

THE TOP RISKS FOR THE GROUP IN 2025

Risk	Trend	Description
Inflationary pressure and harsh economic conditions		The rising cost of living and challenging macroeconomic environment has continued to impact our clients through higher costs of living and operating costs. In addition, sector specific demand pressures and government policy has also put pressure on consumer demand challenging our customers revenue outlook. While we expect the monetary policy environment to loosen, we expect the pressure to persist in the coming year and is likely to maintain pressure on the credit environment.
Changes in interest rates		Through 2024 the rising interest rate environment had an impact on loan affordability and the banks margins, capital and operations. We expect the pressure to ease in 2025 driven by monetary policy.
Depreciating local currency and constrained Dollar liquidity		Through 2024 foreign exchange risk increased through H1 and stabilised in H2. With the external financing gap broadly supported through 2025 we expect FX currency and liquidity risk to remain stable through the year.
Evolving Regulator environment		The regulatory and compliance environment has become more complex with new policies and frameworks being introduced across our markets. In addition, the evolving geopolitical shifts, regional conflicts, and international policy and macroeconomic environment will increase uncertainty in 2025. Continued regulatory focus on AML, Data privacy, Tax and the efficiency of the policy transition mechanism. In addition, more broadly fines and penalties for non-compliance have increased and along with deeper regulatory scrutiny. Ensuring compliance to the stringent regulatory requirements and expectations will continue to require resources in to the future.
Cyber risk		The banking sector continues to face the risk of service disruption, fraud and malicious damage from both external and internal threats. As we continue to adopt new technologies, the threat of cyber risk continues to increase with agents becoming more sophisticated and the technology infrastructure broader. We envisage this risk to remain and increase inline with our digital focused business strategy and we are continuously developing our monitoring, threat identification and security systems to mitigate this risk.
Third party, Technology and Artificial Intelligence		As we continue to adopt to new digital technologies (including Artificial Intelligence and cloud) our organisation will require new skills and resources that are scarce in our markets. In addition, given the speed of technology change the risk posed by the obsolescence of existing infrastructure has increased. New technology also introduces new and evolving risks for our organisation. Due to the specialist nature of technology paired with the talent pool constraints increases our reliance on third-party's, outsourcing and strategic sourcing arrangements, which increases the risk related to roll out delivery, potential reputation and financial risk.

Environmental, Social and Governance Risks	▶	We recognise the growing focus on climate change and sustainability driven by the regulatory requirements already in place, the enhanced disclosure requirements and the expectations of various stakeholders on green initiatives may require us to alter our strategy and or business model. In addition, we continue to build ESG sensitivities and requirements in to our strategic risk framework to better enhance both our commitment towards mitigating climate change and strengthening our reliance.
People related risks	▶	Talent related challenges with regards to upskilling existing employees, attracting and retaining new staff in specialised roles such as information technology and in our digital banking division were a key focus in 2024. In addition, challenging economic environment are also correlated with increased risk of internal fraud. While the former continues to pressure the cost of operating the latter increases the risk of financial loss. In response to the skilling our workforce, we have accelerated our investment in our staff training and upskilling. We also continue to strengthen our fraud risk detection capabilities and staff awareness.



Risk is increasing in 2025



Risk remained at the same level in 2025



Risk is decreasing in 2025



KEY FOCUS AREAS IN 2025

We have identified five priority areas to drive our key transformational goal this year of embedding customer obsession





Environmental, Social, Governance (ESG), Climate Risk And Sustainable Finance

Our Ambition



At the heart of Change the Story is our aspiration to contribute to a more sustainable and equitable future while ensuring long-term value creation for our stakeholders.

Our Stakeholders



Continually engaging with our stakeholders is vital to the success of our business. Through transparent communication, collaborative initiatives, and by providing our stakeholders with mechanisms for regular feedback, we ensure that our financial solutions, policies, and sustainability commitments align with the interests of our stakeholders. By fostering these relationships, we create shared value by contributing to a resilient and inclusive financial ecosystem, and socio-economic growth; underwriting a life of dignity for our stakeholders.

Investors	Providers of our capital and funding
How we engaged	Overview
Group MD and Group Executive took part in various engagement activities that included quarterly results presentations and dedicated investor briefings.	Dialogue focused on progress against our strategic objectives and financial targets. We held several meetings over the year, providing investors the opportunity to give direct feedback to the Board.
Customers	Retail and Corporate clients we serve
How we engaged	Overview
Customer surveys	We conducted customer surveys in 2024, enabling us to gain insights into our customer's satisfaction and expectations; to identify areas for service improvement and innovation, to strengthen customer relationships and inform product development and tailor financial solutions to customer needs.
Digital channels – including through our website and written communication	Our Group website attracted significant traffic, with many customers actively engaging with our various features. Through our social media channels, we connected with a wide audience, enabling us to share transparent information about our initiatives and enhance customer experience through streamlined service requests and continuous feedback.
Customer events: 1. NCBA Economic Forum 2. Solar 3. Webinars	We hosted a number of impactful events in the course of the year aimed at building collective knowledge and enhancing awareness of our services. Our Solar PV forum provided a platform for our clients to connect with industry leaders, technical experts and solution providers. We educated our clients on solar financing, options and benefits and strengthened partnerships with solar energy providers. We also hosted the 7th edition of our annual NCBA Economic Forum on the theme – “Navigating Uncertainty” with expert insights on Kenya’s path forward.
Regulators	Responsible for overseeing and enforcing compliance with legal, financial, environmental, or sector-specific regulations
How we engaged	Overview
i. Engagement with the various Central Banks on emerging sustainability and climate-related guidelines: Specific engagements included: Kenya Green Finance Taxonomy by Central Bank of Kenya. - ii Climate Risk Disclosure Framework for the Banking sector August 2024 by Central Bank of Kenya. - iii Guidelines on reporting of sustainability related risks and opportunities for banks and financial institutions 2025 by the Bank of Tanzania. iv. Guidelines on reporting of climate related risks and opportunities for banks and financial institutions 2025 by Bank of Rwanda. v. Minimum Disclosure Requirements under IFRS S1 and S2 on sustainability and climate related risks 2025 by Bank of Uganda.	We operate in highly regulated markets which continue to evolve. We engage directly with all relevant regulatory bodies and embed this in our business as a priority. with relevant regulatory bodies and embed this in our business as a priority. We engage constructively on policy updates and review processes. We respond to material consultations. We play a role in helping to define and deliver new frameworks for reporting and disclosure.

Employees	Responsible for delivering on our strategy
How we engaged	Overview
Employee surveys	We actively engaged our employees through regular communication forums, training sessions, and feedback mechanisms. By creating open channels for dialogue, recognizing contributions, and providing opportunities for professional growth, we strengthened our internal culture and aligned our teams around shared goals. Employee engagement initiatives also included wellness programs, leadership development, and platforms for innovation, ensuring that every voice had an opportunity to shape our collective progress.
Various staff events	
GMD's Townhall	
NCBA Learning Platform	
Communities	The people and groups that are indirectly or directly impacted by our operations, products and services
How we engaged	Overview
Collaborations with our various partners in implementing Change the Story	Working with our strategic partners, we continued to contribute to positive environmental and social impacts by addressing key societal challenges such as financial inclusion, climate action and economic empowerment.
Employee volunteering	NCBA employees contributed to community well-being through financial literacy training, environmental conservation projects, and various mentorship programs.
Sponsorships	We supported various impactful community programs in education, sustainability, sports, and entrepreneurship. In 2024, NCBA Group injected over KES 100 million to over 80 community engagements, in our markets of operation, impacting more than 5000 people through our projects.
Suppliers	Organisations that deliver our goods and services
How we engaged	Overview
Supplier Diversity Assessment	We continued to encourage our suppliers to submit AGPO certificates where relevant to enable us to track our diverse spend.

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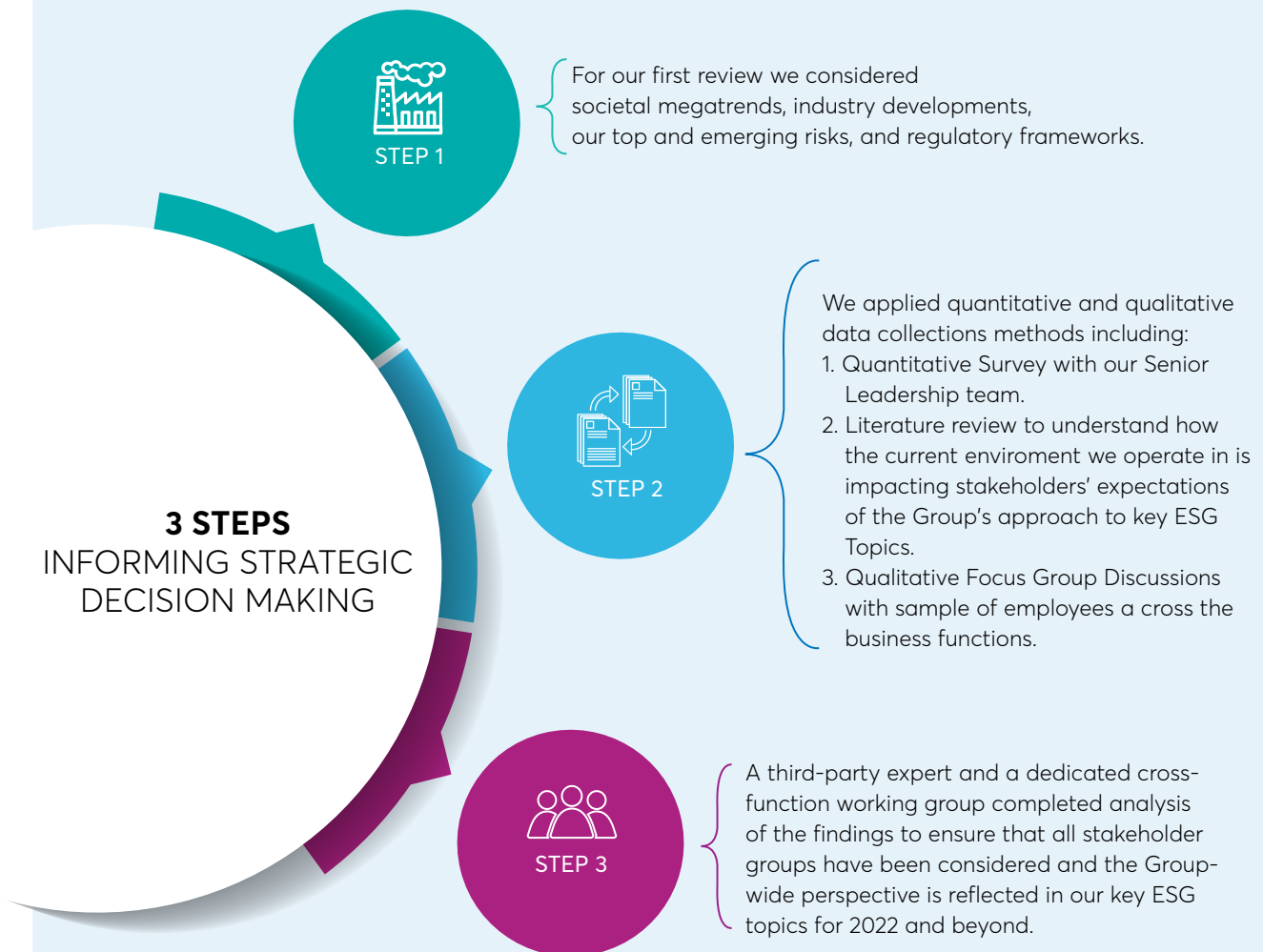
CHANGE
THE STORY
 A SUSTAINABLE FUTURE STARTS
 BY DOING GOOD TODAY

Our Material Topics

Our efforts and priorities as a business, are informed by the wider societal context around us. As such, prior to defining our sustainability ambition and attendant priorities, we initiated an in-depth materiality assessment in 2023 to identify our most relevant (or "material") Environmental, Social and Governance (ESG) topics.

These topics, which we refer to as "material issues" throughout this report, help us to understand the issues that matter most to our stakeholders thus enabling us to better address their concerns, and therefore manage our business better.

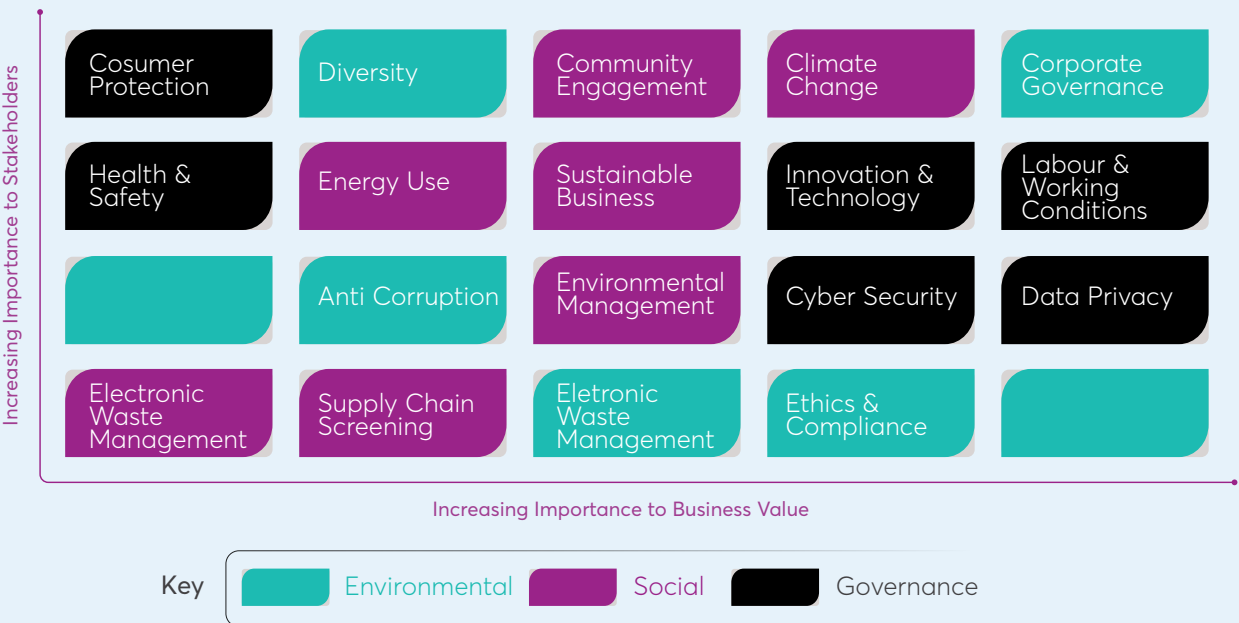
Our materiality assessment involves detailed stakeholder engagement to deepen our understanding of the ESG issues that matter most to our stakeholders and to the business. Instructively, it helps us understand the issues that matter most to our internal and external stakeholders; how our economic, social and environmental impacts with materialize across our operations; and how they translate into associated risks and opportunities. It further, enables us to capture our impacts extensively and prioritize focus, areas thus informing.



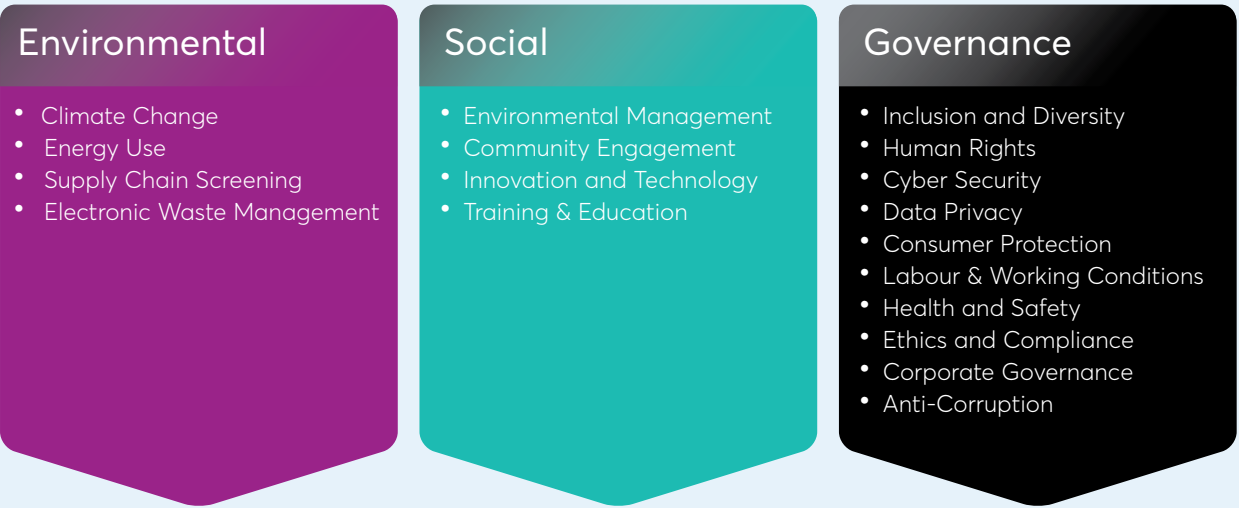
NCBA material issues

A key insight, underscored by this process, is the interconnectedness among material issues, such as climate change, community engagement and our energy use (as indicated in our Materiality Matrix below). We are therefore actively integrating a holistic approach into our core business to address these issues comprehensively with our ESG strategy being designed to empower the business to effectively manage the risks and seize the opportunities arising from these material issues.

Our research illuminated a total of 19 impact topics that we further grouped into five impact clusters.

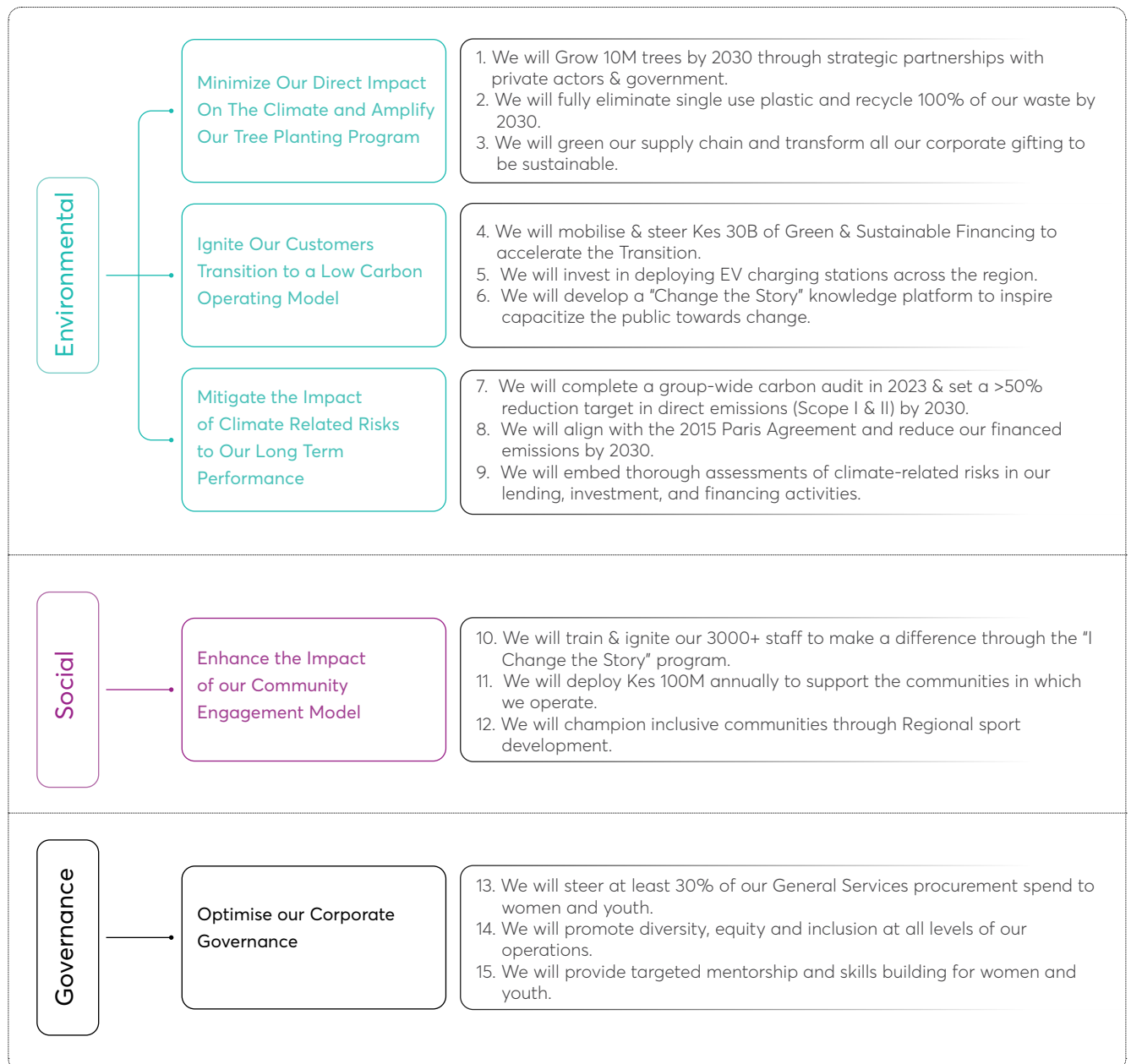


Material Themes



Our Strategy & Commitments

Change the Story: A Comprehensive approach to ESG, Climate and Sustainable Finance



2024 -2025 Materiality Review

As scoped in our materiality assessment process, we conduct a full review of our material topics every four years and review our key topics every two years. This is done by considering peer reviews, internal megatrends analyses, emerging sustainability frameworks, industry ESG developments and insight sessions with experts.

Our structured review identified the following concerns as relates to our material topics:

Emerging Concern	Impact on Material Topic	NCBA Response
Evolving Reporting & Disclosure Landscape	On 26 June 2023 the International Sustainability Standards Board (ISSB) released its first two International Sustainability Disclosure Standards - IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) that become effective for periods beginning on or after 1 January 2024 in our markets of operation.	We have conducted a gap assessment of our current reporting suite, to ensure alignment to IFRS S1 and S2. This will enhance transparency, accountability, and investor confidence.
Standardized Impact Disclosures	The global demand for impact-related reporting is growing as investors, regulators, and other stakeholders increasingly seek transparency on how businesses contribute to sustainable development.	NCBA joined a network of global financial institutions, capital markets participants and industry stakeholders in the Impact Disclosure Taskforce. NCBA Kenya became the first African Financial Institution to apply the new Impact Disclosure Guidance launched in 2024, by publishing its Sustainable Development Impact Disclosure (SDID).
Emerging Concern	Impact on Material Topic	NCBA Response
Evolving Regulatory Landscape	Various reviews and updates to Central Bank requirements on climate related financial risk reporting: • Central Bank of Kenya – > The Kenya Green Finance Taxonomy > Climate Risk Disclosure Framework for the Banking sector August 2024 by Central Bank of Kenya • Bank of Rwanda – > November, 2023, Guidelines on Climate-related and Environmental Financial Risk Management • Bank of Tanzania – > January, 2025 Guidelines on Climate-related Financial Risks Management and Disclosures • Bank of Uganda -2025-Minimum disclosure requirements under IFRS S1 and S2 on sustainability and climate related financial risks. The emergence of new ESG-related laws that are reshaping regulatory landscapes, requiring businesses to enhance transparency, adopt sustainable practices, and align with evolving compliance standards, for example the Sustainable Waste Management Act, 2022.	Our sustainability reporting approach is centralized at the Group with targeted support to each of our subsidiaries, to ensure consistency across markets while adapting to local regulatory requirements and applying local climate scenarios and data. We have instituted streamlined data collection methods to ensure knowledge is managed and handled appropriately for effective decision making across the respective governance mechanisms. This includes embedding climate risk in subsidiary governance processes.
Business Alignment	The Group's acquisition of AIG Insurance Kenya which rebranded to NCBA Insurance Group "NCBA-IG", in March 2025, marks the strategic expansion of our insurance portfolio, reinforcing our position in the market. This acquisition enhances our ability to offer tailored climate solutions, expand our climate data modelling & analytics, strengthening our customer base.	The Group instituted a double materiality exercise with NCBA Insurance to identify business-specific material topics and priority areas of focus in support of the Group's Sustainability Strategy - Change the Story which will be operationalised in FY2025.

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Our Governance of ESG, Climate and Sustainable Finance

We support efficient and effective decision making by taking an integrated approach

To ensure that sustainability opportunities and risks are fully embedded in our operations in order to enhance our competitiveness and buttress our resilience, the Board of Directors provides oversight and guidance to the senior management team to ensure they successfully implement our sustainability strategy: Change the Story. Oversight of ESG, climate-related risks and opportunities and sustainable finance is supported by embedding dedicated targets and key performance indicators within our established governance structure and operating rhythm.

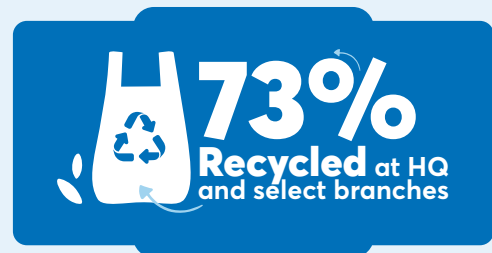


To support the Board and constituent committees to effectively oversight management's response to sustainability and climate-related risks and opportunities. We have defined clear roles and responsibilities for them.

As a consequence, and given its increasing strategic importance, sustainability performance is now a standing agenda item in our governance framework, ensuring continuous oversight, strategic alignment, and accountability.

The Group Board and subsidiary Boards, receive updates from management on performance against Change the Story strategic commitments impacting NCBA, our customers and key strategic partnerships.

Similarly, to enable Management to comprehensively assess and manage sustainability and climate related risks and opportunities in a nimble manner, a Change the Story performance analysis update is presented to the Executive Committee (EXCOM) during its monthly meetings.



Our Progress



Pillar 1: Minimise Our Direct Impact on the Climate and Amplify Our Tree Planting Program

Our Commitment	2023	2024
We will Grow 10M trees by 2030 through strategic partnerships with with public and private actors.	344,437 Trees planted with mapping underway to ensure long-term survival	450,678 trees planted in Kenya, Uganda and Tanzania.
We will fully eliminate single use plastic and recycle 100% of our waste by 2030	34% of waste recycled at HQs and pilot branches	73% recycled, in partnership with TakaTaka Solutions, at our 3 head offices and our Wabera Street branch in Nairobi, Kenya. 100% elimination of plastic water cups at water dispensing points.
We will green our supply chain and transform all our corporate gifting to be sustainable	76.3% reduction in plastic used in gifting	Continued reduction of plastic usage in corporate gift wrapping.

We will Grow 10M trees by 2030 through strategic partnerships with public and private actors

Planting and growing trees underscores our commitment to long-term value creation to our stakeholders. We recognise that we have a role to play to address climate change and preserve our natural ecosystems. As such, our tree growing activities are characterised by tangible and lasting benefits. We grow trees and restore forests, primarily, because we want to address our emissions. We have thus embedded monitoring and evaluation so that we can eventually evaluate the carbon sequestered and use it in our carbon accounting. Additionally, we also view our tree growing program as an opportunity to boost our employee engagement and generate a sustainability mind set.

Our approach to tree growing is simple: we focus on doing what we do best and rely on our partners to do what they do best. To this effect our tree growing model relies on the following:

- Strategic partnerships with organisations and entities that have made tree growing their mandate
- Onboarding local communities as actors and beneficiaries in our tree growing efforts so that there is local ownership, and permanence is encouraged
- Direct financial support for seedling production, distribution and planting.
- Plant quality trees over quantity – ensuring that we have planted trees that are native to the areas and are equally adapted to the changing climate is key.
- Mapping for clear monitoring and evaluation of all of our tree growing efforts.

In 2023 we launched a pilot project with the Boreka Foundation under which we planted 4000 trees with 402 farmers, of whom 82% were women. The farmers were provided with in depth training on climate change impacts,

climate action, climate resilience and reducing emissions from deforestation. They were also trained on carbon credits, benefit sharing and Free Prior and Informed Consent (FPIC) in the context of carbon markets.

In 2024, we scaled the project to benefit 800 farmers through whom we planted 150,000 seedlings with a spot check of 31 farms revealing a 68% survival rate due to continuous farmer engagement. We plan to further expand the scope of this project, in 2025, to cover Kitui and Kwale counties.



➤ NCBA Group Chairman, James Ndegwa and Kirinyaga County Governor, Anne Waiguru, planting a ceremonial tree at the Kerugoya park.

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Tree Planting in Uganda and Tanzania

- NCBA Tanzania planted 4,000 trees in Dar es Salaam, Arusha, and Mwanza, embedding each initiative within community-driven projects. A notable example was the planting of 1,000 shade and fruit trees at Arusha City Hospital during our regional Golf Series launch, aligning environmental sustainability with community well-being.
- NCBA Uganda collaborated with the National Forest Authority, planting 20,000 trees and restoring 30 hectares of degraded forest reserve in Jubiya Forest, Masaka District.

Launch of Pilot Green Schools Project with Baboon Kenya

We set an ambitious goal to grow 10,000 trees in 50 schools in Nakuru County, with each school receiving 200 seedlings. However, an audit of the project revealed lower than expected survival rates due to various barriers including including adaptation related stress, insufficient training on seedling care, rampant grazing and logistical challenges in distributing the seedlings. Despite these setbacks, the project has laid a strong foundation for environmental stewardship among students, inspiring them to take ownership of the planted trees and advocate for sustainable practices within their communities. Given its potential to nurture a culture of sustainability among future generations, we plan to roll out a revised implementation model, in 2025, based on our learnings.

Entrenching Project Audits

As highlighted above, in 2024, we conducted project audits which underscored the need for enhanced monitoring mechanisms, long-term community engagement strategies, and resilience planning to improve tree survival and maximise environmental impact. We are using these insights to inform our future tree-growing initiatives, ensuring that we consistently apply a more sustainable and impactful approach to reforestation and ecosystem restoration.

We will fully eliminate single use plastic and recycle 100% of our waste by 2030

We have embarked on a journey to revolutionise our waste management practices across all our operations. We onboarded Taka Taka Solutions, as a strategic partner, to facilitate the collection and recycling of our waste at NCBA Centre, NCBA Annex, NCBA House and Wabera Street branch. Taka Taka Solutions is a vertically integrated waste management and recycling company that offers a collection service, recycling service/facility, composting facility, and hazardous waste incineration facility.

A key milestone this year is we are now recycling 73% of our waste, growth of 39 % from 2023

With the rapid advancement of technology, electronic waste (e-waste) has become one of the fastest-growing waste streams globally. This year, we onboarded Enviroserve ,in 2024, to support E-Waste management and recycling across our operations and have already recorded some progress which, we will report comprehensively in 2025.



“We set an ambitious goal to grow 10,000 trees in 50 schools in Nakuru County, with each school receiving 200 seedlings.”



*Scaled our Pilot Project
with Boreka: from
44,000 to 150,000 trees*



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> Pictorial

1. NCBA Group Director, Corporate Banking and Investment Advisory, Tirus Mwithiga, planting trees with Boreka Group at kitui forest
2. Ag. Group Director, Retail Banking – Dennis Njau – with Boreka Group at Kitui forest
3. NCBA Staff planting trees with Boreka Group at Kitui forest
4. NCBA Group Director, Legal and Company Secretary – Kathyne Maundu planting trees with Boreka Group at Kitui forest
5. NCBA Group Director, Corporate Banking and Investment Advisory, Tirus Mwithiga, NCBA Staff handing over tree seedlings to a Nanyuki Sports Club official.
6. NCBA Staff planting trees with Boreka Group at Kitui forest
7. NCBA Staff during AISEC Tree Planting, at the University of Nairobi - Lower kabete campus

PROJECT HEWA SAFI

TURNING AN OUT-OF-HOME BILLBOARD INTO AN AIR POLLUTION FILTER

CONTEXT/TENSION

Air pollution is rising in Kenya's cities, with areas like Nairobi's Kilimani exceeding safe limits due to traffic emissions. While the government aims for 10% forest cover by 2032, limited urban space demands innovative solutions to tackle pollution now.

The billboard has the potential to offset in Nairobi alone the emissions of



Over

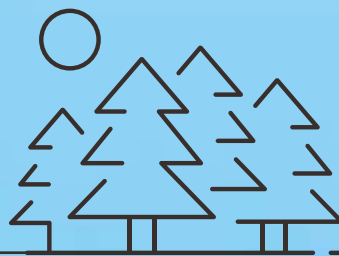
9K
Diesel Engines

Over

22K
Petrol Engines

10%

Forest Cover by 2032



EXECUTION

NCBA and Dentsu launched Hewa Safi, Kenya's first air-cleaning billboard on Arwings Kodhek Road, Kilimani. The billboard absorbs pollutants like Nitrogen Dioxide (NO₂) and VOCs, improving air quality over five months. With social media activations, educational posts, and influencer partnerships, NCBA highlighted its commitment to sustainability.



NO₂ & VOCs

Results

The Hewa Safi campaign has significantly improved air quality in Kilimani, reducing

PM2.5

(Particulate Matter)

50 to 44

over the course of five months.





Pillar 2: Ignite Our Customers' Transition to a Low Carbon Operating Model

Our Commitment	2023	2024
We will mobilise & steer KES 30 Billion of Green & Sustainable Financing to accelerate the transition.	KES 2 Billion EV Fund Portfolio Analysis	USD 50 million (KES. 6.5 billion) sustainable finance mobilized through a partnership with Proparco; 40% utilization.
We will invest in deploying EV charging stations across the region.	4 Charging Stations installed (Nairobi and Kigali)	6 Charging Stations (Nairobi, Kigali and Kampala)
We will develop a "Change the Story" knowledge platform to inspire and capacitate the public towards change	Ongoing	Commenced the development of Change the Story microsite.

We will mobilise & steer KES 30 Billion of Green & Sustainable Financing to accelerate the transition



➤ NCBA Bank Head of Finance and Administration, Nicholas Musyoka at the commissioning of the second Electric Vehicle (EV) charging station at the Gisozi branch.

NCBA Bank Rwanda launched its first Electric Vehicle (EV) charging station at the Kisimenti branch inline with our "Change the Story" agenda.



Our current criteria:*

Criteria Category	Definition	United Nations Sustainable Development Goals
Renewable Energy	Allocation of funds for the development, construction, or enhancement of renewable energy projects such as solar, wind, hydro, or geothermal energy generation, including the manufacture of components, sale, lease of battery and storage systems, electricity transmission and distribution grids or projects. Renewable energy consulting and sector groups conducted in line with best available industry standards.	SDG 7: Affordable and Clean Energy SDG 9: Industry, Innovation and Infrastructure SDG 13: Climate Action
Energy Efficiency	Investment in projects that aim to reduce energy consumption and carbon emissions, including energy-efficient building retrofits and equipment upgrades	SDG 7: Affordable and Clean Energy SDG 9: Industry, Innovation and Infrastructure
Green Infrastructure	Funding for sustainable infrastructure projects such as green buildings, public transportation, and wastewater treatment facilities. Retrofits for residential, commercial and public buildings including but not limited to onsite renewable energy generation, LED lighting, energy management systems and refurbishment of air conditioning systems.	SDG 7: Affordable and Clean Energy SDG 9: Industry, Innovation and Infrastructure SDG 11: Sustainable Cities and Communities SDG 13: Climate Action
Low Carbon and Offsetting Technology	Technologies and initiatives that promote cleaner energy practices and contribute to the removal or neutralization of greenhouse gas emissions. This includes afforestation and reforestation projects that create carbon sinks by planting trees, as well as participation in carbon offset programs supporting activities like methane capture and landfill gas reduction. Renewable Energy Certificates (RECs) and community-based offset projects are also included.	SDG 7: Affordable and Clean Energy SDG 9: Industry, Innovation and Infrastructure SDG 13: Climate Action
Biodiversity Conservation	Financing projects that protect and restore natural ecosystems and promote biodiversity conservation.	SDG 13: Climate Action SDG 15: Life on Land
Water Conservation & Management	Allocation of funds to projects that improve water management, reduce water consumption, and enhance water quality	SDG 6: Clean Water and Sanitation SDG 13: Climate Action

*We will update our criteria to integrate the following Green Taxonomies as approved by the Central Bank of Kenya and Bank of Rwanda respectively:

- Kenya Green Finance Taxonomy
- Rwanda Green Taxonomy

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Criteria Category	Definition	United Nations Sustainable Development Goals
Sustainable Agriculture	Support for environmentally-friendly farming practices, sustainable forestry, and land management. Sustainable waste management practices, including but not limited to: slurry store cover, anaerobic digester, construct sprayer wash bay and dirty water treatment system, waste to be used for new products (e.g aviation fuel): organic fertiliser, composting. Precision and low emission application of organic manures (e.g. slurry dribble bars, soil injection) Sustainable water management systems, examples include by not limited to precision irrigation technologies (e.g., drip water), water recycling systems, rainwater collection systems, constructing water reservoirs Sustainable fuel use and generation, for example, biofuels, electric, hydrogen, solar / wind Sustainable fertiliser and pesticides for example, precision fertiliser / pesticide application technologies, crop sensors Regenerative farming practices for example, paddock grazing systems, introduction of livestock into arable rotations to include necessary infrastructure for example, fencing temporary and permanent, drinking water systems; Rotational farming that pays to leave fields fallow/ grow cover crops. Practices to grow crops that fix nitrates in soil, companion cropping, crop, and livestock sensors. Adoption of regenerative farming practices with investment in different equipment (moving away from plough based) e.g., minimum tillage cultivations and sowing, direct drilling Sustainable fishing practices for example change fishing to aquaculture, fishing suggests trawlers at sea, fish farms that use new technologies Sustainable landscape management and agro-forestry for example, hedgerow (re)planting and planting trees Alternative farming methods, for example vertical farms with sustainable practices with regards to energy, air and carbon management, water use. Greenhouses with sustainable practices with regards to energy, air and carbon management, water use, hydroponics or aeroponics.	SDG 13: Climate Action SDG 15: Life on Land

Criteria Category	Definition	United Nations Sustainable Development Goals
Sustainable Transport	Support for projects that encourage the use of electric or low-emission vehicles, public transportation, or non-motorized transport options. Development, operation and upgrade of low carbon transportation infrastructure including but not limited to electric vehicles charging infrastructure	SDG 3: Good Health and Wellbeing SDG 9: Industry, Innovation and Infrastructure SDG 11: Sustainable Cities and Communities SDG 13: Climate Action
Waste Reduction and Recycling	Investment in initiatives focused on waste reduction, recycling, and circular economy practices.	SDG 12: Responsible Consumption and Production SDG 13: Climate Action
Women and Youth	Projects that positively impact vulnerable communities, reduce inequalities, promoting gender equality and equity, and youth empowerment and inclusion	SDG 5: Gender Equality

 **40%**
Utilization of
KES 6.5B Proparco fund

6EV   
Charging Stations installed in
Kenya, Uganda & Rwanda



➤ NCBA Uganda CEO Mark Muyobo, NCBA Group Director Regional Business- Louisa Wandabwa, Motorcare Uganda General Manager Benon Mascot and Dr Dan Twebaze- Chairman TWED Property Development Limited unveil the EV charging station at TWED Towers, Nakasero.

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- NCBA Uganda MD, Mark Muyobo, NCBA Group Director Regional Business & Director Strategy Louisa Wandabwa and Dr Dan Twebaze-Chairman TWED Property Development Limited unveil the EV charging station at TWED Towers, Nakasero.



- NCBA Uganda Electric Vehicle at one of several charging stations in Uganda.

NCBA Kenya Partnership with Proparco

In line with our commitment to mobilize KES 30 billion for green and sustainable projects, we signed a KES. 6.5 billion agreement with Proparco to disburse, through onward lending, \$20 million to green projects, \$15 million to SME projects and \$15 million to women owned businesses (2X challenge).

The partnership supports our commitment to be a provider of financial solutions that drive environmental and social impact, while supporting long term growth.

We have so far disbursed 40% of the total fund with SME Finance approaching full utilisation.



- NCBA Group and Proparco Deal Signing of the USD 50M Agreement to Support SMEs, Green Financing and Women Economic Empowerment

Green & Sustainable Disbursements across the Markets:

- NCBA Uganda signed a Co-operation and Co-Funding Agreement with Uganda Green Enterprise Finance Accelerator (UGEFA) targeting green financing in the SME sector. While the last phase of the UGEFA project ended in November 2024, UGEFA obtained more funding for the second phase (4 years), and the project is anticipated to begin in February 2025. Drawdowns for UGEFA during 2024 and stood at UGX 281 million (USD 76,000).
- NCBA Rwanda invested Rwf 1,677,300,000 (\$1,185,371) in the second tranche of the Development Bank of Rwanda (BRD) sustainability-linked bond. Launched in 2023, BRD's Sustainability Linked Bond, issued in 2024, is part of its Rwf 150bn Medium Term Note Program (a series of Rwf 30Bn annual issuances from 2023 to 2028). This program is designed to strategically diversify BRD's funding sources from concessional to market-based, crowding in private capital to complement traditional funding sources. BRD's Sustainability Linked Bond aims to drive robust Environmental Social Management System (ESMS) in participating financial institutions, as well as increase the number of SME loans available to women and scale up investments in affordable housing.

Portfolio Analysis against our Green & Sustainable Financing Criteria NCBA Solar PV Leasing Forum

We hosted a unique forum for our clients to promote awareness and adoption of solar energy solutions by showcasing the benefits of solar leasing as an accessible and cost-effective financing model. The forum brought together key stakeholders, including solar energy providers, businesses, policymakers, and technical experts to explore opportunities for accelerating solar uptake. Through expert discussions, live demonstrations, and case study presentations, the forum provided insights into the financial and environmental advantages of solar leasing including reduced upfront costs, energy cost savings, and long-term sustainability. The event also served as a platform to create awareness around NCBA's green finance agenda, reinforcing our commitment to sustainable energy solutions and climate resilience.



- Jabril Omar, CEO Ofgen (left) and Lennox Mugambi, NCBA Group Director Asset Finance and Business Solutions



- NCBA Group Director Asset Finance and Business Solutions, Lennox Mugambi (second from left), at Solar PV Forum



- John Wachira, General Manager Safi Power (left) and Lennox Mugambi, NCBA Group Director Asset Finance and Business Solutions

Harnessing Solar for a Sustainable Dairy Business: Limuru Dairy

Established in 1963 with just 76 members collecting 150 kilograms of milk per day, Limuru Dairy Farmers Cooperative Society has grown significantly over the years. Today, it boasts over 3,000 active milk suppliers and operates 37 milk collection centers, gathering an estimated 30,000 liters of milk daily. The society is entirely owned by smallholder farmers, who, as registered members, hold equal shares and enjoy equal rights in the cooperative.

Solar power, harnessed from the sun's energy through photovoltaic (PV) panels or concentrated solar power systems, has emerged as a critical solution for addressing the global demand for clean and sustainable energy. With the declining cost of solar technology and increasing concerns about climate change and energy security, many businesses are accelerating their investments in solar infrastructure.

Eager to be a part of the global energy shift, Limuru Dairy worked closely with our partners Chloride Exide through our Asset Finance – Leasing solution to transform their facilities.

According to their General Manager, Bedan Kamau and the senior management team: "switching to solar energy has transformed our operations. We struggled with high electricity costs and frequent power outages, which put milk production and storage at risk. With the solar PV financing solution from NCBA, we were able to install a solar system without the heavy upfront cost. Instead, we pay an affordable monthly fee that's lower than the previous electricity bills"

"Since making the switch, our energy costs have significantly dropped and our farm operations—especially milk cooling, milking machines, and water pumps—run seamlessly without interruption".

The value of solar energy goes beyond cost savings. It provides energy independence, shielding our farm from rising electricity prices and unreliable grid power. "The system requires minimal maintenance and has a long lifespan, making it a smart long-term investment. Most importantly, using renewable energy aligns with sustainable agricultural practices, reducing our carbon footprint while ensuring consistent, high-quality milk production".

In regions with high solar irradiance, such as sub-Saharan Africa, solar power presents a transformative opportunity to enhance energy access, reduce reliance on fossil fuels, and support socio-economic development. As advancements in energy storage and grid integration continue, solar energy is poised to play a central role in achieving a resilient and decarbonized energy future. NCBA is committed to leading this transition by providing innovative financing solutions, fostering partnerships, and supporting investments in solar infrastructure that drive both economic growth and environmental sustainability.

NCBA Insurance – on Environmental products

As a Group we recognise the growing need for insurance solutions that protect against environmental risks and support sustainability. The NCBA Insurance Environmental Policy is a flexible, strategic insurance tool designed to help our clients manage environmental risk. Coverage can be selected to meet the unique and individual risks of our clients, including risks associated with contaminated property, industrial operations as well as the recycling, disposal and/or treatment of hazardous waste. It is structured to offer greater flexibility and tailored options from on- and off-site liabilities arising from pollution conditions, to environmental transportation risks and non-owned disposal sites. It is ideal for our large clients with liabilities arising from mergers and acquisitions, historical and current operations, as well as traditional waste disposal businesses.

We will invest in deploying EV charging stations across the region.

A critical challenge experienced by all our markets in scaling the EV proposition, is the dearth of EV charging facilities.

At NCBA Group, we are providing convenient and accessible charging facilities which results in 'range anxiety'. at all our headquarters, with the ultimate goal to scale this across our branch network.

Importantly, we are working with partners to support the expansion of charging infrastructure, across our markets of operations. In 2024, we launched additional charging stations in our subsidiaries bringing to six, the total number of EV charging stations across our network.

Additionally, supporting the growth of EV charging infrastructure-across the region-presents a valuable opportunity to enhance customer experience while reinforcing our commitment to sustainability.



Pillar 3: Mitigate the Impact of Climate-related Risks to our Long-Term Performance

Our Commitment	2023	2024
We will complete a group-wide carbon audit in 2023 & set a >50% reduction target in direct emissions (Scope I & II) by 2030	Scope I	Scope I
	7765.53 (tCO ₂ e)	6,262.45 (tCO ₂ e)
	Scope II	Scope II
	2324 (tCO ₂ e)	2,884.18 (tCO ₂ e)
	Total Scope I and II (tCO ₂ e): 10089.53	Total Scope I and II (tCO ₂ e): 9,146.62
We will align with the 2015 Paris Agreement and reduce our financed emissions by 2030	Ongoing audit	Baseline audit undergoing data validation and verification
We will embed thorough assessments of climate-related risks in our lending, investment, and financing activities	Capacity Building & Training	Updated tools to integrate client level climate risk due diligence
	Scenario Modelling	Conducted client visits in Kenya, Uganda, Tanzania and Rwanda to discuss climate related risks and opportunities. Conduct E&S and Climate Risk Assessments Mapping for our loan book.



9.3%
Reduction in
direct emissions
scope 1 & 2

"
We will complete a group-wide carbon audit in 2023 & set a >50% reduction target in direct emissions (Scope I & II) by 2030

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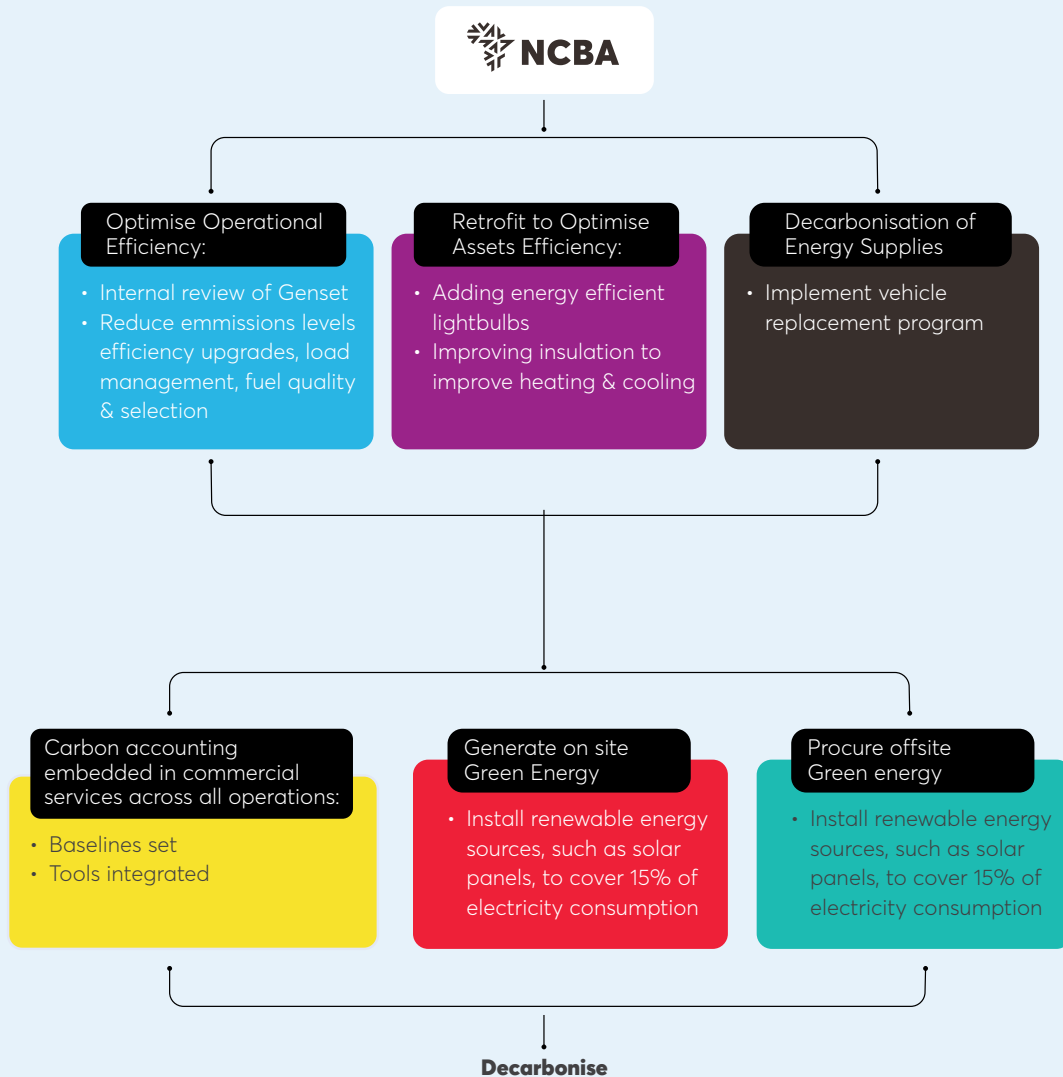
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As part of our commitment to climate action and responsible banking, we have set a clear target of halving our operational emissions by 2023. We have made progress against this commitment, effectively reducing our direct emissions by 9.3% in 2024.

Towards a 50% reduction:



We have undertaken a number of initiatives to move us along this journey:

- Completed a Generator Emissions Measurement exercise, identifying surplus emissions (specifically NOx) and applying corrective measures for enhanced efficiency.
- Installed energy efficient LED bulbs across our operations.
- Purchased one EV and three hybrid vehicles for our fleet.
- Heightened employee education and sensitization around energy saving measures.

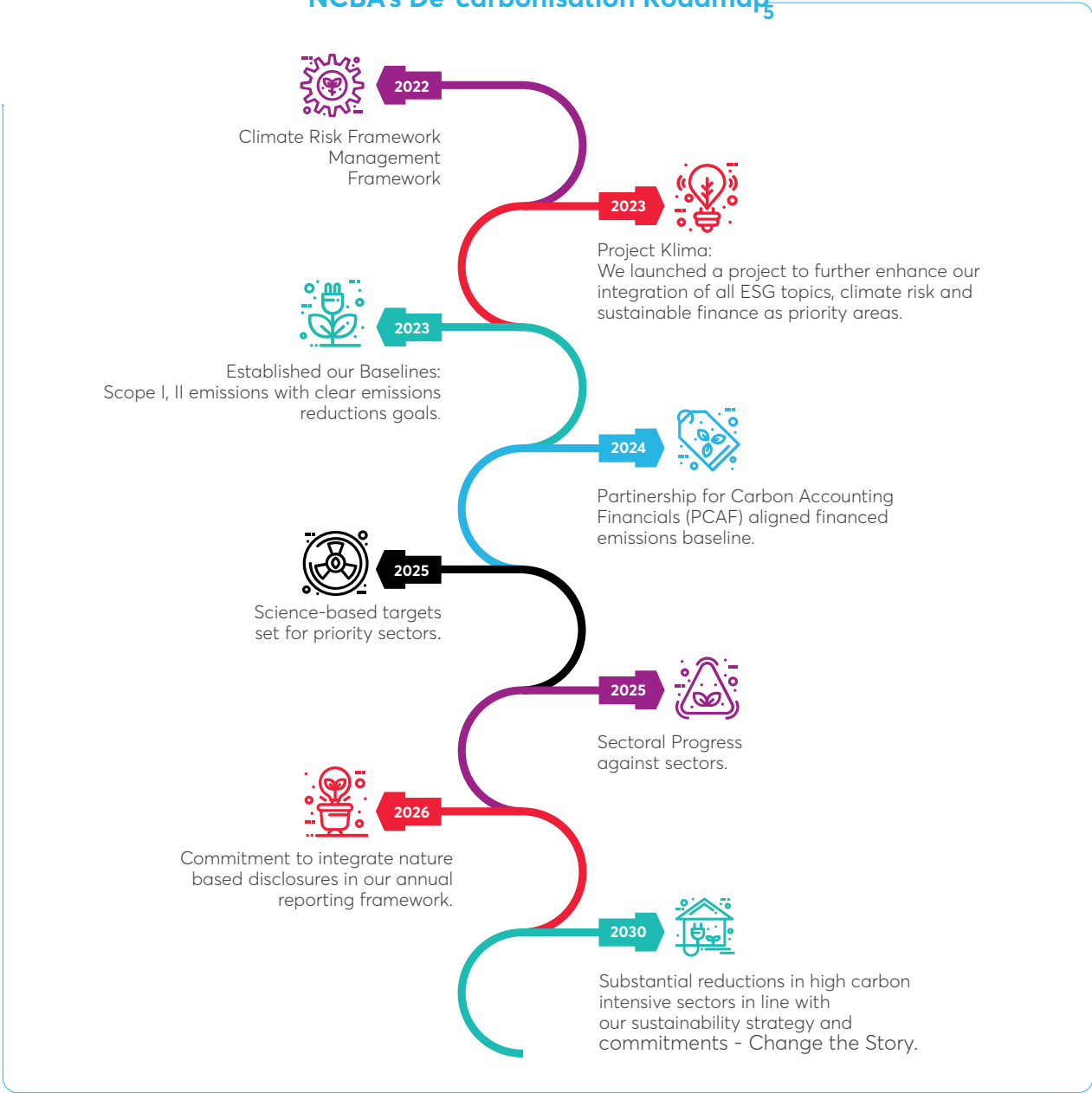
By embedding climate-conscious strategies across our operation, we are reducing our environmental footprint and setting a benchmark for sustainable corporate leadership.

We have updated our Decarbonisation Road Map to include a commitment to integrate nature-based disclosures in our reporting framework. We view a deeper understanding of nature as critical to our transition planning in the medium- and long-term planning for our business.

We will align with the 2015 Paris Agreement and reduce our financed emissions by 2030

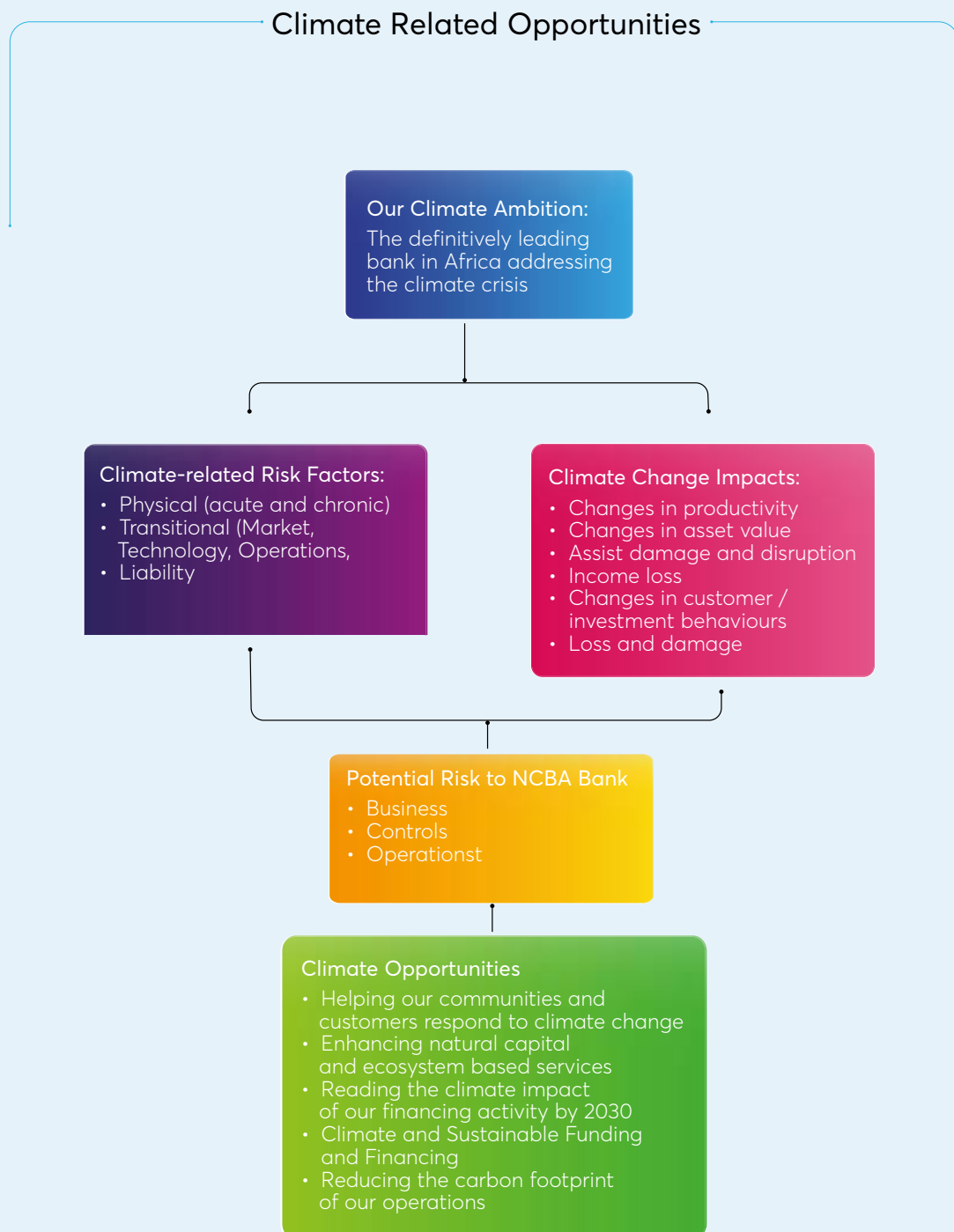
We have an opportunity to be on the frontline of Africa's decarbonisation ambitions, with the goal to reduce our financed emissions by 2030 in line with the 2015 Paris Agreement.

NCBA's De-carbonisation Roadmap



We will embed thorough assessments of climate-related risks in our lending, investment, and financing activities

In light of the integration of the Task Force on Climate-related Financial Disclosures (TCFD) Framework into the ISSB standards, we report on our evolving approach to climate-related financial risks in reference to IFRS S2.



Climate-related Opportunities

In implementing our 2030 climate ambitions, our goal is to continually refine and prioritise climate related opportunities based on their decarbonisation and co-benefits' (where we achieve adaptation outcomes in addition to mitigation outcomes) potential and commercial value, while supporting the collective national priorities of the markets where we operate. The opportunities highlighted below have been identified as having the potential to enable the Group to align its balance sheet, assets under management and operational value chain with our 2030 climate ambitions.

Ambition: Reduce our Financed Emissions in line with the 2015 Paris Agreement			
Opportunity: Supporting our customers to reduce their emissions and to build resilience to the impacts of climate change			
Supporting customers emissions' reduction journeys		Supporting customers' resilience building journeys	
Products & Services	Building Capabilities	Products & Services	Building Capabilities
Financing emissions reductions across sectors & emerging technologies: Blend and concessional funding	Advisory and climate risk assessments to help clients understand their carbon footprint, transition risks, and sustainability opportunities	Financing sustainable infrastructure and green buildings	Climate risk advisory for high risk sector clients to identify physical and transition risks, assess supply chain vulnerabilities, and implement climate adaptation strategies
Developing new green & transition products	Development of integrated platforms to enable clients to understand their carbon footprint.	Parametric insurance and climate risk coverage	
Potential Financial Impacts		Potential Financial Impacts	
- Expansion of green and transition finance offerings can drive loan book growth. - Asset quality improvement – strengthens loan book quality and reduces non-performing loans (NPLs) from high-risk, carbon-intensive sectors. - Demand for sustainable investment products can generate new fee-based income and advisory revenue. - Diversification into climate finance mechanisms can open new income streams from carbon markets, impact investments, and blended finance partnerships - Risk mitigation and improved credit quality.		- Expansion to infrastructure upgrades, flood-resistant buildings, water security, and agricultural adaptation can drive loan book expansion. - Providing parametric insurance and climate risk coverage creates new fee-based income from risk-mitigation products. - Demand for sustainability advisory services can generate non-interest income as businesses seek guidance on climate adaptation strategies. - Financing climate-resilient projects helps mitigate default risks in sectors exposed to extreme weather events (e.g., agriculture, real estate, and infrastructure). - Supporting businesses in climate adaptation strengthens their financial stability, reducing loan impairments and non-performing loans (NPLs). - Climate risk assessments improve loan underwriting processes, ensuring better credit risk management. - Potential Short-Term Costs: Initial investments in climate risk assessments, capacity-building, and technology integration may temporarily increase operating expenses.	

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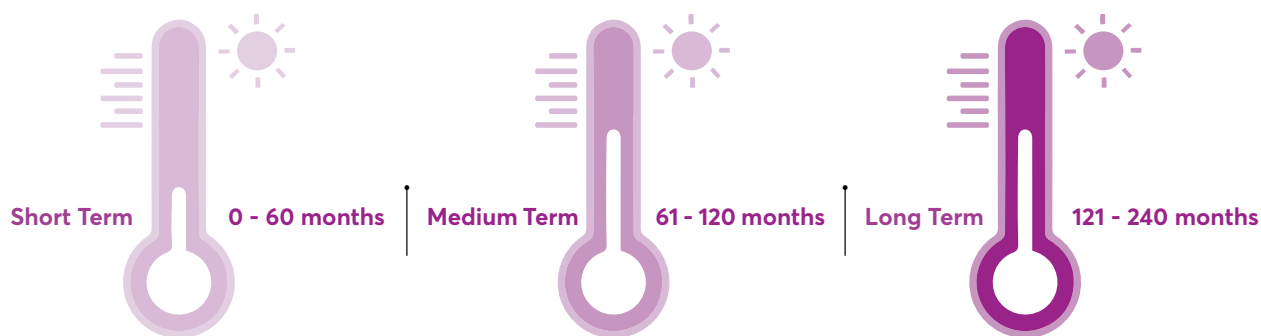
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Time horizons used to classify climate-related opportunities and risks, aligned to our strategy:
These are based on a consideration of the relative duration of our credit facilities for both our corporate and retail banking segments.

Climate Related Risks



Climate-related Risks

Climate risks' Materiality					
Climate Risk Type	Sub-Type	Climate-related risks	Specific impact that climate-related risk will have on NCBA Loan Book over the given horizon.		
			Short-term time horizon	Medium-term time horizon	Long-term time horizon
Transition Risk	Policy and Legal	Increased GHG emissions pricing in order to incentivise movement to renewable energy sources.	Medium	Medium	High
		Stricter emission reporting requirements	Medium	High	High
		Enhanced regulatory environment and mandated requirements: may introduce minimum standards/ green credentials	Medium	Medium	High
		Regulation of financial product or service such as taxonomy reporting	High	High	High
		Loss and damage emerging legal cases/ compensation	Low	Medium	High
		GHG emission quotas	Low	Medium	Medium
	Technology	Substitution of technology, including requirements to replace manufacturing technology to cleaner alternatives.	Low	Medium	High
		Higher cost associated with low carbon technology	Medium	Medium	Medium
		Investment in technology to climate proof infrastructure	Medium	Medium	High
		Low return or low viability from new technologies	Medium	Medium	Medium
	Market	Increased volatility and costs, sourcing restrictions for carbon heavy raw materials.	Medium	Medium	High
		Limited supply and increased demand of energy efficient and low flood risk properties.	Medium	High	High
		Change in consumer behaviours including deliberate move to lower-carbon footprint products.	Low	Medium	Medium

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		Competitor changes – new entrants with green credentials, entering market without incurring transition costs	Low	Low	Low
		Insurance policies becoming unattractive due to pricing	Low	Medium	Medium
		Poor performance of climate vulnerable assets	Low	Medium	Medium
		Risk perception increase among co-financiers and investors due to climate risk uncertainty	Medium	High	High
	Reputation	Changing customer, community and other stakeholder views, attitudes, perceptions and values on climate.	Low	Medium	Medium
		Increased scrutiny including from regulators, media, on carbon emissions for a business, its supply chain including who provides financing.	Medium	High	High
		Increased stakeholder scrutiny if lack of action on reduction in emissions, or substantial contribution to improving resilience/ adaptive capacity of local communities	Low	Medium	Medium
Physical Risk	Acute	Increased frequency and – severity of climate-driven events.	High	High	High
		Flooding	High	High	High
		Drought	Low	Low	Medium
		Heatwave	Low	Medium	Medium
		Landslide	Low	Medium	Medium
		Wildfires	Low	Medium	High
	Chronic	Stability of local ecosystems, affecting food production/ and living environment	Low	Medium	High
		Rising temperatures affect local infrastructure, working & living conditions	Medium	High	High
		Rising sea level affect local ecosystems, increase flood risk	Medium	High	High
		Changing precipitation patterns	Medium	High	High
		Water stress	High	High	High
		Deforestation	Medium	Medium	High
		Soil degradation	Medium	High	High

Climate Risk Exposure

In the year under review, NCBA applied CBK's Climate Risk Disclosure Framework for the Banking Sector to assess and report its exposure to physical climate-related risks in its lending and investment portfolios. Specifically by:

- Identifying exposure to climate hazards: CBK has mapped out prominent hazards such as droughts, floods, and extreme temperatures across Kenya by frequency and intensity at the county level. With this, NCBA Kenya is able to determine which of its counterparties - clients, borrowers, and investments - are in high - risk areas.
- Utilising CBK's risk scoring for Geographic Risk Assessment: CBK provides indicative risk scoring by hazard and county, allowing us to ensure that physical climate risks are factored into lending decisions. For instance, high risk exposures across various acute climate risks, trigger enhanced due diligence.

Our Next steps:

An internal validation exercise to ensure that our assessment of our Book accurately reflects our true risk exposure.

- Risk Appetite adjustments: based on the CBK scoring framework, we plan to properly assess our exposure to high emitting sectors that are highly vulnerable to climate shocks e.g., agriculture in drought-prone regions and conversely, increase lending to projects that incorporate climate resilience measures.
- Sustainable finance strategy: develop tailored financial products for businesses operating in high-risk areas such as climate adaptation loans and insurance-linked products for businesses operating in flood prone areas.
- Vulnerability mapping: determine if additional risk-mitigating requirements such as higher collateral requirements or insurance coverage are needed when financing investments in high-risk areas.

Risk Management

NCBA recognises that climate change poses different types of risks to our business. In addition to physical risks, such as flooding, extreme weather events, changes in soil quality/ground conditions and increasing temperatures, we also acknowledge the potential financial impacts that can result from transition risks such as the introduction of regulations, taxes on carbon, shifts in consumer demand and investor requirements, technological changes, disruptive business model evolution and reputational risks. Failing to effectively identify, understand, and address future climate risks can result in substantial costs down the line, including defaulted loans, unnecessary capital expenditures, emergency measures, higher capital and operating costs, and reduced exit values.

Conversely, the challenges posed by climate change present opportunities to develop low carbon and climate resilient assets to meet the increasing market demand for climate-proofed infrastructure and renewable energy solutions. It is also an opportunity to support our communities with climate knowledge to enhance their adaptive capacities. **Our risk framework has been updated to include climate related risks**

NCBA Group's appetite for climate risk is based on an acknowledgement that there will always be some exposure to long-term financial, customer, operational and reputational impacts from climate change. We therefore seek to balance those threats with the benefits of aligning activities and operations to stated climate ambitions and strategic objectives. We are exploring climate risk in two ways: as a principal risk to our business as well as, as a causal factor affecting several other closely related financial and non-financial risks. Our research identified transitional, physical and liability risk as categories for consideration in relation to climate-related financial risk.

Our intention is to continuously to refine our approach and embed it within our existing frameworks, establishing new climate risk-related requirements within our risk framework, and enhancing existing components to reflect climate risk.

Our Process



Metrics & Targets

We have reported our Scope I and II emissions (see page 101). Our targets are set in accordance with the strategic pillars set out in our sustainability strategy - Change the Story.



CHANGE THE STORY

A SUSTAINABLE FUTURE STARTS
BY DOING GOOD TODAY



Minimize Our Direct Impact
On the Climate and Amplify
Our Tree Planting Program

Ignite Our Customers
Transition to a Low Carbon
Operating Model

Mitigate the Impact of
Climate Related Risks to Our
Long Term Performance

Enhance the Impact of Our
Community Engagement
Model

Optimise our Corporate
Governance



Pillar 4: Enhance the Impact of Our Community Engagement Model



3548
Staff trained in 2024



95%
Completion of online
courses in 2023



100M
KES deployed to support
the communities

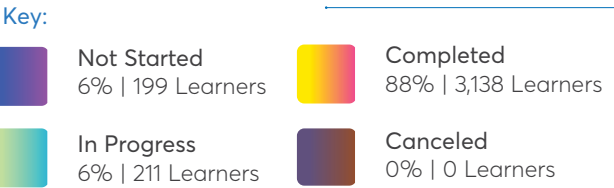
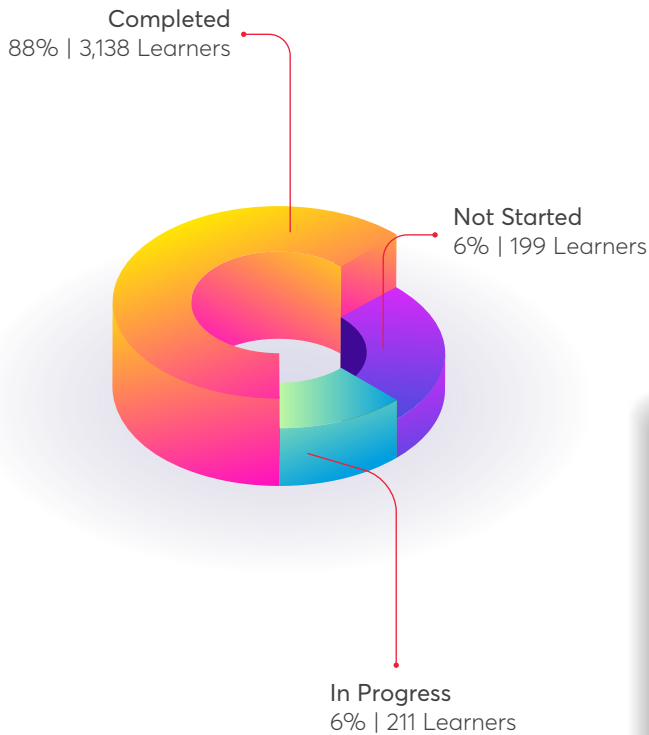
Our Commitment	2023	2024
We will train & ignite our 3000+ staff to make a difference through the "I Change the Story" program	95% completion of online courses	3548 Staff trained 630 employees trained on: • Introduction to Sustainability • Carbon Accounting and Carbon Markets • Introduction to Sustainable Finance and the • Role of Governance in Sustainability.
We will deploy KES 100M annually to support the communities in which we operate	KES 100 million deployed	>100 million KES invested in >80 community projects across the region: - 6000+ women and youth in skills building and mentorship programs. - 800 students mentored through employee volunteering - Empowered over 12,000 athletes
We will champion inclusive communities through regional sport development		13200 athletes: • 9,000+ golfers through the NCBA Golf Series, with 2,151 junior golfers nurtured. • 3,000+ football players supported through various grassroots programs • 1200 cyclists through LOOP Safari Gravel Series

We will train & ignite our 3000+ staff to make a difference through the "I Change the Story" program

To embed sustainability into our corporate culture and operations, a mandatory e-learning course titled 'Change the Story' was launched in 2024 to ensure that all employees understand, appreciate, and actively contribute to Change the Story which we augmented with physical and virtual training sessions conducted by a training consultant.

The trainings cover key sustainability principles, ESG integration, climate risk management, carbon market & accounting and the Group's role in driving green finance and social impact. By making sustainability a core part of employee training, NCBA is fostering a workforce that

is informed, engaged, and aligned with its long-term vision for responsible banking. This initiative strengthens internal capacity and equips employees to champion sustainable practices in their engagements with internal and external stakeholders.



“

“

“The training was very useful and eye opening for the team. To me sustainability is about balancing environmental, social, and economic factors to ensure a long-term prosperity and where we leave a legacy of a better place for the future generation. The banking industry plays a crucial role in driving sustainable practices through responsible lending, investment, and operations. As a bank it is also our responsibility not only to practice GOING GREEN as staff but also to impart this knowledge to our customers and protect MOTHER NATURE AND EARTH”.

”

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The ‘Change the Story’ Transformation Engine will be driven by every one of you.



NCBA SUSTAINABILITY COMMITMENTS UNVEIL





Pictorial

1. Baboon Project- NCBA Group Managing Director, Joh Gachora, plants a tree with his son Aiden Gachora and a student from Kimathi Primary School during World Environment Day.
2. Wangari Maathai Marathon - Isaac Owilla, Group Director, Technology & Operations, Nelly Wainaina, Group Director, Marketing Communication & Citizenship, David Abwoga, Group Director Finance.
3. Educational Scholarship - NCBA Group Chairman, James Ndegwa and Group Managing Director, John Gachora, present an education scholarship cheque to the NCBA beneficiaries.
4. DMI - Marketing, Communication & Citizenship Group Director, Nelly Wainaina flagging off the participants at the KMI Diabetes Walk.
5. Innovation Challenge - Jonathan Ortmans, President of the Global Entrepreneurship Network, and Stella Ndabeni Abrahams, Minister for Small Business Development S.A., present a cheque to the Rethread Africa team as winners of the GEC + Africa Competition.
6. NCBA Staff participation at the Wangari Maathai Marathon

Citizenship is NCBA's agenda to actualize its Change The Story Sustainability platform to make a lasting impact on society through responsible business practices and positive community engagement initiatives. It reflects the Group's dedication to environmental conservation, economic empowerment, social equity and governance excellence, ensuring that the organisation remains a force for good in the communities it serves.

Our Citizenship pillars are:

- **Environmental Stewardship** - Minimise the organisation's direct impact on climate change and amplify sustainability efforts, including tree growing and waste reduction.
- **Community Empowerment** - Invest in programs that support economic inclusion, mentorship and skills development, particularly for women and youth.
- **Inclusive Growth** - Champion diversity, equity and inclusion by supporting community-driven initiatives.
- **Employee Engagement** - Inspire employees to actively participate in Corporate Citizenship through volunteering, community projects and brand advocacy.
- **Strategic Partnerships** - Collaborate with like-minded organisations to scale impact in social and economic development programs.

In 2024, we invested over KES.100 million in more than 80 community programs across the Group with the successful implementation of the initiatives being enabled by the deployment of strategic partnerships and strong stakeholder relationships vested in driving long-term meaningful change.

a) Nature & Biodiversity

In alignment with NCBA's sustainability strategy to Minimise our Direct Impact on Climate and Amplify our Tree Planting Program, we planted over 450,678 trees in partnership with organisations such as the Kenya Forest Service, WWF Kenya, Boreka Group, Mama Doing Good, Ushiriki Wema Foundation, Ahadi Kenya Trust and Wangari Maathai Foundation among others.

We also sponsored 9 teams to participate in the Rhino Charge Challenge, through the Rhino Ark Foundation, a unique off-road competition, held annually since 1989, to raise funds for conservation projects in Kenya.

Proceeds fund fence and conservation initiatives across five forest ecosystems: Aberdares, Mt. Kenya, Mau Eburu, Kakamega, and South-Western Mau. These fences protect 570,000 hectares of vital forests and water catchments, enhancing conservation and providing a foundation for sustainable forest restoration

b) Investing in Youth Employment

We remain committed to empowering the next generation by providing educational opportunities and skill development through strategic partnerships with organizations such as Dr Choksey Albinism Foundation, Daraja Kenya Initiative, Edumed Trust, Mpesa Foundation Academy, SOS Kenya Villages, KenSAP, WEDCO, Kianda Foundation, Art of Music and Palmhouse Foundation.

In 2024, we invested KES 12.9 million towards the education of 140 students and directly engaged over 6,000 youth and women in mentorship and skill-building programs. Further to this, 17 NCBA staff provided 800 students with targeted mentorship over a 2-day program offered in partnership with Palmhouse Foundation and Edumed Trust.

Through our collaboration with Debate Circle, we reached 1,000,000+ scholars from 1000+ institutions in 40 counties, enhancing financial literacy and leadership skills among the youth. We additionally trained 3500 teachers on Sustainability.

To support the budding creative economy, we participated in the 2 annual Kenya Museum Society Affordable Art Shows, an event dedicated to promoting local artists and making art accessible to a broader audience. More than 400+ artists from 5 countries across Africa showcased over 750+ art pieces and registered the attendance of more than 3600+ people.

c) Women Economic Empowerment

Our dedication to fostering gender equality and economic empowerment through impactful partnerships was demonstrated through partnerships which impacted more than 630 women by sponsoring economic programs, providing technical training scholarships and investing in maternal/women's health initiatives.

d) Innovation and Technology

We believe in fostering innovation as a driver of economic growth and social transformation. Our key highlights were;

- Our Innovation Challenge with Junior Achievement Kenya and Uzuzi Hub engaged 79 high schools, 43 universities, and supported 2,979 startups, generating 1,241 innovative ideas. The winning team from Kenya emerged as a finalist in the Global Entrepreneurship Congress (GEC) + Africa Competition which attracted 4000 delegates, Entrepreneurs & Leaders from 43 African countries, 1000 Startups & SMME's, 150 Investors, 100 + policy makers from our continent.

- Strengthened and renewed our partnership with Endeavor Kenya, upscaling nine high-potential local entrepreneurs with access to international investors. Notable achievements included; USD 2.9 million capital raised, USD 8.5 million in revenues and 994 jobs created.
- Participated in the The Riara University Hackathon & Design Thinking Summit in collaboration with Technical University of Kenya (TUK), Kenya National Innovation Agency (KeNIA) and Anza Village by engaging 120 students from 11 universities. Out of the 22 innovative pitches, Jasiri: A platform integrating gaming, art and AI to teach life skills to children with Down Syndrome emerged the winner.
- Collaborated with Kenya Community Development Foundation(KCDF) during the launch of the Second Young Environmentalist Innovation Challenge (YEIC) as well as award of the 1st round finalists who pioneered innovative solutions for a greener, more sustainable future.

e) Sponsorships

Sponsorships provide us with a unique opportunity to engage with staff, customers and communities while reinforcing our commitment to making a difference through involvement in worthy causes. To this end,

we contributed towards the Kamukunji Floods Victims Support kitty to support over 300 families affected by floods. This effort included contributions collected from the NCBA staff as well as dry food donations valued at KES.1 million.

We joined Faraja Cancer Support Trust and other 25 likeminded corporates for the annual Faraja White Water Rafting Challenge at the Savage Wilderness Camp, Sagana to raise funds towards supporting cancer patients and caregivers and sponsored the annual Kenya Diabetes Walk, which attracted 10,000+ participants, including 15 Bank employees. The walk is dedicated to raising awareness and funds for diabetes research and support for people and children with diabetes, their caregivers, healthcare providers, the general public, and other stakeholders involved in diabetes.

Through these and other initiatives, NCBA remains committed to driving social impact, sustainability and long-term community empowerment. Our Citizenship programs continue to shape a brighter future for individuals and organizations, reinforcing our purpose to Inspire Greatness.



Pictorial

1. NCBA Deputy Director, and Head of Brands, Jacquie Muhati (centre) participating as a judge during the Debate Circle tournament.
2. NCBA Group Director, Marketing Communication & Citizenship, Nelly Wainaina, hands over a cheque to Endeavor Kenya's Managing Director Marianne Ochola, reinforcing the commitment to empowering startups.
3. NCBA Mentors with the current cohort of NCBA Beneficiaries at Edumed Trust

We will champion inclusive communities through Regional Sport Development

Golf continues to be a powerful platform for community engagement, talent development, and brand visibility. In 2024, NCBA strengthened its commitment to the sport by expanding our sponsorship initiatives and creating meaningful experiences for golfers at all levels.

NCBA Golf Series: Driving Regional Expansion & Engagement

This year, the NCBA Golf Series grew significantly, attracting over **3,000 golfers** across **30 tournaments in Kenya, Uganda, Tanzania, and, for the first time, Rwanda**. This expansion not only reinforced our commitment to growing the sport but also positioned NCBA as a leading sponsor in the region's golf ecosystem.

Investing in Junior Golf Development

NCBA deepened its support for junior golf through continued partnerships with the Junior Golf Foundation (JGF) in Kenya and U.S. Kids Golf Foundation in Kenya and Uganda. As the title sponsor, NCBA enabled over **4,000 junior golfers** to participate in **40 tournaments** across the region while also supporting grassroots development through nationwide junior coaching sessions.

Key highlights of our junior golf investment include:

- Training and certifying 100 coaches to Level 1 and 2 standards, ensuring quality instruction for young players.
- Extending the elite squad training camp from 3 months to a year, elevating junior golfers to international standards.
- Supporting Kenya's participation in the All Africa Junior Championship, where the boys' team improved from 6th place in 2023 to 4th in 2024, and the girls' team secured 2nd place, their best finish since inception.
- Distributing 200 golf sets across the country, fully equipping trained and certified junior golf coaches.
- Increasing the number of World Ranked Juniors from 3 in 2023 to 15 in 2024, a 500% growth, demonstrating the impact of structured development and tournaments.

Building a Sustainable Golf Pathway

NCBA's continued partnership with the Kenya Golf Union (KGU) in its second year saw the successful hosting of **28 Kenya Amateur Golf Championship (KAGC) events** across the country. These tournaments provided elite amateur golfers with:

- A competitive platform to refine their skills and transition into professional golf.
- Financial opportunities through tournament earnings, supporting their career progression.

- International exposure through matches with golfers from other regions.
- Economic benefits to the local communities associated with hosting golf clubs.

Championing Charity and Community Impact

Beyond competitive golf, NCBA supported **over 50 charity tournaments, engaging 2,700 players** in partnership with organizations such as Kenya Community Development Foundation (KCDF), Akothee Foundation, The Old Limuru Girls Association, Old Cambrian and Laibon Society, and the Alliance Joint Alumni Association. These tournaments raised funds for various community development projects, reinforcing NCBA's commitment to social impact.

Enhancing Brand Visibility Through Partnerships

Our collaboration with golf clubs across the region has been instrumental in brand elevation, customer retention, and business acquisition. Key initiatives include:

- Strategic branding at golf clubs in Kenya, Tanzania and Uganda, ensuring continuous NCBA visibility.
- Hosting an average of 15 tournaments per month, keeping NCBA engaged with golfers year-round.
- Strengthening partnerships with KGU, JGF, and U.S. Kids Golf to further develop golf across all levels.
- Presence at the Magical Kenya Open where we increasing our impact and reach within the golfing community by having the NCBA sponsored elite amateurs from the KAGC partnership, represent Kenya at the 2024 DP Tour sanctioned event

Looking Ahead: A Stronger Golf Pipeline

NCBA remains committed to fostering the next generation of golfers by strengthening the development pipeline from juniors to amateurs and, ultimately, professionals. The structured approach through our partnerships and sponsorships ensures a steady progression for aspiring golfers while reinforcing NCBA's leadership in the sport.

More than just a sponsorship, our investment in golf reflects NCBA's broader vision—building relationships, fostering growth, and making a lasting impact. As we look back on 2024, we take pride in the role NCBA has played in growing the sport, strengthening connections, and making golf more accessible across the region.



➤ NCBA Group MD John Gachora with the KGU, KLGU and JGF officials during the NCBA Golf Series Launch



➤ NCBA MD John Gachora presents the Bank's sponsorship to Kenya Golf Union (KGU) Chairman, Philip Ocholla



➤ NCBA Group Director Marketing, Communication & Citizenship hands over the Bank's sponsorship to JGF President, Regina Gachora



➤ JGF President (Left), Regina Gachora, KGU Chairman, Philip Ocholla, KLGU Chairman, Jane Babsa Nzibo and NCBA Group Managing Director (Right), John Gachora, at the Launch of the NCBA Golf Series

LOOP Safari Gravel Series (Tatu, Iten, Naivasha and Vipingo):

In February 2024, we successfully launched the inaugural LOOP Safari Gravel Series in partnership with The AMANI Project, an annual cycling event comprised of four different legs/series across select locations, namely Tatu City (Kiambu), Iten (Rift Valley), Naivasha (Nakuru), and Vipingo (Kilifi). Through this important citizenship engagement initiative, it is our aspiration and goal to promote cycling as a fun and exciting sport for seasoned athletes, the weekend warrior, and everyone in between, as well as spearheading health and well-being awareness among our communities.

During the four events, LDFS successfully drew over 1,200 attendees/participants and onboarded over 3,000 new LOOP customers through on-the-ground activation drives. The first season of the series delivered over KES 100 million in PR value, enabling us to position the brand as a lifestyle brand connected to customers' wellness goals and interests.



➤ LOOP Safari Gravel Series in partnership with The AMANI Project, an annual cycling event comprised of four different legs/series across select locations, namely Tatu City (Kiambu), Iten (Rift Valley), Naivasha (Nakuru), and Vipingo (Kilifi).

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Pillar 5: Optimise our Corporate Governance



11.1%

Increase in spend of women and youth



71.4%

Increase in mentorship and skills building for women and youth



45

businesses benefited from the program,

Our Commitment	2023	2024
We will steer at least 30% of our General Services procurement spend to women and youth	8.9%	20%
We will promote diversity, equity and inclusion at all levels of our operations		Kenya Overall Work Force: Male – 51%, Female – 49% Executive Committee (EXCOM): Male – 67%, Female – 33% Senior Leadership Teams (SLTs): Male – 67%, Female – 33%
We will provide targeted mentorship and skills building for women and youth	3500	6000 women and youth

We will steer at least 30% of our General Services procurement spend to women and youth

We are alive to the fact that our procurement platform presents a significant opportunity to contribute to a more inclusive economy that ensures equitable access to opportunities for the disenfranchised segments of the society such as women and youth.

Supplier Assessment

In our commitment to democratize access to our procurement opportunities, we conducted a comprehensive supplier assessment to evaluate the representation of women and youth-owned businesses within our supply chain. The assessment leveraged robust evaluation criteria, including ownership structure, demographic data and the use of AGPO certificates (The Access to Government Procurement Opportunities program established by the Constitution of Kenya, 2010 Article 227 on the fair equitable, transparent and cost-effective public procurement of goods and services).

We also analyzed our network of suppliers to ascertain the percentage of businesses owned and operated by women and youth. Through this assessment, we gained invaluable insights into the diversity of our supplier base and identified areas for improvement. Armed with this data, we developed a sustainable procurement strategy to enhance the representation of women and youth-owned enterprises.

As an output, the percentage of women and youth in our supply chain increased by 11.1% from 8.9% in 2023 to 20% in 2024:

- KES 414,412,570.84 directed towards women and youth owned enterprises, fostering economic empowerment.
- 45 businesses benefited from the program, gaining access to sustainable growth opportunities.

Through this initiative, NCBA continues to champion equitable economic participation, ensuring that under-represented groups thrive within our supply chain.

Change the Story is aligned to the UN Sustainable Development Goals

Pillar	Commitment	SDG Alignment
Minimise Our Direct Impact on the Climate and Amplify Our Tree Planting Program	We will Grow 10M trees by 2030 through strategic partnerships with private actors & government	SDG 13, SDG 15  
	We will fully eliminate single use plastic and recycle 100% of our waste by 2030	SDG 12, SDG 13  
	We will green our supply chain and transform all our corporate gifting to be sustainable	SDG 12, SDG 13  
Ignite Our Customers' Transition to a Low Carbon Operating Model	We will mobilise & steer KES 30 Billion of Green & Sustainable Financing to accelerate the transition	SDG 6, SDG 7, SDG 8, SDG 13    
	We will invest in deploying EV charging stations across the region.	SDG 7, SDG 13  
	We will develop a "Change the Story" knowledge platform to inspire and capacitate the public towards change	SDG 17 
Mitigate the Impact of Climate related Risks to our Long-Term Performance	We will complete a group-wide carbon audit in 2023 & set a >50% reduction target in direct emissions (Scope I & II) by 2030	SDG 13 
	We will align with the 2015 Paris Agreement and reduce our financed emissions by 2030	SDG 13 
	We will embed thorough assessments of climate-related risks in our lending, investment, and financing activities	SDG 13 
Pillar	Commitment	SDG Alignment
Enhance the Impact of Our Community Engagement Model	We will train & ignite our 3000+ staff to make a difference through the "I Change the Story" program	SDG 11 
	We will deploy KES 100M annually to support the communities in which we operate	SDG 11 
	We will champion inclusive communities through regional sport development	SDG 10 
Optimise our Corporate Governance	We will steer at least 30% of our General Services procurement spend to women and youth	SDG 5, SDG 10  
	We will promote diversity, equity and inclusion at all levels of our operations	SDG 5 
	We will provide targeted mentorship and skills building for women and youth	SDG 5, SDG 8  

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NCBA and SDID process

On 6th February 2025, NCBA Group marked a major milestone by becoming the first financial institution in Africa to launch its Sustainable Development Impact Disclosures (SDID) framework. The SDID, developed in collaboration with J.P Morgan and Blaylock Van, is a new approach to sustainability reporting, under the Impact Disclosure Guidance released by the Impact Disclosure Taskforce

in October 2024. In the SDID, NCBA commits to promote financial inclusion, increase green and sustainable financing activity, improve operational sustainability, and support employment and community engagement as captured in its sustainability strategy: Change the Story, launched in 2023. NCBA's SDID document is [available here](#) and highlights the following intended impacts:

Category	Intended Impact	SDG Contribution
Products & Services	#1: Promote financial inclusion through retail and digital banking	SDG 8 
	#2: Expand green and sustainable financing activity	SDG 6 SDG 7 SDG 8 SDG 9    
Business Operations	#3: Reduce carbon footprint and promote a sustainable supply chain	SDG 12 SDG 13  
	#4: Develop a high-performance employee culture	SDG 4 SDG 5 SDG 8   
Social/Community Objectives	#5: Empower communities by advancing financial literacy and promoting environmental responsibility	SDG 4 SDG 15  

Based on its impact disclosures, NCBA aims to make meaningful contributions to 10 UN Sustainable Development Goals (SDGs), including #1 (No Poverty), #4 (Quality Education), #5 (Gender Equality), #6 (Clean Water and Sanitation), #7 (Affordable

and Clean Energy), #8 (Decent Work and Economic Growth), #9 (Industry, Innovation, and Infrastructure), #12 (Responsible Consumption and Production), #13 (Climate Action), and #15 (Life on Land) in Kenya.

NCBA published its report as a member of the Impact Disclosure Taskforce, a network of financial institutions and capital markets participants that aims to assist entities in their journey to produce an impact measurement and monitoring framework to foster transparency and accountability.

- NCBA Bank Leadership and staff from JP Morgan during Sustainable Development Impact Disclosure Launch.



NCBA Awards and Recognition



- **2nd Runners Up Award** in the **Best in Sustainable Finance** Category at 8th Edition of the **KBA SFI Catalyst Awards**



- **Best ESG Initiative** at the **5th Annual HR Excellence Awards** by the **Institute of Human Resource Management**



- **1st place awards** in the 2024 FiRE Awards for integrated reporting
- Winner, Kenya Banks Category
 - Winner, Listed Banks Category
 - Winner, Banks Category
 - **Overall Winner, 2024 FiRE Awards**

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MONICAH KIHIA

Group Director,
Human Resources & Culture

EMPLOYEE WELFARE

Human Resources & Culture 2024 Reflections & 2025 Outlook

"It is my pleasure to present highlights of the Human Resources & Culture function's achievements in 2024. A year marked by significant milestones in talent development, employee engagement, and fostering a culture of innovation and high performance. These achievements exemplify our steadfast commitment to NCBA's core values and our mission to empower our people to achieve greatness every day.

As we look to 2025, our focus is clear: to build a customer obsessed, digitally adept, and agile workforce that aligns seamlessly with NCBA's diverse business portfolio. By investing in our people, embracing innovation, and fostering inclusivity, we are confident that our workforce will propel NCBA's leadership across the region.

***Together, we remain
committed to driving
growth, creating
opportunities,
and achieving
sustained success***



NCBA HR Strategy
Developing a High Performance Employee Culture



Key Highlights



3,712
Total staff - 2024



51 : 49
Male Female



332
Promotions



92%
Retention

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TALENT ATTRACTION, DEVELOPMENT AND RETENTION

NCBA Group continues to be an employer of choice, attracting top-tier talent to support our ambitious growth agenda.

- Our efforts in leadership development, upskilling, and internal mobility resulted in:
- 332 employees were promoted during the year across the group (247 in Kenya), reinforcing our commitment to career growth.
- 90 learning hours per employee, reflecting our investment in continuous capability building. A 159% increase in digital learning hours, with employees leveraging self-paced learning platforms for role based training, technical certifications, and leadership development
- Expanded leadership training programs, including the NCBA Senior Leadership Development, NOW Lead Boot Camp, and Effective Managers' Programme, equipping leaders with the skills to drive transformation.
- As part of NCBA's commitment to nurturing young talent and fostering future leaders, the Group enrolled 86 talented youth into its internship program in 2024, providing them with valuable hands-on experience and professional development opportunities. Notably, 49% of the interns were female, reflecting NCBA's ongoing efforts to promote gender diversity and inclusion in the workplace.
- Through structured mentorship, exposure to real-world business challenges, and targeted learning opportunities, NCBA continues to bridge the gap between education and employment, equipping young professionals with the skills needed to thrive in today's dynamic workforce.



Go-Getter Internship, Cohort 2: Graduated 40 interns and implemented a career day to inspire growth and personal branding (Speakers, Chris Otundo-CEO, Brighter Monday; Monicah Kihia, GD-HR & C and Lenin Oyuga, Head - Telco Commercial & Partnerships, MEA (Global Payments Company) and Muthoni Njoroge-LinkedIn Lioness.

RECOGNITIONS & INDUSTRY ENGAGEMENT

In 2024, NCBA's commitment to excellence in people development and sustainability received prestigious industry recognition:



- **Best ESG Initiative of the Year (Change the Story)** – Awarded by the Institute of Human Resource Management (IHRM-Kenya), this accolade recognises the outstanding efforts of NCBA's HR & Culture team in driving sustainability-focused training and embedding ESG principles across the organisation.

Beyond internal initiatives, NCBA actively contributed to shaping industry talent discussions through participation in key career forums:

Inspiring Future Talent – NCBA leaders engaged with students and young professionals at various career fairs, sharing insights on career development and industry trends:



- **2nd Runners-Up, HR Director of the Year** – Monicah Kihia, Group Director, HR & Culture, was honoured by IHRM-Kenya for her exceptional leadership in shaping NCBA's people strategy and fostering a high-performance culture.



- **Riara Girls High School** – Monicah Kihia, Group Director, HR & Culture, served as a guest speaker, inspiring young minds on leadership and career growth.



- **Moringa School** – Isaac Owilla, Group Director, Technology & Operations, addressed students on the evolving role of technology and operations in shaping the future workforce.

These engagements reaffirm NCBA's industry leadership, commitment to nurturing future talent, and dedication to advancing best practices in HR, sustainability, and corporate excellence.

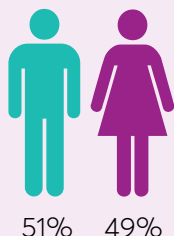
DIGITISATION AND ENHANCING OUR HIGH-PERFORMANCE EMPLOYEE CULTURE

A thriving workforce is key to delivering exceptional customer experiences. In 2024, we reinforced our culture of high performance and innovation, guided by our core values of Driven, Open, Responsive, and Trusted. Key highlights include:

- Achieved an employee engagement score of 80, significantly above the global norms, demonstrating increased workplace satisfaction and alignment with NCBA's strategic priorities.
- Embedded our monthly Wellness HR Chats and provided free annual wellness checks in partnership with our medical providers, prioritising employee well-being.
- To enhance efficiency and streamline HR processes, we continued to digitize core HR operations, improving accessibility and responsiveness. Key achievements included the continued automation enhancements of HR processes like recruitment, leave management, employee data management, and performance management, reducing administrative burdens. These systems are now accessible via cloud-based platforms and mobile applications, ensuring seamless user experiences for employees and managers alike.
- Strengthened internal communication through webinars, townhalls, and village halls, fostering collaboration and transparency, and ensuring every employee feels connected to the Group's mission and vision.

DIVERSITY, EQUITY, AND INCLUSION (DEI) PROGRESS

NCBA remains committed to fostering an inclusive and equitable workplace. We maintained a gender balance ratio of M:F: 51:49, demonstrating our commitment to diversity.



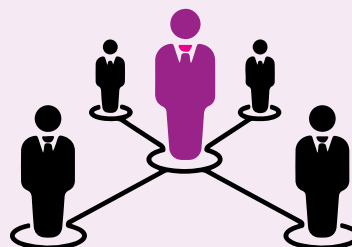
LEARNING AND DEVELOPMENT IN 2024

In 2024, NCBA Group reinforced its commitment to talent development, aligning its learning initiatives with key strategic priorities, including digital transformation, operational efficiency, execution excellence, and the One NCBA framework. Through targeted programs, the bank equipped employees with future-ready skills, ensuring they remain agile in an evolving business landscape.

a) Leadership Development: Building Strong

Leaders: Leadership remained a core focus, with significant investments in training programs across all leadership levels:

- Fast Forward Leadership Program: Empowered 67 senior leaders and the executive committee, enhancing strategic decision-making and execution.
- Now Lead Bootcamp: Prepared 53 mid-level managers for the next level of leadership.
- Women in Leadership: Strengthened gender diversity through the FKE Female Future Leadership Program and Women in Leadership Program, benefiting 24 female leaders.



67 Empowered Senior Leaders

53 Prepared mid-level managers for the next level of leadership

24 FKE Female Future Leadership Program beneficiaries

These initiatives reinforced NCBA's leadership pipeline, fostering a culture of continuous growth and high performance.

b) Enhancing Customer Experience through Learning: Customer excellence remained a top priority. In 2024, 340 new employees underwent comprehensive induction training to ensure seamless integration into NCBA's customer-centric culture while 300 Contact Centre staff received specialised, role-based training to enhance customer interactions, foster loyalty, and reinforce the organisation's competitive edge.

c) Specialised Training for Business Growth: To deepen expertise in Corporate Banking and Asset Finance, 116 employees in Credit Risk, Corporate Banking, and Retail Banking participated in Credit Risk and Reasoning Training, strengthening risk assessment capabilities and financial decision-making.

d) Embedding ESG in Our Culture: As part of NCBA's commitment to responsible business practices, all employees across the region were sensitized on the business benefits of sustainability, marking a significant milestone in embedding Environmental, Social, and Governance (ESG) principles into our corporate DNA.

- This group-wide ESG training equipped employees with practical insights on sustainable finance, climate action, and responsible business operations, reinforcing NCBA's role as a driver of positive economic, environmental, and social impact.
- Employees gained a deeper understanding of how sustainability aligns with business growth, risk management, regulatory expectations, and long-term value creation.
- This initiative reflects NCBA's dedication to fostering an ethically responsible, environmentally conscious, and socially inclusive workplace, ensuring that sustainability is not just a policy but a lived practice across the organisation.

e) Driving Digital Transformation and Future Skills Development

With technology shaping the future of work, NCBA intensified its digital upskilling efforts. We strengthened our partnerships with AWS Skilling Program and Microsoft to enhance digital literacy across the Group and delivered AI and Cloud Computing training, including Microsoft Copilot, to ensure employees stay ahead of technological advancements. Lastly, we offered specialised technical training to deepen expertise in critical digital functions.

As NCBA continues to invest in its people, upcoming programs such as Human-Centered Design Thinking, Communicating with Impact, and Relationship Managers DNA Phase III are set to further elevate skills in key business areas.

Through these learning and development initiatives, NCBA remains committed to cultivating a high-performing workforce equipped to drive innovation, enhance customer satisfaction, and contribute to the Group's long-term success—while championing a more sustainable, responsible, and inclusive future.

Learning & Development: Jan – Dec 2024 Summary

The average learning hours across the group reached 90 hours per employee, surpassing the target of 50 hours by 80%. In Kenya, the average was even higher, at 92.2%. Total group learning hours grew from 242,816 to, 353,117 reflecting a remarkable 45%% increase. The top skills and competencies developed in 2024 included:

1. Coaching and Leadership Development
2. Digital Literacy (via AWS and Microsoft Copilot)
3. Professional Effectiveness (e.g., Communication, Project Management)
4. NCBA Products and Selling Skills
5. Branch Operations and Management
6. Credit Skills Development



➤ New Managers and Group Managing Director, John Gachora during a Meet and Greet



➤ CX NCBA Way Training for New NCBA Bank Kenya Staff



➤ CX NCBA Way Training for NCBA Insurance Ltd



➤ Credit Risk Reasoning workshop

Key Programs for Rollout in 2025:

- NCBA Way of Performance Management – Mission Philosophy approach to Performance Management
- Customer Experience the NCBA Way – Phase III (role based training for Relationship Managers to embed customer obsession)
- Credit Risk Management – Curriculum Development and Implementation
- ESG (Environmental & Social Governance) and Climate Risk – Sustainability-focused Training
- Compliance Training (e.g., KYC, AML, Cybersecurity)
- Digital Literacy – Phase II (role-based training)

This summary highlights NCBA's ongoing investment in employee growth, ensuring its workforce is well-prepared to meet the challenges and opportunities ahead.

Conclusion

The year 2024 was a testament to NCBA's unwavering commitment to its people. By investing in talent, culture, and innovation, we have set a strong foundation for sustained success. As we transition into 2025, HR remains

dedicated to fostering a world-class workforce that not only drives business growth but also delivers on our promise of customer obsession, brand excellence, and industry leadership

Looking Ahead to 2025: Future-Ready Workforce

As we move into 2025, HR will play a pivotal role in aligning our workforce strategy with NCBA's broader business ambitions. Our key focus areas include:

- **Customer-Centric Talent Strategy:** Reinforcing a customer-first mindset across all teams, embedding a high-touch, proactive approach to service excellence.
- **Leadership and Change Management:** Strengthening leadership capabilities to drive agility, resilience, and innovation in a dynamic economic environment.
- **Sustainability & Employee Well-being:** Expanding our mental health, wellness, and ESG-related employee programs to build a resilient and purpose-driven workforce. HR Digitalisation 2.0: Accelerating the next phase of automation, and predictive workforce insights.



➤ **Pictorial**

NCBA Kenya Staff during the NCBA House team building activities in 2024

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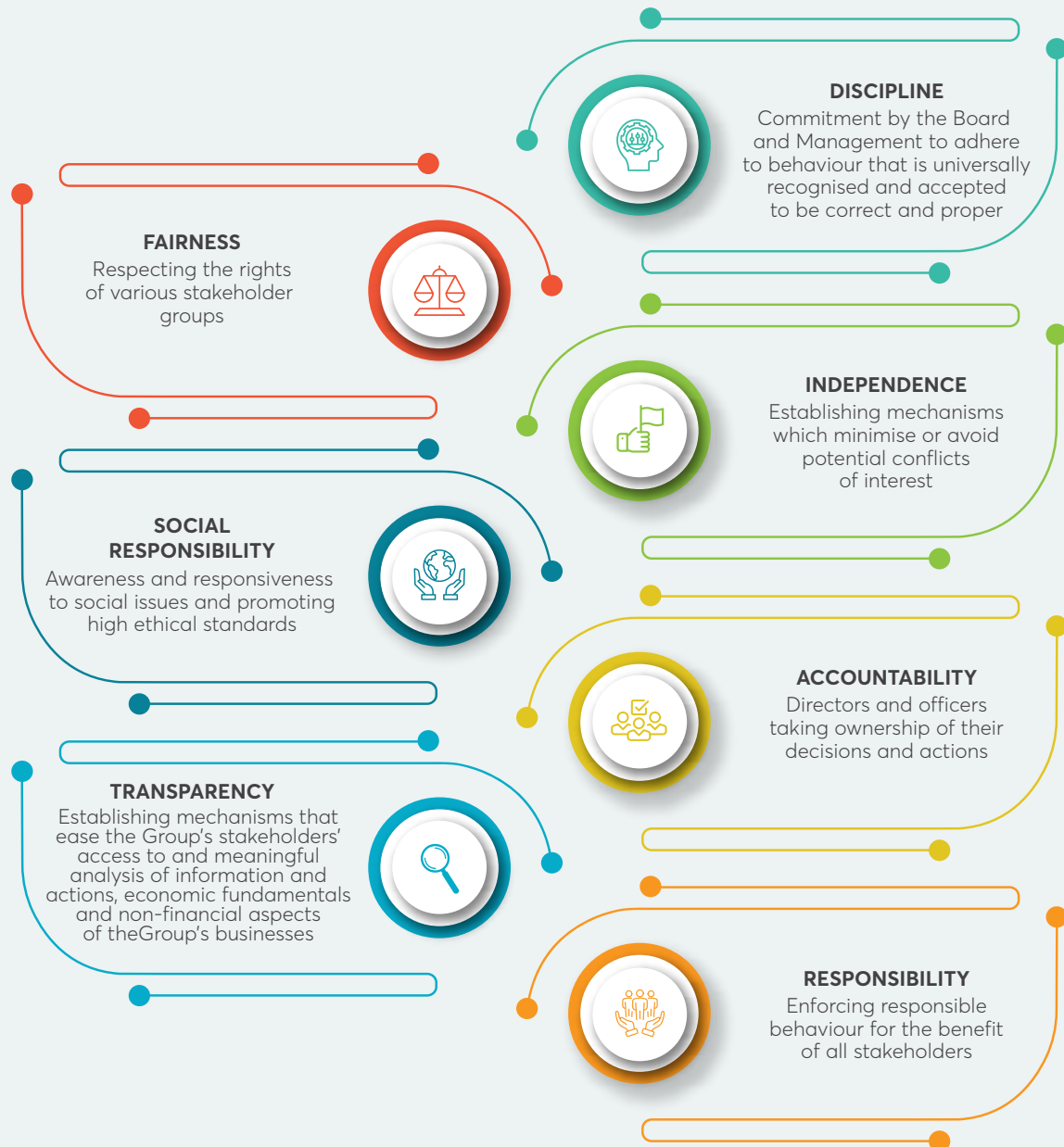


GOVERNANCE

NCBA Group PLC and its subsidiaries are dedicated to upholding and implementing effective corporate governance, vital for ensuring the longevity of the Group's business operations and accountability to stakeholders. This dedication is reinforced by the Group's disclosures in this report, showcasing how governance principles and practices are seamlessly integrated into performance and desired outcomes across the Group's businesses and activities. This encompasses interactions with key stakeholders and addressing matters of interest to them.

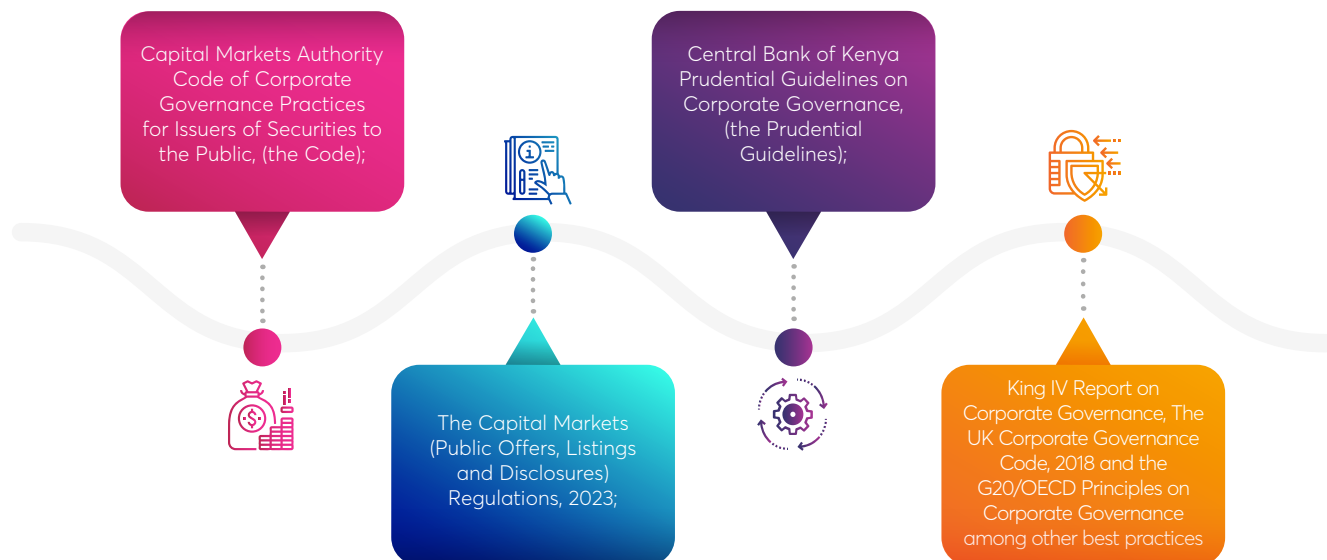
The Group's Board, management, and staff adhere to the NCBA Values and governance principles integrated into the Group's operational procedures to guide their responsibilities and behavior. Recognising the significance of excellent governance standards for the prudent management of its businesses, the Group is dedicated to maintaining them consistently to deliver sustainable stakeholder value. This commitment is demonstrated through the adoption of best practices in corporate governance, internal control, risk management, and compliance, positioning the Group at the forefront in the dynamic financial landscape.

NCBA GOVERNANCE FRAMEWORK



GOVERNANCE GUIDELINES

The Board of Directors of NCBA Group PLC has implemented robust governance frameworks based on the following principal frameworks:



Moreover, the Group employs the following methods to firmly establish good corporate governance practices:

Approach	Detail
Compliance	Compliance with the Constitution of Kenya, applicable laws and regulations, relevant national and international standards, and internal policies. The Group has designated the Group Director, Risk and Compliance as its Compliance Officer in relation to the Capital Markets regulations.
Structure and Accountability	Regular assessment of the composition, independence, competencies, diversity, and synergy of the Board and Management, as well as their effectiveness, collaboration, and appropriate delineation of responsibilities and delegation of authority.
Disclosures	Providing stakeholders with timely, transparent, and pertinent communication to ensure a comprehensive grasp of our business operations.
Audit and Controls	Securing independence by applying globally recognised auditing and accounting standards, facilitation thorough internal and external audits, periodically rotating external auditors, ensuring the Board Audit Committee's appropriate composition, and upholding stringent internal control practices. The Group appointed its current external auditor through shareholder approval at its Annual General Meeting (AGM) on 9th June 2021. The auditor has thus served for four (4) years and is subjected to reappointment annually during the Group's AGMs.
Outlook	Aligning roles, deliverables, and remuneration with the shareholders' long-term interests
Sustainability	Maximising shareholder returns by conducting regular and forward-thinking strategy reviews and implementing the most suitable and sustainable plans to enhance the long-term prosperity of the Group's businesses.
Culture	Maintaining utmost integrity in the Group's culture and operations through the enforcement of a clearly defined Code of Conduct and Ethics.

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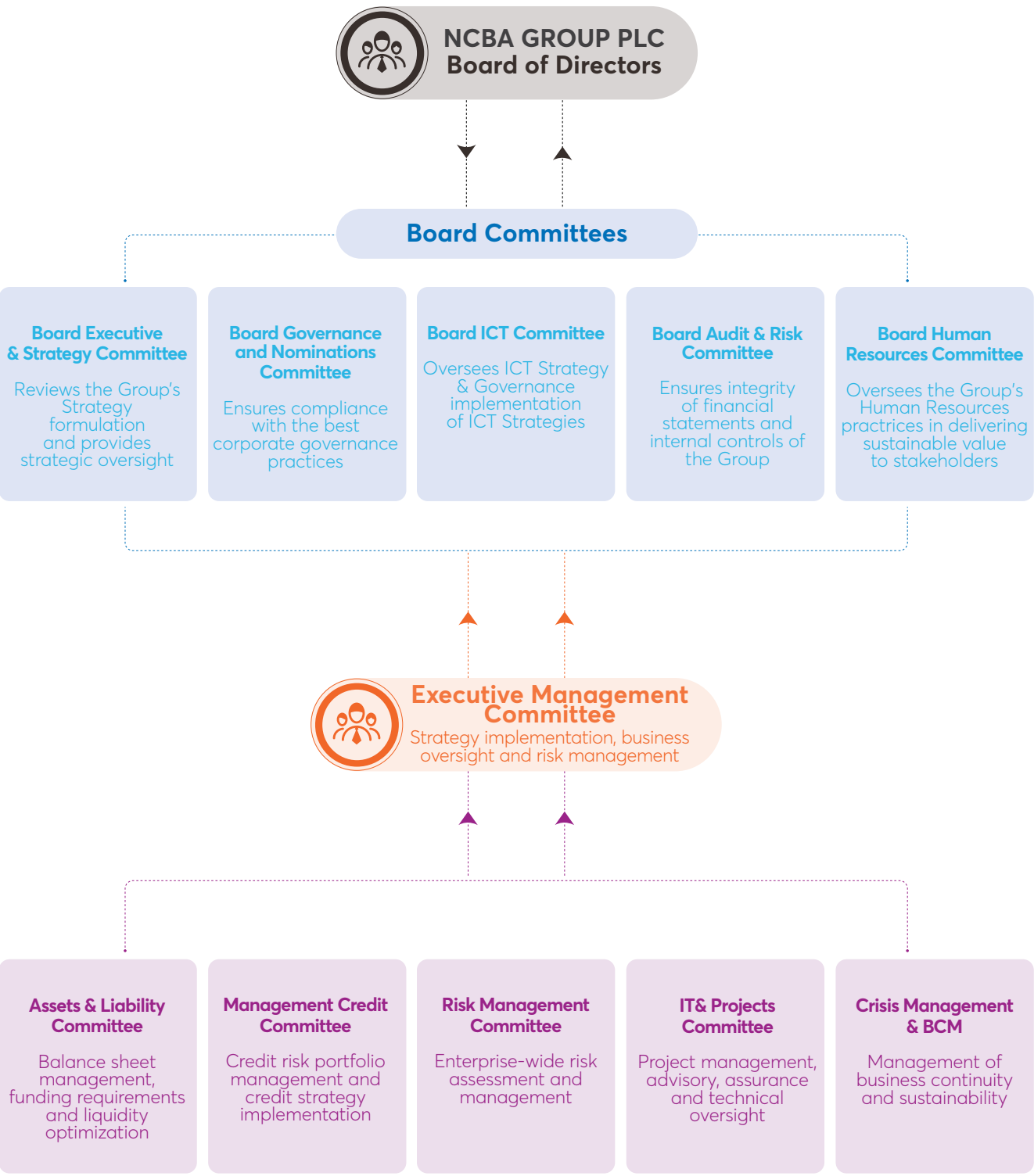
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The Board & The Governance Structure



The Board & The Governance Structure



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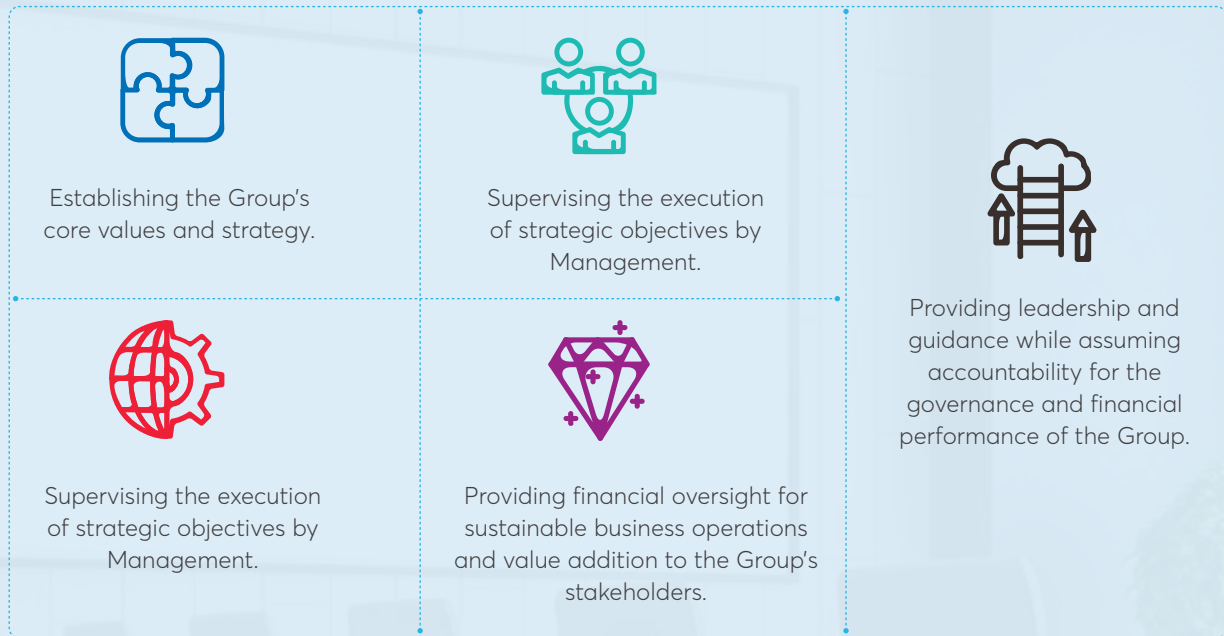
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What Does Our Board Do?

The Board's principal role is to ensure the Group's long-term success and sustainability. This role is accomplished through:



Independent Directors have the added responsibility of safeguarding the interests of minority Shareholders and other Stakeholders by exercising unbiased judgment and impartiality in fulfilling their duties. The Board maintains a minimum of one-third Independent Non-Executive Directors and two-thirds Non-Executive Directors, demonstrating a high degree of Board independence that facilitates adequate representation and protection of minority shareholders' rights. As at 31st December 2024, none of the Directors held a similar position in more than three public listed companies.

The Executive Director supports the Group Managing Director in overseeing the Group's operations, while Non-Executive Directors fulfill an oversight role, providing guidance, constructive challenge, and monitoring management's adherence to the approved strategy within the Board sanctioned risk management framework.

To facilitate productive discussions and expedite prudent decision-making, the Board's size is determined by:

- the Company's Articles of Association;
- the nature of the businesses overseen;
- the current scale and geographic footprint of the NCBA Group;
- related inherent risks that the Group is exposed to;

- regulatory requirements and nature of the business sector;
- the variety of the Group's stakeholders; and
- the Group's strategic priorities.

As at 31st December 2024, the Group Board consisted of eleven (11) Directors: the Chairman (Non-Executive), the Group Managing Director (Executive), one (1) additional Executive Director (Finance), and eight (8) other Non-Executive Directors including five (5) Independent Non-Executive Directors. During the year, the Board undertook a strategic realignment on its composition, designed to optimise the collective skills and expertise of the Directors, maintain the Group's legacy of strong corporate governance practices, and ensure that the Group is well-positioned in its drive towards the next phase of the Group's growth and long-term sustainability vis-à-vis the established strategic priorities and business objectives. The realignment, undertaken in consultation with the Group's regulators, followed a successful expansion of the Group's interests and exceptional growth both locally and regionally since the successful merger in 2019 that gave rise to the NCBA Group. The changes made to the Board's composition were as follows:

Name	Title	Change	Date
Ms. Mariam Abdullahi	(Independent Non-Executive Director)	Appointment	1st August 2024
Mr. Kairo Thuo	(Independent Non-Executive Director)	Appointment	1st September 2024
Mr. Isaac Awuondo	(Non-Executive Director) continues to serve on the Board of NCBA Bank Kenya PLC and Loop DFS Limited	Resignation	1st September 2024
Mr. Mukesh Shah	(Independent Non-Executive Director) continues to serve on the Board of NCBA Bank Kenya PLC	Resignation	1st September 2024

The changes maintained a balance of the mix of skills, while enhancing expertise within the Board on ICT governance, gender and demographic diversity, and representation of Independent Non-Executive Directors.

Board Key Responsibilities



Establishing and periodically reviewing the Group's strategy, mission, vision, purpose, core values, business goals, and objectives;



Remaining cognisant of and adhering to the fundamental principles of good governance;



Maintaining comprehensive oversight of the Group's operational activities and internal controls;



Evaluating the strategic orientation and business strategies of the Group;



Supervising the execution of Board approved plans and strategies by Management;



Endorsing distinct financial and non-financial goals and Management protocols;



Establishing a robust system to ensure Director independence;



Scrutinising mechanisms for recognising and addressing business risks and ensuring compliance with regulatory and legal obligations;



Identifying, monitoring, and providing guidance on non-financial aspects pertinent to the business;



Assessing succession plans for both the Board and Management team;



Upholding ethical conduct and ensuring compliance with the Constitution of Kenya, applicable laws, regulations, and policies;



Supervising performance against predetermined targets and goals; and



Determining materiality levels, assigning specific powers to the Board, and delegating authority on other matters;



Guaranteeing the sustainable operation of Group entities, encompassing environmental, social, and governance dimensions.

Board Committees

The Board, cognisant of the Group's nature of business and scale of operations, has established various Committees to support its oversight role and provision of strategic guidance to Management. Members are appointed based on their expertise and experience, operating under mandates defined in the Board Charter and Board Committee Terms of Reference that are periodically reviewed for alignment with the evolving business environment. These Committees serve as a vital link between the Board and Senior Management, with their respective Chairpersons regularly reporting to the Board on discussions and proposed resolutions for consideration by the Board.

The Composition and key activities of the Board Committees are outlined on pages 153 to 157 of this report.



Independent Directors

The Group's Independent Directors play an essential role in promoting objectivity, accountability, and stakeholder confidence in the Group's governance framework. Their engagement is guided by regulatory principles and aligned with best practices to ensure effective oversight and balanced decision-making. Independent Directors are:

- Identified in accordance with the Code and CBK Prudential Guidelines on Corporate Governance.
- Annually assessed by the Board to ensure ongoing independence.
- Periodically reviewed by an independent Governance Auditor for compliance with regulatory standards and best practices.
- Selected from diverse backgrounds, bringing unique perspectives to Board discussions.
- Serve a maximum of six years in this capacity (nine years for those appointed before the changes to the Capital Markets regulations that became effective from 15th December 2023).
- Maintains no material relationships with the Group or its affiliates that could create conflicts of interest.
- Advocate for the interests of minority shareholders and other stakeholders.



Board Structure

The Board's composition and structure are thoughtfully designed to support effective governance, ensure accountability, and reflect the Group's evolving strategic priorities. It promotes a balance of continuity and renewal, independence, and alignment with the Group's values and long-term vision. The following are some of the defining features of the Board:

- Independent of Management.
- One-third of the Board retires by rotation annually with the option of re-election in accordance with the Company's Articles of Association and the Board Charter.
- Directors appointed during the year are required to retire and seek re-election at the next Annual General Meeting following their appointment to the Board.
- Assessed annually during the Board evaluation process to ascertain level of Directors' effectiveness in the performance of their roles, and independence in execution of duty.
- Is reflective of the nature, scale and complexity of the Group's businesses and diverse stakeholder expectations and needs.
- Comprises a broad range of skills, experiences and backgrounds that enrich Board discourse and decision-making.
- Considers the alignment of individual and Group core values for the entrenchment of a culture that is supportive of the Group's vision.



Board Appointments

The process of appointing Directors to the Board is guided by the Company's Articles of Association and Board Charter, ensuring a structured, transparent, and merit-based approach. Board appointments are made with careful consideration of the Group's strategic direction, governance needs, and the range of skills and experience required to support long-term value creation. In this regard, the Board:

- Is responsible for identifying its members and recommending them for election by the shareholders at the Annual General meeting.
- Considers recommendations on appointments from other Directors, the Group's Shareholders and parties interested in serving the Group.
- Has a formal and transparent procedure for the appointment of Directors to the Board.
- Approves the appointment of prospective candidates to serve as Directors on the Board, either to fill casual vacancies or as additions to the Directors, and subjects them to election by Shareholders during the next AGM.
- Annually, through the Board Governance and Nominations Committee, reviews the required skills and characteristics required of Board members for the achievement of the Group's vision and objectives.
- Considers factors including but not limited to succession planning, stakeholders' needs, diversity of skill, experience and background, and independence and value addition to the sustainability of the Group's operations.

Key highlights of the Directors' service appear on pages 16 to 17 of this Integrated Report, while their abridged biographies are accessible through <https://ncbagroup.com/board/>

Roles of the Group Chairman, Group Managing Director and Group Company Secretary

The roles and responsibilities of the Chairman of the Board and the Group Managing Director remain distinct and separate and are clearly defined in the Board Charter. The Board is assisted by a qualified and competent Group Company Secretary who is a member, in good standing, of the Institute of Certified Secretaries (ICS). The key aspects of their roles entail:

Group Chairman



- Provides leadership to ensure the Board operates effectively, upholding collective responsibility for decisions.
- Promotes collaboration between the Board and management in defining strategic objectives.
- Facilitates meaningful discussions and sound decision-making to fulfill the Board's mandate.
- Fosters a positive Board culture and constructive engagement.
- Works with Committee Chairs to coordinate meeting schedules.
- Ensures transparent communication with shareholders and considers stakeholder interests in Board decisions.
- Oversees the onboarding of new Directors and supports their ongoing professional development.
- Ensures the Board undergoes an annual evaluation process.
- Represents the Group in engagements with stakeholders.

Group Managing Director



- Oversees the Group's daily operations to ensure efficiency and effectiveness.
- Develops and presents long-term strategy, vision, business plans, and budgets aligned with the Group's objectives and shareholder value creation.
- Ensures the Group maintains a strong competitive position in the market.
- Establishes and implements management development and succession planning strategies.
- Develops and enforces corporate policies.
- Strives to achieve the Group's financial and operational targets.
- Fosters an ethical work culture that attracts, retains, and motivates top talent.
- Provides regular updates to the Board and stakeholders on performance and sustainability initiatives.
- Strengthens risk management practices to enhance operational efficiency, performance, and reputation.
- Builds and nurtures strong relationships with key stakeholders.

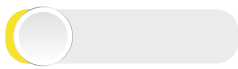
Group Company Secretary



- Advises the Board on its duties, responsibilities, and governance matters, ensuring adherence to best corporate governance practices.
- Supports the Board in complying with policies and procedures and provides procedural guidance during meetings.
- Guides the Board and shareholders on governance matters during meetings, including annual general meetings.
- Assists the Chairman in developing the annual Board work plan.
- Ensures the timely preparation and distribution of Board and Committee minutes and relevant documentation.
- Assists with the Board evaluation process, new Director induction, and ongoing professional development.
- Coordinates governance, legal, and compliance audits.
- Maintains custody of the Group companies' seals, oversees their use, and manages related registers.
- Maintains and updates the register of conflicts of interest.
- Fosters positive relationships with shareholders.
- Supports the Board in corporate transactions and statutory documentation.
- Additionally, during the year, the Group Company Secretary provided administrative oversight for the Legal and Governance Departments.

The Board's Mix of Skills and Competencies

The Board is confident that its composition effectively integrates diverse industry expertise, skills, backgrounds, professional qualifications, and experience. This diversity reinforces the Board's commitment to maintaining a high level of independence in its oversight responsibilities while ensuring fair and equitable representation of minority and foreign shareholders.

Skill and Experience	Relevance to the Group	Representation
Governance	Promoting an atmosphere conducive to cohesion, sound decision-making, accountability, control, and fostering a positive organisational culture.	 64%
Strategy and planning	Formulating and guiding the execution of the Group's strategy.	 100%
Financial Services	Comprehending the dynamics of the industry and devising appropriate strategies for long-term sustainability.	 100%
Legal	Facilitating the appropriate interpretation of laws and regulations, and offering advisory services to the Board to ensure compliance.	 18%
Risk Management	Developing and overseeing a risk management framework tailored to safeguard the Group's interests and long-term objectives.	 82%
Public Sector Experience	Comprehension of government policy-making procedures to strategically align the Group with the national growth agenda.	 45%
Information Technology	Crafting an appropriate Group ICT strategy in a digital-centric environment characterised by pervasive automation in service delivery and intensive data usage.	 18%
Commerce	Comprehending various business models and intricacies of financial and other disclosures.	 73%
International Business	Recognising the diversity in business practices and leveraging cross-border synergies to improve service delivery and performance.	 100%
Real Estate	Grasping the dynamics of the real estate market and identifying available opportunities.	 36%
Manufacturing	Assessing business opportunities, particularly in alignment with national industrialisation policies, to enhance support for our customers.	 55%
Supply chain logistics	Comprehending the value chain and identifying ways the Group can enhance its efficiency through business support.	 45%
Environment and Sustainability	Crafting the Group's long-term environmental and sustainability agenda to benefit stakeholders, including ensuring consistent shareholder returns.	 73%
Insurance	Understanding the risk landscape and facilitating the creation of pragmatic solutions to safeguard our stakeholders' investments, while also bridging the gap between underwriters and end consumers to enhance predictability and stability.	 64%
Accounting	Facilitating strong capital management and assuring transparency and accountability in financial reporting.	 45%

*The percentages constitute the representation of the entire Board that possesses the above-listed skills & experience.

In executing their duty as outlined within the Board Charter, Directors may opt to engage independent subject matter experts or staff from Group companies to assist them in executing their duties effectively when specialised expertise or insights are needed.

Board Instruments

As the highest governing body responsible for shaping the Group's strategy, the Board must operate effectively and efficiently to fulfill its mandate. To support this, it has implemented various tools that provide clear guidance to members on executing their responsibilities in a structured and measurable manner. These resources facilitate both decision-making and performance evaluation, including but not limited to the following:

Board Charter



Provides guidance to the Board in the discharge of its duties in overseeing the affairs of the company and covers areas relating to:

- Governance structure;
- Governance framework.
- Authority, Role, Obligations, and Protocols.
- Ethical standards and Conduct.
- Risk oversight, Conflict of Interest handling, and Independence.
- Board procedures.
- Stakeholder relations.
- Board efficiency and Performance.

The Board Charter has been published on the Group's website (www.ncbagroup.com).

Board Code of Conduct



The Group Code of Conduct and Ethics, which has been published on the Group's website, articulates the core values guiding behavior, encompassing ethical considerations, diligence, integrity in reporting, compliance with policies and procedures, and engagement with internal and external audit concerns. It offers guidance to the Board, Management, and staff concerning acceptable conduct and ethical benchmarks.

During the course of the year, various reports were submitted to the Board Audit Committee regarding adherence to the provisions of the Code.

Board Induction, Training and Professional Development

On appointment, each Director takes part in an induction programme, which involves meeting the Chairman and members of Senior Management and receiving information about the role of the Board and Board Committees. In the year 2024, two Independent Non-Executive Directors - Ms. Mariam Abdullahi and Mr. Kairo Thuo - were onboarded, who are progressively undergoing induction on their roles and responsibilities on the Board and Board Committees on which they serve.

In 2024, the Directors were kept up to date with key developments through both online and in person training sessions facilitated by external experts, as well as discussions on board responsibilities. Highlights of the Board continuous professional development sessions include:

Counter Terrorism and Proliferation Financing:

- Covering the legal and institutional frameworks, methodologies, risk assessment and mitigation strategies, and the role of financial institutions and international cooperation and coordination in detecting and preventing terrorism and proliferation financing crimes.

Corporate Governance Principles and Case Studies:

- Covering governance principles relating to accountability, transparency, fairness, responsibility and risk management, ethical and effective corporate practices, and as well as Environmental, Social, and Governance considerations, regulatory compliance, and stakeholder engagement.

Culture and Conduct Risk:

- Covering sustainable approaches and adaptation to evolving rules and challenges on institutional culture and operational conduct, including on areas of consumer protection, anti-competitive behavior, governance and risk management, bribery and corruption, and people management.

Board of the Future & Board Dynamics:

- Covering enhancement of board effectiveness in preparation for future challenges, board coordination, strategic oversight and risk management, human capital management, and the impact of emerging technologies.

Cybersecurity Awareness:

- Covering data privacy, identity theft protection, current cyber threats, and common cybersecurity exposures including phishing attempts, password management, social engineering tactics, secure email and social media usage, and mobile device security measures.

Board Evaluation:

- Covering strategic oversight, decision-making quality, board composition, dynamics and engagement, compliance and governance, and information flows between the board and management.

The Evolving Role of Non-Executive Directors:

- Covering oversight role on corporate governance, risk management, Environmental, Social, and Governance, regulatory considerations and board performance.

Directors not only exceeded the minimum required professional development hours of 12 hours as required by the CMA (including new Directors whose hours were prorated based on number of months served during the year), but also undertook their own self development programs as part of membership within professional bodies where applicable, and of their own volition in areas of personal interest and growth. The requisite filings in this regard were made to the regulatory authorities.

Board Policies

The Board has established a Corporate Governance Framework comprising various policy and procedural documents designed to guide Directors and Management in fulfilling their roles and responsibilities while ensuring the efficient operation of the Group's enterprises. Below is a summary of key policies and their objectives

Policy	Key Provisions
Code of Conduct and Ethics	The Code of Conduct and Ethics, which has been published on the Group's website (https://ncbagroup.com/group-code-of-conduct-and-ethics/), expresses the values that drive our behavior including addressing ethical issues, integrity on reporting, adherence to policies and procedures and addressing internal and external audit matters. The Code underpins the Group's ethical framework, guided by the following: - Ethical leadership is integrated into Board and executive responsibilities to align conduct with the Group's values: Driven, Responsive, Open, and Trusted. - Anti-corruption, anti-bribery, and fair treatment standards are non-negotiable and embedded in all supplier and stakeholder engagements. - Data privacy, confidentiality, and responsible use of Group assets are prioritised as part of the integrity framework. - Environmental and social responsibility is incorporated through clear commitments to sustainability, community engagement, and compliance with local and international regulations. - Ethical violations are subject to prompt investigation and, where necessary, disciplinary action, including termination and regulatory reporting.
Board Remuneration, Attraction and Retention Policy	The Policy sets guidelines and criteria for the Board's compensation, attraction and retention of Directors. The Director's remuneration policy and report, including details of their compensation appears on page 177 to 183 of this report. The Group Board Remuneration, Attraction and Retention Policy, which was approved by Shareholders during the AGM held on 29th May 2024, has also been published on the Group's website (https://ncbagroup.com/wp-content/uploads/2024/05/NCBA-Group-Board-Remuneration-Attraction-and-Retention-Policy.pdf)

Policy	Key Provisions
Corporate Disclosures Policy	The policy of the Group is to make adequate disclosure of material information and to ensure that all communications to the Group's stakeholders are timely, complete and accurate and appropriately and broadly communicated in accordance with all applicable legal and regulatory requirements.
Conflicts of Interest Policy	The policy requires: • New Directors to disclose any actual, potential or perceived conflicts of interest prior to the Board's consideration of their appointment; • Non-participation by any Director in discussions or decisions in which they have a potential or perceived conflict of interest; • Disclosure of material factors that could present a conflict of interest; and • Its application to all internal stakeholders of the Group. The Group Company Secretary maintains a record of all disclosed conflicts of interest and disclosures are also a standing agenda item at each Board and Committee meeting.
Environmental, Social and Governance Policies	The policies establish a commitment to undertake business activities in a manner that is considerate to the environment and communities surrounding the Group's and its customers operations through: • Partnering with customers' to assess their financed activities In view of the Group's commitment to sustainable business practices; • Entrenching a sustainable ecosystem spanning people, planet and sustainable return to the Group's stakeholders; • Designing an environmentally friendly operating structure that promotes sustainability; • Green / Responsible Procurement and use of sustainable products; and • Labour-Related and Community Social Responsibility.
Procurement and Vendor Management Policy	The Policy subscribes to principles of openness, integrity and fairness in implementing the Group's procurement practices for the long-term benefit of the Group. The procurement practices further provide for support to women and youth empowerment by targeting at least 30% of general services procurement spend to support their growth.
Group Staff and Related Parties Securities Trading Policy	The policy prohibits Directors, Management and staff from trading in the securities, (including equity securities, convertible securities, options, bonds and any stock index containing the security), of any company while in possession of material, non- public information, (also known as insider information), regarding the entity. During the year 2024, there were no determined instances of insider trading by the Directors, Management and Staff of the Group.
Whistle Blowing Policy	The Group's Whistle Blowing Policy sets out the Boards', Managements' and Staff members' obligation and commitment to upholding the highest levels of integrity and observance of the rule of law and provides stakeholders with a secure, confidential and anonymous channel to report information that requires Management's and the Boards' attention on ethical and governance matters. The whistleblowing procedures have been published on the Group's website (https://ncbagroup.com/ncba-group-whistleblowing-policy/) for ease of access and reference by the Group's stakeholders. Highlights of the framework include: • Partnering with an independent external service provider to offer a secure reporting channel accessible via the Group's website, ensuring confidentiality and ease of use for whistleblowers. • Oversight of the process by the Board Audit and Risk Committee to independently maintain and drive timely corrective actions, including disciplinary action for proven operational policy violations and/or unethical conduct as per the Group's Human Resources Management Policy. • Comprehensive safeguards to protect whistleblowers from retaliation, including strict confidentiality protocols and a zero-tolerance stance on any form of reprisal, with remedies applied as appropriate.

Policy	Key Provisions
ICT Policies	The Policies on ICT as established by the Board set the framework for: • Prudent procurement practices in relation to ICT systems; • The creation of an enabling environment for relevant infrastructure implementation and future development needs; • Data Protection, risk management and control and ICT Security and Cyber Security Monitoring; • Disaster recovery and Business Continuity; • ICT governance, compliance and monitoring, and continuous improvement supportive of strategy; • ICT literacy and professional skills development for all staff; and • Development of fit for purpose ICT systems and applications in support of the innovation and digital approach for the Group.
Directors' External Activities and Related Party Transactions Policy	Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Group and its subsidiaries. Directors submit declarations of interests which include an acknowledgement: • Of their obligation to declare any matter concerning the Group that may result in a conflict of interest and exclude themselves from any discussion or decision over the matter in question; • That should they be appointed to the Board or acquire a significant interest in a business competing with the Group, or be appointed to the Board of an entity (including a Government entity) that may expose them to potential or actual conflict of interest, that they would be obliged to declare such appointment, undergo an assessment to determine the extent of such conflict and, where applicable, or offer their resignation as a Director where the conflict cannot be mitigated by the existing Board policies for the management of conflicts of interest; and • That the foregoing also applies to interests of their immediate family members. The Group's Related Party (RP) Transactions Policy further outlines: • Identification of related parties; • Classification of RP transactions; • Rules and procedures relating to handling of RP transactions; • Review and approval of RP transactions; and • Board and management responsibilities in relation to RP transactions. In 2024, business transactions with all parties, including the Directors or their related parties were carried out at arm's length. Business transactions with the Directors or their related parties are disclosed on page 315 to 317 note 48 of this report.
Group Stakeholder Relations Policy	The NCBA Group Stakeholder Relations Policy incorporates the Group's policy provisions on: Effective Communication with Stakeholders, Dispute Resolution for Internal and External Disputes, and Corporate Disclosures. The Policy, which was approved by Shareholders during the AGM held on 29th May 2024, and accessible through the Group website (https://ncbagroup.com/wp-content/uploads/2024/05/NCBA-Group-Stakeholder-Relations-Policy.pdf) , outlines the Group's commitment to effectiveness in engagement with stakeholders, timely and transparent disclosures, and structured mechanisms for resolving disputes. Engagement is guided by clear governance frameworks that promote inclusivity, protect stakeholder rights, and support sustainable development through impactful corporate citizenship initiatives. The Group's Corporate Citizenship Policy Framework, which outlines the Group's approach to operating responsibly and ethically, impacting various aspects of society and the environment, has been published on the Group website (https://ncbagroup.com/?_gl=1%2A13ngyk8%2A_gcl_au%2ANzEzMTU3MDE0LjE3Mzk1NzUzNzE.)

Board Meetings and Activities

The Board and its Committees meet regularly to discuss the Group's strategy, financial performance, internal control systems, risk management practices and corporate actions.

At each meeting, the Board:

- Receives reports from Management on market developments, regulatory changes, and the Group's performance and results.
- Is regularly updated on strategic and development initiatives across all business segments.
- Reviews updates from key operational functions, including risk management, compliance, internal audit, human resources, and corporate social responsibility.
- Assesses and approves new or revised policy documents.
- Evaluates progress toward achieving strategic objectives set during the strategy cycle.
- Identifies and considers opportunities that align with the Group's vision and long-term growth.
- Fulfills its governance responsibilities, fiduciary duties, and oversight of the Group's activities while upholding transparency, accountability, integrity, and ethical conduct.

Highlights of the key activities in 2024

During the course of the year 2024, the Board focused on the following key objectives:

Objective	Key considerations
Strategy Development and Capital Planning	• Oversaw the execution of the 2020–2024 strategy, including business plans and budgets, while providing guidance on necessary adjustments. • Reviewed market developments and recommended strategic actions to align with the Group's objectives. • Evaluated and advised on the Group's digital transformation strategy. • Assessed and approved key decisions affecting the Group's capital structure and financial position. • Recommended the Group's dividend payment proposal for shareholder approval. • Evaluated investment opportunities and optimised resource allocation for strategic growth. • Reviewed and approved the Group's Integrated Annual Report and Budget. • Assessed the Group's long-term business sustainability. • Considered key human capital and people management issues, including performance management and reward frameworks. • Reviewed and approved the Group's 2025 budget to ensure alignment with strategic priorities. • Considered and approved Capital injection for various Group subsidiaries to strengthen business operations and growth. • Considered and approved the acquisition of a new subsidiary, NCBA Insurance Company Limited (formerly AIG Kenya Insurance Company Limited).
Business Performance	• Monitored and reviewed the financial performance of the Company and its subsidiaries against established business strategies and budgets, providing guidance on areas for improvement. • Evaluated the Company's operating plan assumptions in comparison to actual achievements, making necessary budgetary and resource adjustments. • Analysed financial forecasts relative to actual performance and assessed underlying business models and assumptions. • Reviewed operational metrics to enhance efficiency, effectiveness, and alignment with strategic goals. • Conducted industry benchmarking to measure performance against peers and aspirational targets. • Approved financial reports, including the Directors' Remuneration Report and accounting policies, and issued the Directors' Report. • Established annual performance measurement objectives for subsidiaries and the consolidated Group. • Reviewed and considered the quarterly financial performance reports for decision-making and strategic realignment. • Considered and approved interim and final dividend proposals for shareholder returns.

Objective	Key considerations
Internal Controls and Compliance	- Reviewed, recommended, and approved policies and systems to ensure internal controls and quality assurance. - Assessed the implementation of auditor recommendations to enhance operational controls. - Evaluated and recommended risk control measures based on insights from internal audit, risk management, and compliance teams. - Supervised the external audit relationship, ensuring quality service delivery and implementation of corrective actions. - Oversaw the whistle-blowing program's effectiveness, confidentiality, and functionality. - Promoted awareness initiatives on internal control and compliance matters. - Reviewed compliance with legal, regulatory, and internal policy requirements. - Assessed the Business Continuity Planning and Management Program to ensure preparedness and resilience. - Considered and approved the Group Audit Charter and Governance Audit Implementation status report. - Monitored and reviewed regulatory approvals from CBK and CMA for key decisions.
Governance and Ethics	- Ensured adherence to best practices in corporate governance and implemented necessary compliance measures. - Reviewed and reinforced ethical policies, ensuring stakeholder commitment and conflict of interest mitigation. - Assessed and approved governance, risk, and compliance policies, including those related to talent management, succession planning, and diversity. - Reviewed reports from the Group Board Committees, addressing key recommendations requiring full Board approval. - Conducted evaluations of the Board, its Committees, the Group Managing Director, Executive Directors, and the Group Company Secretary. - Monitored the implementation of prior Board evaluation recommendations. - Assessed Board composition, independence, expertise, and effectiveness against strategic objectives. - Ensured Board members met the minimum regulatory attendance threshold of 75% (save for exceptional circumstances authorised by the Group Chairman). - Reviewed the Group's Governance Report and determined actions for regulatory compliance. - Establish a training plan for Board members to enhance governance, business management, and technical expertise. - Approved the appointment and reappointment of Directors following review of Board composition and governance best practices.
Customer Satisfaction	- Provided guidance on enhancing customer-centric strategies to improve satisfaction and engagement. - Analysed customer experience feedback to identify opportunities for improvement and competitive differentiation. - Assessed customer feedback for risk mitigation and service enhancement. - Established key performance indicators to drive process improvements in customer experience. - Reviewed market trends and benchmarked against global leaders in customer satisfaction to identify best practices. - Ensured customer experience initiatives were aligned with the Group's vision and long-term sustainability goals. - Recommended measures to strengthen customer data protection and uphold fair business practices. - Fostered a culture of customer-centricity in decision-making and operational execution. - Reviewed market trends and competitive positioning in the financial sector through peer analysis reports.

Objective	Key considerations
Stakeholder Engagement	• Integrated stakeholder considerations into Board decisions to align with business objectives. • Established structured mechanisms for engagement with key stakeholders on pertinent issues. • Ensured proactive and transparent communication with stakeholders through timely disclosures. • Strengthened stakeholder representation within the Group's governance framework. • Developed policies to facilitate effective engagement with stakeholders. • Assessed stakeholder feedback to inform strategic initiatives and address concerns. • Aligned the Group's strategic goals with stakeholder aspirations to enhance long-term value creation and sustainability.

Who We Are

Our Business

ESG, Climate Risk & Sustainable Finance

Our Financials

Other Information

2024 GROUP BOARD & COMMITTEES ATTENDANCE REPORT

NCBA GROUP PLC – MEETING ATTENDANCE									
Director	Designation		Board*	BESC	BARC	BGNC	BICTC	BHRC**	TSC
J. P. M. Ndegwa	Chairman, Board	Membership	√						
		Attendance	6/6	2/2		1/1			
D. A. Oyatsi	Deputy Chairman, Chair BESC/BGNC	Membership	√	√		√		√	
		Attendance	6/6	4/4		4/4		1/1	
J. Gachora	Group Managing Director	Membership	√	√			√		
		Attendance	6/6	7/7			4/5		
J. S. Armitage	NED	Membership	√	√					
		Attendance	4/6	6/7					
A. S. M. Ndegwa	NED	Membership	√	√					
		Attendance	6/6	7/7					
I. O. Awuondo ¹	NED & Chair BESC/BICTC	Membership	√	√			√		
		Attendance	5/5	7/7	1/1		5/5		
P. R. Lopokoiyit	INED & Chair BHRC	Membership	√		√	√		√	
		Attendance	6/6		6/6	4/4		1/1	
E. N. Ngaine	INED	Membership	√			√			
		Attendance	6/6			4/4			
M. K. R. Shah ²	INED & Chair BARC/TSC	Membership	√		√				√
		Attendance	5/5		6/6				5/5
Hon. A. H. H. Abdi	INED & Chair BARC	Membership	√		√				
		Attendance	6/6		6/6				
M. M. H. Abdullahi ³	INED & Chair BICTC	Membership	√			√	√		
		Attendance	2/2			1/1	2/2		
K. Thuo ⁴	NED	Membership	√		√				√
		Attendance	1/1		1/1				5/5
A. N. Njoroge ⁵	NED	Membership						√	
		Attendance						1/1	
J. Somen ⁶	INED & Chair BICTC	Membership					√		
		Attendance					4/4		
D. Abwoga	ED	Membership	√						
		Attendance	6/6						
KEY									
BESC = Board Executive and Strategy Committee		BARC = Board Audit and Risk Committee			BICTC = Board Information and Communications Technology Committee				
BGNC = Board Governance and Nominations Committee		BHRC = Board Human Resources Committee			INED = Independent Non-Executive Director				
NED = Non-Executive Director		ED = Executive Director							

Notes:

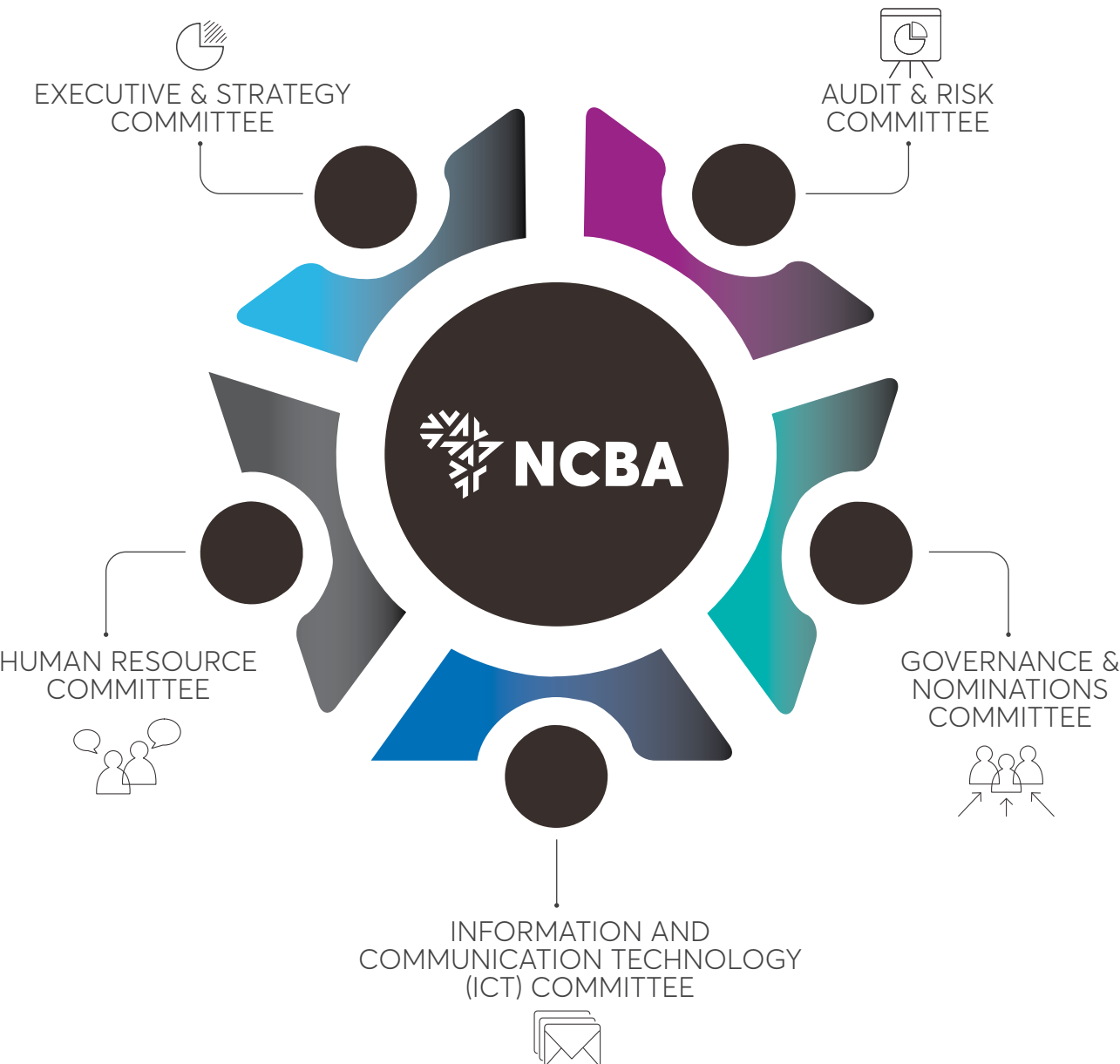
1. Ceased to be a member of the Board with effect from 1st September 2024, but remained a co-opted member (non-Chair) of the Board Committees for the remainder of the year.
2. Ceased to be a member of the Board and its committees with effect from 1st September 2024.
3. Appointed to the Board with effect from 1st August 2024.
4. Appointed to the Board with effect from 1st September 2024.
5. Co-opted member of the Board Human Resources Committee.
6. Left the services of the NCBA Group as a Director with effect from 1st September 2024.

* Board meetings include two board evaluation sessions. Where attendance is reflected yet membership is not marked, such attendance is by invitation.

**Established on 21st August 2024.

BOARD COMMITTEES

In 2024, the Group Board had the following committees mainly comprised of Non-Executive Directors:





Desterio A. Oyatsi¹ - Chairman (Independent)



Composition

- J S Armitage - Non-Executive
- A S M Ndegwa - Non-Executive
- J Gachora – Executive
- I O Awuondo² - Non-Executive (Co-opted)

Board Executive & Strategy Committee

Key purpose and responsibilities

- Formulating strategy and overseeing general operations.
- Approving significant capital projects, periodic strategic plans, and significant policy guidelines.
- Exercising entrepreneurial leadership within a framework of prudent and effective controls.
- Monitoring Group performance against strategic plans and objectives.
- Reviewing and overseeing the Group's capital position, approving investment proposals, and allocating capital and other resources as necessary.

Highlights of key activities in 2024

The Committee received, reviewed, monitored, considered, approved, provided guidance to management in addition to providing oversight and strategic direction to the Board in the following key areas:

- Evaluating business performance against predefined targets and strategic goals.
- Assessing and recommending dividend payment proposals.
- Reviewing executive appointments/ placements and operating structures for business continuity.
- Overseeing capital allocation, authorising significant expenditures, and reviewing budgets in alignment with strategic priorities.
- Assessing subsidiary companies' strategic initiatives and capital requirements.
- Reviewing and updating policies and plans geared towards organisational sustainability.
- Received updates on the Employee Stock Ownership Plan (ESOP), reviewing its structure and implementation progress in enhancing employee motivation and retention.
- Review and guidance on implementation of recommendations following the conclusion of a statutory Central Bank of Kenya regulatory inspection.



Mariam M. H. Abdullahi³ – (Chairman (Independent))



Composition

- I O Awuondo² - Non-Executive (Co-opted)
- J Gachora – Executive
- J Somen⁴ – Independent (Co-opted)

Board ICT Committee

Key purpose and responsibilities

- Establishing a suitable governance and risk management framework for ICT that aligns with business requirements.
- Ensuring alignment between the ICT strategy and the Group's overall strategy and key policies.
- Reviewing and overseeing the implementation of corrective measures resulting from regular internal and external audits of ICT systems and practices.
- Defining tolerance thresholds and monitoring adherence to established ethical and integrity standards for ICT to promote a culture emphasising prudent ICT risk management.

Highlights of key activities in 2024

The Committee received, reviewed, monitored, considered, approved, provided guidance to management, and made recommendations to the Board regarding:

- Assessing and refining the ICT policy framework to align with business objectives.
- Reviewing ICT budget allocations and expenditures to optimise resource utilisation.
- Monitoring ICT performance, including system reliability and vendor service levels.
- Overseeing IT and cybersecurity risk management to enhance data protection and resilience.
- Ensuring adherence to internal control policies and ethical ICT practices.
- Addressing internal and external audit findings and implementing corrective measures.
- Evaluating the suitability of IT systems for current and future business needs.
- Incorporating customer feedback to drive system improvements and enhance user experience.



**Hon. Abdirahin H. Abdi⁵ - Chairman
(Independent)**



Composition

- Philip R. Lopokoityit - Independent
- Kairo Thuo⁶ – Independent
- M K R Shah⁷ - (Independent)

Board Audit and Risk Committee

Key purpose and responsibilities

- Examination of accounting policies, financial reporting, and adherence to regulatory compliance standards.
- Assessment of the efficiency of internal control mechanisms.
- Oversight of the selection, supervision, and performance evaluation of external and internal auditors.
- Approval of the scope and plans for external and internal audit activities, as well as the budget for internal audit reviews.
- Monitoring the implementation of corrective measures for internal controls identified through audit reviews or regulatory inspections.
- Establishment and monitoring of adherence to risk parameters and tolerance limits through the development of appropriate strategies, policies, and programs.
- To preserve independence, objectivity, and professionalism, external audit firms are rotated every six to nine years, and audit partners are rotated no more than five years after assuming the assignment. Shareholders appoint the audit firm, subject to approval by the Central Bank of Kenya.

Highlights of key activities in 2024

The Committee was responsible for maintaining financial integrity, risk management, and internal controls. Key areas of focus included:

- Reviewing and endorsing both audited and unaudited financial statements for Board approval.
- Ensuring effective coordination between internal audit functions and external auditors.
- Overseeing risk management frameworks, ensuring capacity adequacy, and maintaining quality assurance programs.
- Monitoring the implementation of audit recommendations to enhance operational controls.
- Evaluating the adequacy of the internal control environment, including ICT security measures.
- Reviewing whistleblowing reports and ensuring appropriate corrective actions.
- Assessing the sufficiency of loan portfolio provisions in line with financial prudence.
- Reviewing and recommending policy updates in compliance with national and international regulatory frameworks.
- Supervising the Corporate Risk Register to Oversight and guidance over the identification and mitigation process of significant risks affecting the Group.



**Desterio A. Oyatsi - Chairman
(Independent)**



Composition

- Esther Ngaine – Non-Executive
- Philip R. Lopokoiyit - Independent
- Mariam M. Abdullahi – Independent³

Board Governance and Nominations Committee

Key purpose and responsibilities

- Supervising the adherence of the Board and Management to sound corporate governance principles outlined in the Group's constitutive documents, policies, and relevant regulatory mandates.
- Assessing the Board's composition to ensure the availability of necessary skills, expertise, and experience essential for the growth, sustainability, and adherence to the principles of good Corporate Governance, including the status of independent non-executive directors.
- Monitoring the Board's annual performance evaluation and assessing any potential conflicts of interest arising from Directors' additional interests or duties.
- Ensuring smooth transitions in case of changes to the Board's membership.
- Facilitating shareholder and, where applicable, regulatory approval for Board appointments.
- Facilitating induction programs for new members and planning for professional development opportunities for the Board.
- Overseeing the assessment of corporate governance practices by auditors and regulators and implementing enhancements as necessary.

Highlights of key activities in 2024

The Committee focused on governance excellence, ethical leadership, and regulatory compliance. Key considerations included:

- Reviewing governance structures to enhance effectiveness and alignment with regulatory requirements and best practices.
- Assessing the effectiveness of Board composition, diversity, and succession planning.
- Overseeing policies on talent management, leadership development, and Board training programs.
- Evaluating corporate governance policies and making necessary recommendations.
- Ensuring compliance with legal, regulatory, and ethical standards governing the Group's operations.
- Monitoring the implementation of governance-related audit recommendations.
- Reviewing stakeholder engagement strategies to strengthen transparency and accountability.
- Assessing and reinforcing ethical business conduct to prevent conflicts of interest and uphold integrity.



Philip R. Lopokoiyit - Chairman
(Independent)



Composition

- Desterio A. Oyatsi - Independent
- Andrew N. Njoroge⁹ – Independent (Co-opted)

Board Human Resource Committee

Key purpose and responsibilities

- Establish and review the Human Resources policies and procedures to ensure that they adequately support the Group's strategy and are in keeping with employment laws and good labour practices;
- Ensure that there is a robust performance management program that facilitates;
- Achievement of the Group's strategic objectives;
- Ensure the establishment of a compensation structure that fairly remunerates and rewards employees for their contribution to the business;
- Ensure that there is an effective benefits structure that will attract, motivate and retain staff of the highest caliber;
- Ensure that there are effective staff development and succession programs in place to enable business continuity and enhance organisational structure; and
- Recruitment, appointment and remuneration structure of senior and/or executive management.

Highlights of key activities in 2024

The Committee was responsible for providing oversight over Management's Human Resources practices, through the establishment of Human Resources Policies and Programs to meet the needs of the Group. Key areas of focus included:

- Reviewing and discussing the HR Report to assess key workforce trends, employee engagement, and organisational culture.
- Evaluated the 2025 HR Budget, ensuring alignment with the Group's strategic objectives and financial sustainability.
- Monitored the implementation status of actions arising from the CBK Onsite Inspection, ensuring compliance with regulatory requirements and best practices.
- Considered and provided guidance on the proposed 2025 HR Work Plan, outlining key initiatives for workforce planning, talent development, and succession planning.
- Advised on HR-related regulatory compliance matters, ensuring alignment with applicable labor laws and employment regulations.

Notes:

1. Appointed as Chairman of BESC with effect from 27th November 2024.
2. Co-opted Member of the BESC and BICTC with effect from 27th November 2024, following resignation from the Group Board as at 31st August 2024.
3. Appointed as a member of BICTC and BGNC with effect 1st August 2024, and as Chairman of BICTC with effect from 1st September 2024.
4. Ceased to be a member of BICTC with effect from 1st September 2024.
5. Appointed as Chairman of BARC with effect from 1st September 2024.
6. Appointed as a member of BARC with effect from 1st September 2024.
7. Ceased to be a member of BARC with effect from 1st September 2024.
8. Established as a Committee of the Group Board with effect from 21st August 2024.
9. Co-opted Member of the BHRC with effect from 21st August 2024.

* The Board Committee Terms of Reference have been published on the Group Website

MANAGEMENT COMMITTEES

A key driver of the Group's sustained success is the exceptional caliber of its Management team. This team brings together a diverse blend of leadership expertise and extensive experience acquired from both domestic and international organisations. To effectively harness this collective knowledge, the Group Managing Director has established Management Committees, consisting of department heads and, as necessary, other senior managers. In 2024, the Management Committees supporting the Group's operations included:

Executive Management Committee	Assets and Liability Committee
Key purpose and responsibilities The Executive Management Committee played a critical role in shaping and overseeing the Group's strategic direction and operational performance. Its key responsibilities included: • Supervising business operations to ensure alignment with organisational objectives. • Formulating and executing strategies to enhance market positioning across business segments. • Developing policies and procedures to strengthen internal controls and governance frameworks. • Monitoring financial performance against approved strategies and budgets, adjusting as necessary. • Evaluating strategic and operational plans to drive business growth and sustainability. • Ensuring compliance with regulatory requirements, industry guidelines, and internal policies. • Overseeing Human Resources Management activities and Policy implementation.	Key purpose and responsibilities The Asset & Liability Committee focused on maintaining financial stability and liquidity. Its key responsibilities included: • Developing and implementing liquidity and funding strategies to meet financial obligations promptly. • Assessing and mitigating operational risks related to interest rates, market fluctuations, and exchange rate movements. • Evaluating the balance sheet structure and making recommendations to optimise financial stability. • Ensuring compliance with statutory requirements on liquidity, cash reserves, and foreign exchange exposures. • Reviewing the internal capital adequacy management program and investment policies to sustain operational resilience.
Management Credit Committee	Risk Management Sub-Committees
Key purpose and responsibilities The Management Credit Committee was responsible for overseeing credit risk management and ensuring prudent lending practices. Its key responsibilities included: • Evaluating and approving new credit applications and renewals within Board-delegated limits. • Recommending adjustments to credit limits for Board approval where necessary. • Ensuring compliance with regulatory guidelines and credit risk management policies. • Monitoring and addressing risks that could impact the quality of the Group's credit portfolio. • Reviewing and recommending credit facilities for Board approval within the established limits.	Key purpose and responsibilities The Risk Management Sub-Committees played a pivotal role in identifying, assessing, and mitigating risks across select organisational departments. Their key responsibilities included: • Evaluating significant risk factors that could impact business operations. • Identifying the sources and potential consequences of key business risks. • Assessing the effectiveness of existing policies and internal controls in managing risks and ensuring regulatory compliance. • Overseeing business continuity and disaster recovery planning to enhance organisational resilience. • Developing risk mitigation strategies and implementing corrective measures to address key vulnerabilities.

Information Technology and Projects Committee	Crisis Management and Business Continuity Committee
Key purpose and responsibilities The Information Technology and Projects Committee was responsible for ensuring the effectiveness and alignment of ICT initiatives with the Group's strategic objectives. Its key responsibilities included: - Evaluating major ICT projects to ensure compliance with the ICT strategic plan and implementation standards. - Overseeing overall ICT performance and developing strategies for improved efficiency and effectiveness. - Aligning ICT initiatives with the Board-approved ICT strategy to support business objectives. - Conducting risk assessments to ensure ICT policies and systems enhance long-term business sustainability and stakeholder value.	Key purpose and responsibilities The Crisis Management and Business Continuity Committee played a crucial role in safeguarding the Group's resilience against disruptions. Its key responsibilities included: - Monitoring and overseeing business continuity management and disaster recovery planning, implementing corrective measures where deficiencies were identified. - Facilitating employee training and awareness programs on business continuity strategies. - Allocating resources, both human and financial, to support business continuity initiatives. - Managing risks arising from moderate or significant disruptions by establishing robust frameworks to enhance resilience and operational stability.

BOARD WORK PLAN

The Board Work Plan offers a condensed roadmap outlining the activities and initiatives to be addressed during Board sessions. It serves as a tool for evaluating the fulfillment of the Board and Board Committees' objectives. Throughout the year, the Board and its Committees adhered to their respective work plans in carrying out their responsibilities. The year 2024 Board and Board Committee Work Plans were approved by the Board on 22nd November 2023 as live documents that would take into account any exigencies of the operating environment. Details of the Board's performance in this regard are contained in this chapter on pages 153 to 157 for the Board, and pages 157 to 161 for the Board Committees.

Board Evaluation

The Board conducted its annual self-evaluation exercise through a structured assessment process that was facilitated by an independent consultant, Carol Musyoka Consulting Limited. The process aimed to assess the Board's governance structure, processes, and overall performance for the financial year 2024 towards identifying strengths, areas for improvement, and developmental needs, with a focus on qualitative insights to enhance governance practices, decision-making effectiveness, and Board dynamics among other factors. The evaluation also included a review of the progress made in implementing recommendations from the previous year's review to ensure continuous improvement in Board performance.

At an individual level, the Board considered a range of qualitative factors, including the quality and consistency of contributions to discussions, judgment on complex issues, subject-matter expertise, ability to collaborate with peers and management, impartiality and independence, industry knowledge, and alignment with corporate values.

The peer review process focused on constructive feedback and highlighted opportunities for each Director's continued growth and contribution to the Board.

From the evaluation, the following observations were made:

- The Board and its Committees demonstrated a clear understanding of their respective mandates and deliverables, with effective delegation and accountability mechanisms.
- The quality of Committee reporting to the Board was commended, enabling concise and strategic full Board deliberations.
- Board meetings were well-structured, enabling constructive engagement with management and robust debate on key strategic and operational matters.
- The relationship between the Board and the executive team was collaborative and balanced, promoting independent oversight and effective leadership support.
- Virtual meetings, when held, provided an effective mode of engagement that supported high levels of Director participation and consensus-building.
- Committee meetings were of appropriate duration, with thoughtful agendas that supported decision-oriented discussions and effective oversight.
- Directors acknowledged the need for more time and focus on digital transformation and the future of the financial industry as recurring agenda items.
- While there was general satisfaction with the timeliness and quality of Board papers, opportunities remained for enhancement of consistency and strategic clarity in materials provided ahead of meetings.

A number of proposals were made by the Board, the propositions and activities of which include

Select Propositions



- Optimisation of Terms of Reference for enhanced agility and efficiency.
- Strengthened synergy across Group Boards and Committees for enhanced enterprise-wide alignment and oversight.
- Positioning digital transformation as a core strategic lever for innovation, growth, and competitiveness.
- Curate high-impact Board engagement materials to enhance strategic insight.
- Deepen focus on succession planning and leadership development towards securing long-term talent resilience and continuity.
- Foster informal Board interactions to enhance strategic Board dynamics.
- Increased information flows on emerging group-wide trends for enhanced strategic foresight and responsiveness.
- Enhance evaluation tools to foster data-driven governance and heightened tracking of strategy execution.
- Progressive evolution of Board structure and capabilities to meet future strategic demands and governance priorities.

Activity



- Board Governance & Nominations Committee to provide strategic oversight of the review process.
- Institutionalise cross-Board coordination platforms to strengthen strategic alignment and execution across Group entities.
- Embed digital transformation dashboards into Board reporting cycles to track strategic progress and innovation impact.
- Enhance engagement frameworks to ensure continued alignment between input and strategic decision-making.
- Leverage the Board Human Resources Committee to steer Group-wide leadership and talent strategies in support of long-term value creation.
- Establish a structured engagement and outreach framework to drive purposeful interactions and enhance social capital.
- Refine Board submissions to prioritise high-impact information flows for effective oversight.
- Institutionalise robust review mechanisms and feedback loops to elevate the effectiveness and strategic utility of Board and Committee evaluations.
- Integrate succession planning and leadership development into Board agendas to advance strategic resilience in oversight roles.

The Board established that it is effectively discharging its duties and responsibilities in accordance with regulatory standards and stakeholder expectations. The Board's composition remains robust, with a balanced mix of skills, experience, and perspectives to guide long-term value creation. Directors acknowledged the importance of embedding a culture of continuous improvement and expressed commitment to implementing the actions arising from the evaluation.

The 2024 self-evaluation exercise, including a dedicated roundtable discussion on progress since the previous cycle, reinforced the Board's accountability and its role in driving effective governance, strategic oversight, and stakeholder confidence across the NCBA Group. The detailed report on the evaluation process and outcome, as well as the Board Continuous Professional Development Report, were submitted to the Central Bank of Kenya as required by regulation.

Who We Are

Our Business

ESG, Climate Risk &
Sustainable Finance

Our Financials

Other Information

COMPLIANCE WITH LAWS, REGULATIONS AND STANDARDS

To ensure the Group's compliance with applicable laws, regulations, and standards while providing assurance to stakeholders, Management conducts comprehensive and independent governance, and legal and compliance audits at least biennially.

The Governance audit was carried out by professionals accredited by the Institute of Certified Secretaries of Kenya,

while the Legal and Compliance audit was conducted by a legal expert in good standing with the Law Society of Kenya.

In the intervening period, internal reviews are undertaken to maintain a similar level of oversight, proactively identifying and addressing any compliance gaps in order to uphold regulatory and best practices in governance standards.

GOVERNANCE AND LEGAL COMPLIANCE AUDIT UPDATES

The Board periodically commissions Governance and Legal and Compliance audits to ensure the Group upholds its Corporate Governance principles and complies with sound governance, legal, and regulatory practices.

Governance Audit

An independent Governance Audit was conducted for the period ending December 2024, and the auditor's opinion has been published on page 171 of this report. It was the opinion of the Auditor that the Board of NCBA Group PLC had established effective, appropriate and adequate governance structures that comply with the legal and regulatory framework and are in line with good governance practices for the interest of stakeholders.

A number of key highlights from the governance audit and the related activities proposed in this regard are as follows:

Select Propositions



- Position Board composition as a strategic enabler by deepening gender and generational diversity.
- Regular evolution of governance frameworks to anticipate and embed emerging regulatory trends and business environment shifts.
- Enhance the Group's culture of annual declarations and continued training on the Insider Trading Policy.
- Leverage the integrated report as a strategic communications platform to amplify the Group's vision, mission, and value creation model to stakeholders and capital markets.
- Advance stakeholder-centric strategies by embedding customer experience insights into engagement models for sustained brand equity and service differentiation.
- Foster long-term value by embedding ethical leadership principles into Board deliberations and executive conduct frameworks, aligning culture with strategy.
- Embed Sustainability and ESG principles as core drivers of operational excellence and long-term value creation.

Activity



- Champion targeted recruitment of age and gender diverse directors when vacancies arise.
- Enhance the review process for frequent update of Board oversight tools to align with emerging changes.
- Enhance periodic training and compliance tracking through a HR-led registry.
- Progressively improve disclosures and their correlation to the Group's performance outcomes.
- Leverage Net Promoter Score (NPS) analytics and stakeholder feedback to inform strategic enhancements in customer experience and service excellence in the Group's value proposition.
- Strengthen ethical climate assessments, with strategic Board oversight on key insights.
- Drive the sustainability agenda by aligning core business processes with ESG frameworks and defining robust metrics to demonstrate impact and accountability.

Legal and Compliance Audit

Similarly, an independent Legal and Compliance Audit was conducted for the same period, with the auditor's opinion published on page 172 of this integrated report. It was the opinion of the Auditor that the Group's compliance level was aligned with national and international standards, and that sufficient and appropriate systems and mechanisms had been instituted to ensure continuous compliance.

A number of key highlights from the legal and compliance audit and the implementation actions being pursued in this regard are as follows:

Select Propositions



- Strategically strengthen data governance for proactive redress mechanisms on unclaimed assets.
- Institutionalise Environmental and Social Risk (ESR) management for sustainable business resilience.
- Accelerate adoption of intelligent monitoring systems for proactive adherence to evolving regulatory requirements and improved agility.
- Future-proof the workforce by aligning HR policies with emerging labour trends and regulations for enhanced organisational agility and employee wellbeing.
- Strengthen third-party risk and data governance by enhancing accountability clauses in contract management, and strategic alignment with regulatory and reputational safeguards.

Activity



- Leverage digital engagement platforms and data analytics to enhance customer outreach and lifecycle management.
- Foster an ESG-aligned training framework for internal teams and external partners to embed environmental and social risk awareness into operational culture and value chain partnerships.
- Automation of tracking mechanisms for regulatory and policy obligations.
- Continuous evolution of HR policies to reflect dynamic labour, governance, and market shifts, enhancing workforce adaptability and ongoing compliance.
- Embed strategic data governance principles into contractual frameworks, complemented by capacity-building initiatives that ensure enterprise-wide adoption of accountability mandates.

Capital Markets Authority (CMA) Corporate Governance Assessment

Annually the CMA, as part of its statutory activities, undertakes an assessment of the Group's status of implementation of the Code of Corporate Governance Practices for Issuers of Securities to the Public. During the year 2024, the Group was assessed on seven (7) parameters, the outcome of which is outlined here below:

Parameter	Score	Rating
Commitment to Good Corporate Governance	90%	Leadership
Board Operations and Control	74%	Good
Rights of Shareholders	87%	Leadership
Stakeholder Relations	93%	Leadership
Ethics and Social Responsibility	81%	Leadership
Accountability, Risk Management and Internal Control	87%	Leadership
Transparency and Disclosure	78%	Leadership
Overall Weighted Score	81%	Leadership

The Group appreciates the engagement with the CMA during the assessment undertaken and noted that only one area fell slightly below the leadership metric, driven mainly by a change in regulatory approach on assessment of Board composition.

Adherence to Corporate Governance Principles

The Board, cognisant of its role to continuously ensure the upholding of good governance standards, noted the feedback provided by the CMA, the Independent Governance Auditor (Maonga Ndonge Associates), and the Independent Legal and Compliance Auditor (Namasaka and Kariuki Advocates), and is working alongside the Management team to ensure full implementation of the recommendations made via the assessments in order to enhance the governance and internal control frameworks for the Group.

Based on an overall self-assessment of the Group's governance framework and feedback from the independent assessments undertaken for the year ended 31st December 2024, the Board is satisfied that the Group is compliant with the corporate governance principles as outlined by regulation and aspired to through the principal frameworks referenced by the Group. In relation to the Code of Corporate Governance Practices for Issuers of Securities to the Public, the Board is satisfied that the Group is compliant with the provisions contained therein. A full report in this regard has been published on the Group website (<https://ncbagroup.com/reporting-templates/>) for ease of stakeholder reference.

COMMUNICATION WITH STAKEHOLDERS

The Group is dedicated to maintaining transparent communication with its shareholders and other stakeholders, ensuring regular updates on its performance and addressing any issues of interest. This commitment is upheld through quarterly publication of financial performance summaries in leading newspapers, annual release of audited accounts and an annual report to comply with regulatory mandates, and the convening of the Annual General Meeting. The latest financial results can be accessed on the Group's website (<https://ncbagroup.com/investorrelations/>) providing comprehensive information about the Group's entities.

The integrated annual report furnishes a comprehensive array of information about the Group's endeavors, as conveyed through reports from the Group Chairman and Group Managing Director. These reports cover aspects such as the business environment, progress on strategic initiatives, and factors influencing the Group's performance. Additionally, the report details the measures taken by the Board and Management to advance the Group's vision of fostering prosperity for its stakeholders.

The Group conducts regular investor briefings to provide updates on significant factors impacting its performance, both positively and negatively, against its strategic plan. To cultivate transparent and accountable long-term relationships, the Board has implemented formal strategies to promote sustainability, encompassing environmental, social, and governance activities across its companies. Through the Group Company Secretary, effective communication between the Group and its shareholders and stakeholders is facilitated, ensuring the protection of their rights at all times. This includes granting shareholders the opportunity to propose agenda items for Annual General Meetings, allowing them to query Management, and organising regular investor briefings on the Group's economic, social, and environmental performance. Questions from shareholders and responses from the Group are posted on the website for easy access.

The Group has enlisted the services of a shares registrar, C&R Group, who, alongside the Group Company Secretary, routinely handle concerns raised by shareholders. Moreover, the Group proactively collaborates and takes part in endeavors with partner organisations, such as the Kenya Bankers Association and development finance institutions, to exchange ideas and endorse initiatives aimed at promoting sustainable business practices. Periodically, the Group hosts an economic forum that convenes thought leaders to discuss critical economic issues and their implications for business resilience and growth.

GOING CONCERN

The Board confirms the financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. For this reason, it continues to adopt the going concern basis when preparing the financial statements.

SHAREHOLDING PROFILES

The Company, through its Registrar, files returns regularly in line with the requirement of the Capital Markets Authority and the Nairobi Securities Exchange under the listing regulations on transactions related to shareholders.

The number of shareholders as at 31st December 2024 was 27,875 (2023 – 27,647).

Principal Shareholders

The top 10 major shareholders, based on the Group's share register as at 31st December 2024 were as follows:

Name	Number of Shares	%
First Chartered Securities Limited	246,149,354	14.94
Enke Investments Limited	217,497,023	13.20
D&M Management Services LLP	190,130,070	11.54
Brookshire Limited	142,142,031	8.63
Westpoint Nominees Limited	126,661,231	7.69
Yana Investments Limited	89,069,204	5.41
Kahuho Holdings Limited	67,602,884	4.10
Rivel Kenya Limited	64,206,673	3.90
Makimwa Consultants Limited	48,587,307	2.95
MTC Trust Corporate Services Limited – A/C NCBA Group ESOP	21,829,633	1.32
Total	1,213,875,410	73.68

Distribution Schedule

Category	Number of Shareholders	Number of Shares	%
1-500 shares	10,230	1,706,614	0.10
501-5,000 shares	13,139	27,131,533	1.65
5,001-10,000 shares	1,910	13,152,258	0.80
10,001-100,000 shares	2,181	57,657,372	3.50
100,001-1,000,000 shares	348	95,567,898	5.80
1,000,001 and over	67	1,452,303,857	88.15
Total	27,875	1,647,519,532	100.00

Shareholder Profile

Category	Number of Shareholders	Number of Shares	%
Local Individual Investors	26,081	174,020,008	10.56
Local Institutional Investors	1,587	1,466,974,521	89.04
Foreign Individual Investors	197	5,852,975	0.36
Foreign Institutional Investors	10	672,028	0.04
Total	27,875	1,647,519,532	100.00

Notes:

- The above constitute the key stakeholders who may have the ability to influence the Company's performance and sustainability;
- The Company submits the list of shareholders to the Registrar of Companies Annually.

The following Directors had direct or indirect beneficial equity interests in the ordinary shares of the Group as at 31st December 2024.

No.	Name	Number of Shares	%
	Andrew S. M. Ndegwa	77,621,471	4.71
	James P. M. Ndegwa	76,580,454	4.65
	Desterio A. Oyatsi	21,700,000	1.32
	John Gachora	2,364,255	0.14
	John S. Armitage	1,746,370	0.11
	Esther N. Ngaine	648,980	0.04
	David Abwoga	9,108	0.001



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Email: info@maongandonye.com
www.maongandonye.com

REPORT OF THE INDEPENDENT GOVERNANCE AUDITOR TO THE SHAREHOLDERS OF NCBA GROUP PLC AND NCBA BANK KENYA PLC

INTRODUCTION

We have carried out Governance Audit of NCBA Group PLC and NCBA Bank Kenya PLC for the Financial Year ended 31st December 2024 through which we reviewed the Governance Practices, Structures and Systems put in place by the Boards of the two companies.

BOARD RESPONSIBILITY

The respective Boards of NCBA Group PLC and NCBA Bank Kenya PLC are responsible for putting in place governance structures and systems that support the practice of good governance in the two companies. Their responsibilities include planning, designing and maintaining governance structures through policy formulation necessary for efficient and effective management of the companies. The Boards are responsible for ensuring that they are properly constituted to promote and enhance ethical leadership and corporate citizenship, accountability, risk management, internal controls, transparency, disclosure, members' rights and obligations, members' relationship, compliance with laws and regulations, sustainability, and performance management.

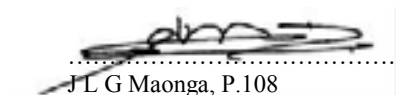
GOVERNANCE AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the existence and effectiveness of governance instruments, policies, structures, systems and practices in a Company within the legal and regulatory framework and in accordance with best governance practices as envisaged under proper Board constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; sustainability; and performance management based on our audit.

We conducted our audit in accordance with the Institute of Certified Secretaries' Governance Audit Standards and Guidelines which conform to global Standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the companies' policies, systems, practices and processes. We believe that our governance audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the Boards of NCBA Group PLC and NCBA Bank Kenya PLC have put in place effective, appropriate and adequate governance structures which are in compliance with the legal and regulatory framework and in line with good governance practices for the interest of stakeholders.



J L G Maonga, P.108
Maonga Ndongye Associates
Date: 25 April 2025

Partners: J. L. G. Maonga, D.M. Ndongye


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 nka@nka.co.ke
 www.nka.co.ke

One Team One Dream

Date: 15th January 2025

Our Ref: NKA/NCBA/LA/2025

Your Ref: T.B.A.

Company Secretary and Head of Legal,
 NCBA Bank Kenya PLC
 NCBA Centre
 Mara and Ragati Road, Upper Hill
 P. O. Box 44599-00100
NAIROBI,

Attn: Mr. Steve Atenya /Ms. Kathryn Maundu

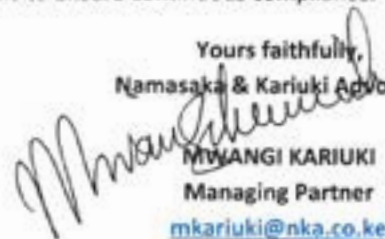
LEGAL OPINION IN RESPECT OF THE LEGAL AND COMPLIANCE AUDIT FOR NCBA GROUP PLC AND AFFILIATED ENTITIES

The audit focused on key thematic areas including corporate governance, regulatory licensing, employment and labour law compliance, anti-money laundering (AML), unclaimed financial assets, data protection as well as the emerging trends in the industry.

Based on the representations made, documents reviewed and in particular our examination of the Group/Bank's policies, procedures, systems, activities and operations as well as that of its subsidiaries, it is our considered legal opinion that the Group, Bank and Group's subsidiaries have in place a sound legal and compliance framework that aligns with the applicable Kenyan statutory requirements, such as Companies Act (No. 17 of 2015), the Banking Act (Chapter 488 of the Laws of Kenya), the Capital Markets Act, the Proceeds of Crime and Anti-Money Laundering Act, the Environmental Management and Co-ordination Act, the Employment Act, and International best practices.

We have therefore satisfied ourselves as to the Group/Bank's compliance levels which indeed align with national and international standards and further, that there exist sufficient and appropriate systems and mechanisms to ensure continuous compliance.

Yours faithfully,
 Namasaka & Kariuki Advocates


MWANGI KARIUKI
 Managing Partner
mkariuki@nka.co.ke

PARTNERS:

J. Namasaka
 M. Kariuki
 A. Ayisi
 E. Muthoni

Mombasa Branch

Mombasa Trade Centre, (Ambalal House)
 3rd Floor, South Wing-Nkrumah Road

Nakuru Branch

Polo centre - 1st Floor
 Kenyatta Avenue Nakuru

CORPORATE INFORMATION

BOARD DIRECTORS

J P M Ndegwa	- Group Chairman
D A Oyatsi	- Deputy Chairman
J Gachora	- Group Managing Director
Hon. A H H Abdi	
M M H Abdullahi	- Appointed w.e.f. 1st August 2024
J S Armitage	
P R Lopokoiyit	
A S M Ndegwa	
E N Ngaine	
K Thuo	- Appointed w.e.f. 1st September 2024
D Abwoga	- Executive Director
I O Awuondo	- Resigned w.e.f. 1st September 2024
M K R Shah	- Resigned w.e.f. 1st September 2024

BOARD EXECUTIVE AND STRATEGY COMMITTEE

D A Oyatsi	- Chairman, Appointed w.e.f. 1st September 2024
J Gachora	
J S Armitage	
A S M Ndegwa	
I O Awuondo	- Co-opted

BOARD GOVERNANCE AND NOMINATIONS COMMITTEE

D A Oyatsi	- Chairman
E N Ngaine	
P R Lopokoiyit	
M M H Abdullahi	- Appointed w.e.f. 1st August 2024

BOARD AUDIT & RISK COMMITTEE

Hon. A H H Abdi	- Chairman
P R Lopokoiyit	
K Thuo	- Appointed w.e.f. 1st September 2024
M K R Shah	- Resigned w.e.f. 1st September 2024

BOARD INFORMATION, COMMUNICATION AND TECHNOLOGY (ICT) COMMITTEE

M M H Abdullahi	- Chairman
J Gachora	
I O Awuondo	- Co-opted

BOARD HUMAN RESOURCE COMMITTEE

P R Lopokoiyit	- Chairman
D A Oyatsi	
A N Njoroge	- Co-opted

COMPANY SECRETARY

K Maundu
 Certified Secretary (Kenya)
 NCBA Centre
 Mara and Ragati Road, Upper Hill
 P. O. Box 44599 - 00100
 Nairobi, Kenya

AUDITOR

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

REGISTERED OFFICE

NCBA Centre
 Mara & Ragati Road
 P. O. Box 44599 - 00100
 Nairobi, Kenya

REGISTRARS AND TRANSFERS OFFICE

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

PRINCIPAL CORRESPONDENT BANKS

Name of Bank	Country
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

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31 December 2024.

INCORPORATION

The Group is domiciled in Kenya and is incorporated as a public company limited by shares under the Kenya Companies Act, 2015. The address of registered office is set out in note 1.

DIRECTORATE

The directors who held office during the year and to the date of this report are shown on page 173.

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

	2024	2023
	Shs' 000	Shs' 000
Profit before tax	25,141,048	25,481,906
Income tax expense	(3,275,281)	(4,025,273)
Profit for the Year	21,865,767	21,456,633

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 1 July 2024, NCBA Group PLC completed the full acquisition of AIG Kenya Limited, now renamed NCBA Insurance Company Limited, from AIG MEA Limited by acquiring 66.66% of its outstanding ordinary shares. As a result, NCBA Group PLC's stake in AIG Kenya Limited increased to 100%, up from the previous 33.33%.

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, including the Board Audit and Risk Committee, Board Risk Management Committee and Board Credit Committee, Board Governance and nominations committee, Board information, communication and Technology (ICT committee) and Board Exco / Strategy Committee which are responsible for developing and continuously monitoring the Group's risk management policies in their respective areas.

Performance for 2024

Global economic growth stabilized at 3.2 percent in 2024 supported by easing of global inflation and supply chain constraints. The year recorded stronger-than-expected growth in the United States of America, some large emerging market economies such as India and South America.

The Kenyan economy remained resilient in 2024, with the official published numbers for the first three quarters of 2024 averaging 4.5 percent compared to an average growth of 5.6 percent in a similar period in 2023. Growth in 2024 was primarily underpinned by strong performance in the agriculture sector and the resilience of services sector. All the economic sub-sectors except mining and construction recorded expansion in the first three quarters of 2024, though the magnitudes varied across the economic activities.

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW (Continued)

NCBA Group

Profit before income tax was Shs 25.1 billion, slightly down from Shs 25.5 billion reported in 2023. This reduction was mainly due to an 11% rise in operating expenses, deemed essential to support business expansion and investments. Foreign currency trading income was lower compared to the previous year due to reduced margins, resulting in a decline of Shs 2.1 billion in foreign currency income. However, this was partially offset by a reduction in impairment losses, reflecting our ongoing commitment to high standards in credit onboarding and proactive loan portfolio management and lower fair value loss on loan notes, driven by a positive foreign currency movement, which resulted in a gain of Shs 2.4 million and Shs 1.6 million, respectively.

The balance sheet for the year ended at Shs 666 billion, down from Shs 735 billion in 2023. This decline was primarily due to a decrease in customer and bank deposits by Shs 77 billion and Shs 13.3 billion, respectively, largely resulting from the release of term deposits. On the asset side, there was a reduction in customer lending by Shs 36.3 billion, mainly driven by the appreciation of the shilling against the dollar on repayment. Additionally, government securities declined by Shs 21.3 billion due to lower liquidity and the necessity to shorten the average portfolio duration to manage interest rate risks.

NCBA Group PLC

Profit before income tax stood at Shs 12.0 billion, marking an increase of Shs 5.1 billion from Shs 6.9 billion reported in 2023. This growth was primarily driven by a rise in dividend income, which increased to Shs 12.1 million from Shs 7.1 million in 2023.

The balance sheet grew to Shs 77.6 billion, up from Shs 75.3 billion in 2023. The Shs 2.3 billion increase was largely due to higher investments in subsidiaries, particularly from the acquisition of NCBA Insurance Company Limited, along with larger balances with related parties.

Proposed Dividend

The Board has decided to propose to the shareholders for approval at the upcoming Annual General Meeting, set for 28 May 2025, the payment of a final dividend of Shs 3.25 per share for the year. This, along with the interim dividend of Shs 2.25 per share paid on 25 September 2024, brings the total dividend for 2024 to Shs 5.50 per share (compared to Shs 4.75 per share for 2023). The dividend will be paid to shareholders registered on the Company's register as of the close of business on 30 April 2025 (the record date for dividend entitlement), with payment to be made on or after 28 May 2025.

Outlook for 2025

The global economy is projected to grow at 3.3% in 2025, a slight edge up from 3.2% in 2024. However, uncertainty remains elevated, more specifically from trade frictions resulting from US tariffs, possible tariff retaliations from advanced economies and geopolitical uncertainties that pose significant headwind into 2025. We see the gradual policy easing by leading central banks likely to keep external financing costs for developing economies sovereigns elevated.

Kenya's economy is projected to grow at 4.8% majorly dependent on agricultural sector output, resilience in key service sectors and recovery in private sector credit growth. Continued policy easing by the central bank both on price and other monetary policy tools could unlock more private sector lending hence aggregate demand growth. However, the government's fiscal path could weigh on private sector credit growth prospects amid reasonably high domestic maturities and underperformance in revenue collections.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

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

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

TERMS OF APPOINTMENT OF AUDITOR

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



K Maundu
Group Company Secretary

26 March 2025

DIRECTORS' REMUNERATION REPORT

INFORMATION NOT SUBJECT TO AUDIT

This report describes the Group's remuneration policy and the remuneration paid to Directors in 2024. 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 2024.

There were no changes to the structure and quantum of the Directors' remuneration in the year ended 31 December 2024.

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

NCBA GROUP PLC BOARD OF DIRECTORS

DIRECTOR	DESIGNATION
J P M Ndegwa	Group Chairman
D A Oyatsi	Deputy Group Chairman, Independent
J Gachora	Group Managing Director, Executive Director
A H Abdi	Independent Non-Executive Director
M M H Abdullahi *	Independent Non-Executive Director
D Abwoga	Group Finance Director, Executive Director
J S Armitage	Non-Executive Director
I O Awuondo *	Non-Executive Director
P R Lopokoiyit	Independent Non-Executive Director
A S M Ndegwa	Non-Executive Director
E N Ngaine	Non-Executive Director
M K R Shah *	Independent Non-Executive Director
K Thuo *	Independent Non-Executive Director

Notes:

- All the Directors of the Company were resident in the Republic of Kenya during the year 2024.
- M M H Abdullahi was appointed to the Board with effect from 1 August 2024.
- I O Awuondo is the current Non-Executive Chairman of NCBA Bank Kenya PLC and was the Executive Chairman of LOOP DFS Limited, a wholly owned financial technology subsidiary of NCBA Group PLC, until 30 September 2024, thereafter transitioning to the role of Non-Executive Director of the company. He also ceased to serve on the Board of NCBA Group PLC with effect from 1 September 2024, following a reorganisation of the NCBA Group companies' Boards.
- M K R Shah ceased to serve on the Board of NCBA Group PLC with effect from 1 September 2024, following a reorganisation of the NCBA Group companies' Boards.
- K Thuo was appointed to the Board with effect from 1 September 2024.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Background:

The members of the Board Governance and Nominations Committee for the period 1 January 2024 to 31 December 2024 were:

D A Oyatsi – Chairman

E N Ngaine

P R Lopokoiyit

M M H Abdullahi (appointed to the committee with effect from 1 August 2024)

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.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Share Option Scheme

During the year 2024, 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.

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 approval by the Central Bank of Kenya, the Group's Shareholders and, where applicable, the Capital Markets Authority.

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 Directors unless these are expressly approved under special circumstances by the Board of Directors.

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DIRECTORS' REMUNERATION REPORT (CONTINUED)

Statement of the previous General Meeting

A Resolution to approve the Directors' remuneration policy and report for the year ended 31 December 2023 was passed through a poll vote by shareholders at the Annual General Meeting held on 29 May 2024. The results, which were published in the national dailies and on the Group website (<https://ke.ncbagroup.com/>) on 30th May 2024 were as follows:

	Resolution	Votes Cast (Shares)	For (Shares)	Against (Shares)	Abstained (Shares)	Result
5	Directors' Remuneration: a) To approve the Directors' Remuneration Report and the remuneration paid to the Directors in the year ended 31 December 2023, and to authorise the Board to fix their remuneration for the year 2024.	1,332,430,501	1,312,823,798	15,519	19,591,184	Passed
	Percentage		98.53%	0%	1.47%	
	Directors' Remuneration, Attraction and Retention Policy b) To approve the Directors' Policy on Remuneration and Attraction and Retention of Board Members.	1,332,426,501	1,332,075,083	10,543	340,875	Passed
	Percentage		99.97%	0%	0.03%	

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 2024 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 2024, there were no other allowances paid apart from sitting allowances and no expenses incurred by directors whilst carrying out duties in respect of qualifying services.

DIRECTORS' REMUNERATION 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. The aggregate Directors' emoluments are shown on note 48 of this report

Directors Remuneration for the year ended 31 December 2024	Fees ¹ Shs 000	Salary Shs 000	Cash Incentive Remuneration		Other Cash Benefit Shs 000	Non- cash benefits Shs 000	Retirement Benefits Shs 000	Total ² Shs 000
			Non- Deferred Shs 000	Deferred Shs 000				
J P M Ndegwa ³ – 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 ⁴	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
	100,013	188,424	118,839	13,000	177,623	47,324	14,929	660,152

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.

INFORMATION SUBJECT TO AUDIT (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 2023.

Directors Remuneration for the year ended 31 December 2023	Fees ¹ Shs 000	Salary Shs 000	Cash incentive Remuneration		Other Cash Benefit Sh 000	Non-cash benefits Shs 000	Retirement Benefits Shs 000	Total ² Shs 000
			Non-Deferred Shs 000	Deferred Shs 000				
J P M Ndegwa – Group Chairman ³	5,720	-	-	-	-	-	-	5,720
D A Oyatsi – Deputy Group Chairman	4,070	-	-	-	-	-	-	4,070
J Gachora – Group Managing Director	-	93,480	60,000	11,000	111	10,975	10,197	185,763
D Abwoga – Executive Director	-	33,918	11,129	-	351	2,292	3,721	51,411
A H Abdi	16,856	-	-	-	-	-	-	16,856
J S Armitage	6,740	-	-	-	-	-	-	6,740
I O Awuondo ⁴	-	66,600	30,000	-	-	20,854	13	117,467
P R Lopokoityit	7,787	-	-	-	-	-	-	7,787
A S M Ndegwa	8,280	-	-	-	-	-	-	8,280
E N Ngaine	14,018	-	-	-	-	-	-	14,018
M K R Shah	9,420	-	-	-	-	-	-	9,420
	72,891	193,998	101,129	11,000	462	34,121	13,931	427,532

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 for the year ended 31 December 2023.
- I O Awuondo earned a salary for services rendered towards the digital banking business of the Group.

INFORMATION SUBJECT TO AUDIT (CONTINUED)
 PART 2: IMPLEMENTATION REPORT (CONTINUED)

Long Term incentives

There were no long-term incentives granted to NEDs in the year ended 31 December 2024.

Pension related benefits

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 from the employer. This does not include the statutory contribution to the National Social Security Fund (NSSF). As at 31 December 2024, 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 2024. (2023: Nil)

There was no change in the Group’s policy on payments to former directors in the year ended 31 December 2024

On behalf of the Board



D A Oyatsi
 Chairman, Governance and Nominations Committee
 26 March 2025

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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 International Financial Reporting Standards 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 26 March 2025 and signed on its behalf by



J P M NDEGWA
Group Chairman



J GACHORA
Group Managing Director

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF NCBA GROUP PLC

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

Our opinion

We have audited the accompanying separate financial statements of NCBA Group PLC (the "Company") and the consolidated financial statements of the Company and its subsidiaries (together, the "Group") set out on pages 189 to 328, which comprise the consolidated and separate statements of financial position at 31 December 2024 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 2024 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 Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

We are independent of the Group and the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have 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.



REPORT OF THE INDEPENDENT AUDITOR 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
Estimation of expected credit losses on loans and advances Loans and advances to customers constitute a significant portion of the total assets of NCBA Group Plc. As disclosed in notes 2.7, 3.2, and 5 (a), management exercise significant judgment when determining both when and how much to record as 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 Financial Instruments. 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: - 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 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; - 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; - Identification and measurement of economic scenarios to measure ECLs on a forward-looking basis reflecting a range of future economic conditions; and - Modelling for estimation of ECL parameters: - Probabilities of Default (PDs) - Loss Given Default (LGD); and - Exposure at Default (EAD). 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.	Our audit of the impairment of advances included, amongst others, the following audit procedures performed together with the assistance of our internal credit risk specialists: - Obtained an understanding of the Group's methodology for determining expected credit losses, including enhancements in the year, and evaluated this against the requirements of IFRS 9, Financial Instruments; - Tested the design and implementation of critical controls across all ECL-related processes, particularly the allocation of assets into stages and management overlays; - 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 completed by reviewing documentation and credit performance to determine whether the staging of such facilities was in accordance with Group policy and IFRS 9 standards; - Assessed the reasonableness of management overlays, taking into client credit-specific risk. We recalculated the management overlays and assessed their completeness in light of our understanding of the model and data limitations; - 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; - We corroborated the assumptions used for the determination of forward-looking information (FLI) in the models using publicly available information; - Tested the data used in the ECL calculation by reconciling to source systems; and - Assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards.

REPORT OF THE INDEPENDENT AUDITOR 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 auditor's 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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

REPORT OF THE INDEPENDENT AUDITOR 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)

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

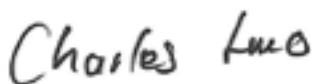
Report of the directors

In our opinion the information given in the report of directors' report on pages 174 to 176 is consistent with the financial statements.

Directors' remuneration report

In our opinion, the auditable part of the directors' remuneration report on pages 177 to 183 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 Charles Munkonge Luo, Practising certificate No. 2294.



For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi
26 March 2025

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

for the year ended 31 December 2024

	Notes	GROUP		COMPANY	
		2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Interest income	6	88,620,061	77,926,028	39,878	85,228
Interest expense	7	(41,173,285)	(30,637,973)	-	-
Net interest income		47,446,776	47,288,055	39,878	85,228
Fees and commission income	9	6,221,872	5,680,176	-	-
Fees and commission expense	9	(641,293)	(599,072)	-	-
Net fees and commission income		5,580,579	5,081,104	-	-
Insurance revenue	10 (a)	1,717,633	-	-	-
Insurance service expense	10 (b)	(495,692)	-	-	-
Net insurance service result before reinsurance contracts held		1,221,941	-	-	-
Net expenses from reinsurance contracts held	11	(813,216)	-	-	-
Insurance service result		408,725	-	-	-
Net finance expense from insurance contracts	12(a)	(427,132)	-	-	-
Net finance income from insurance contracts	12(b)	169,353	-	-	-
Net insurance finance expense	12	(257,779)	-	-	-
Net insurance result		150,946	-	-	-
Foreign exchange income	13	6,249,763	8,376,941	-	-
Gain on disposal of financial instruments	14	334,328	78,176	-	-
Fair value loss on financial assets	15 (a)	(94,249)	(1,730,879)	-	-
Other income	15 (b)	2,328,478	2,483,758	12,449,879	7,575,646
Bargain purchase gain	51 (d)	266,832	-	-	-
Loss on remeasurement of investment in associate	51 (e)	(273,111)	-	-	-
Non-interest income		14,543,565	14,289,100	12,449,879	7,575,646
Net operating income		61,990,341	61,577,155	12,489,757	7,660,874
Operating expenses	16	(31,889,883)	(28,695,723)	(460,787)	(728,460)

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STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME (Continued)

for the year ended 31 December 2024

	Notes	GROUP		COMPANY	
		2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Operating profit before impairment losses		30,100,458	32,881,432	12,028,970	6,932,414
Impairment losses	8	(5,046,435)	(7,441,230)	-	-
Profit before share of associates' profit		25,054,023	25,440,202	12,028,970	6,932,414
Share of associates profit	30	87,025	41,704	-	-
Profit before income tax		25,141,048	25,481,906	12,028,970	6,932,414
Income tax expense	18	(3,275,281)	(4,025,273)	(123,269)	(92,531)
Profit for the year		21,865,767	21,456,633	11,905,701	6,839,883
Profit for the year attributable to:					
Equity holders of the Group		21,881,139	21,456,633	11,905,701	6,839,883
Non-controlling interests		(15,372)	-	-	-
		21,865,767	21,456,633	11,905,701	6,839,883
Earnings per share – basic and diluted (Shs)	20	13.28	13.02	7.23	4.15
Profit for the year		21,865,767	21,456,633	11,905,701	6,839,883
Other comprehensive income net of income tax:					
Items that may be subsequently reclassified to profit or loss					
Fair value gains on financial assets measured at FVOCI, net of tax	45	2,327,070	(2,660,095)	-	-
Exchange differences on translation of foreign operations		(2,597,810)	2,035,026	-	-
Net other comprehensive loss that may be reclassified to the profit or loss in subsequent period		(270,740)	(625,069)	-	-
Items that will not be reclassified to profit or loss in subsequent periods					
Revaluation surplus on property measured at FVOCI, net of tax	46	106,020	-	-	-
Net other comprehensive loss that will not be reclassified to the profit or loss in subsequent period		106,020	-	-	-
Other comprehensive income for the year, net of income tax		(164,720)	(625,069)	-	-
Total comprehensive income for the year		21,701,047	20,831,564	11,905,701	6,839,883
Attributable to:					
Equity holders of the Group		21,716,419	20,831,564	11,905,701	6,839,883
Non-controlling interests		(15,372)	-	-	-
		21,701,047	20,831,564	11,905,701	6,839,883

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

As at 31 December 2024		GROUP		COMPANY	
	Notes	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
ASSETS					
Cash and balances with Central Banks	21	43,679,381	43,327,884	-	-
Item in the course of collection	22	553,733	381,443	-	-
Due from banking institutions	23	52,956,080	66,749,065	-	-
Derivative assets	24	18,089	8,438	-	-
Government securities	25	207,516,292	228,860,973	-	-
Investment securities	26	15,226,830	17,685,448	-	-
Customer loans and advances	27	293,932,350	330,214,425	-	-
Current income tax recoverable	18	1,880,967	59,291	-	2,786
Reinsurance contract assets	28 (b)	1,720,552	-	-	-
Other assets	29	19,268,491	16,988,474	674,533	241,319
Due from group companies	48	-	-	1,371,864	528,000
Investment in associates	30	3,366,767	4,223,674	-	332,593
Investment in subsidiaries	31	-	-	75,488,682	74,081,089
Intangible assets	32	7,455,118	7,779,007	-	-
Property and equipment	33	4,333,185	2,484,121	-	-
Deferred income tax	34	10,014,063	12,274,664	88,406	92,453
Lease prepayments – leasehold land	35	521,875	522,000	-	-
Right of use asset	36	3,465,991	3,028,501	-	-
Goodwill	37	34,000	34,000	-	-
Total assets		665,943,764	734,621,408	77,623,485	75,278,240
LIABILITIES					
Customer deposits	38	502,016,493	579,401,918	-	-
Due to banking institutions	39	13,407,659	26,680,557	-	-
Due to group companies	48	-	-	7,892,756	9,079,786
Insurance contract liabilities	28 (a)	2,151,016	-	-	-
Reinsurance contract liabilities	28 (b)	62,469	-	-	-
Other liabilities	40	24,240,852	21,470,755	974,613	699,935
Borrowings	41	10,172,225	6,411,971	-	-
Current income tax payable	18	7,697	207,735	1,372	-
Lease liability	42	4,170,604	3,785,294	-	-
Total liabilities		556,229,015	637,958,230	8,868,741	9,779,721
SHAREHOLDERS' EQUITY					
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	(2,454,519)	(4,781,589)	-	-
Revaluation surplus on property	46	106,020	-	-	-
Retained earnings		77,720,291	64,900,509	33,738,386	30,894,042
Foreign currency translation reserve		(658,029)	1,939,781	-	-
Proposed dividend		5,354,438	4,942,557	5,354,438	4,942,557
Total capital and reserves attributable to equity holders of the Group		109,730,121	96,663,178	68,754,744	65,498,519
Non-controlling interests		(15,372)	-	-	-
Total shareholders' equity		109,714,749	96,663,178	68,754,744	65,498,519
Total liabilities and shareholders' equity		665,943,764	734,621,408	77,623,485	75,278,240

The financial statements on pages 189 to 328 were approved and authorised for issue by the Board of Directors on 26 March 2025 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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	Notes	Share capital Shs '000	Share premium Shs '000	Investment Revaluation reserve Shs '000	Revaluation surplus on property Shs '000	Retained earnings Shs '000	Foreign currency translation reserve Shs '000	Statutory loan loss reserve Shs '000	Proposed dividend Shs '000	Capital and reserves attributable to equity holders of the Group Shs '000	Non-controlling interest Shs '000	Total equity Shs '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
Total comprehensive income for the year, net of tax												
Profit for the year		-	-	-	-	21,881,139	-	-	-	21,881,139	(15,372)	21,865,767
Gain on revaluation of financial assets at FVOCI	45	-	-	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	46	-	-	-	106,020	-	-	-	-	106,020	-	106,020
Total comprehensive income		8,237,598	21,424,322	(2,454,519)	106,020	86,781,648	(658,029)	-	4,942,557	118,379,597	(15,372)	118,364,225
Transaction with equity holders												
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	-	-	-
Total transactions with owners		-	-	-	-	(9,061,357)	-	-	411,881	(8,649,476)	-	(8,649,476)
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the year ended 31 December 2024

	Notes	Share capital Shs '000	Share premium Shs '000	Revaluation reserve Shs '000	Retained earnings Shs '000	Foreign currency translation reserve Shs '000	Statutory loan loss reserve Shs '000	Proposed dividend Shs '000	Capital and reserves attributable to equity holders of the Group Shs '000	Total equity Shs '000
At 1 January 2023		8,237,598	21,424,322	(2,121,494)	51,269,592	(95,245)	-	3,706,918	82,421,691	82,421,691
Total comprehensive income for the year, net of tax										
Profit for the year		-	-	-	21,456,633	-	-	-	21,456,633	21,456,633
Loss on revaluation of financial assets at FVOCI	46	-	-	(2,660,095)	-	-	-	-	(2,660,095)	(2,660,095)
Currency translation differences		-	-	-	-	2,035,026	-	-	-	-
Total comprehensive income		8,237,598	21,424,322	(4,781,589)	72,726,225	1,939,781	-	3,706,918	103,253,255	103,253,255
Transaction with Equity Holders										
Dividends:										
- 2022 Final dividend paid		-	-	-	-	-	-	(3,706,918)	(3,706,918)	(3,706,918)
- 2023 Interim dividend paid		-	-	-	(2,883,159)	-	-	-	(2,883,159)	(2,883,159)
- 2023 Proposed final dividend		-	-	-	(4,942,557)	-	-	4,942,557	-	-
Total transactions with owners		-	-	-	(7,825,716)	-	-	1,235,639	(6,590,077)	(6,590,077)
At 31 December 2023		8,237,598	21,424,322	(4,781,589)	64,900,509	1,939,781	-	4,942,557	96,663,178	96,663,178

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COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

At 1 January 2024

Profit and total comprehensive income for the year

Transactions with owners, recorded directly through equity

Dividends:

- 2023 Final dividend paid
- 2024 Interim dividend paid
- 2024 Proposed final dividend
- Total Transactions with Equity Holders

At 31 December 2024

At 1 January 2023

Profit and total comprehensive income for the year

Transactions with owners, recorded directly through equity

Dividends:

- 2022 Final dividend paid
- 2023 Interim dividend paid
- 2023 Proposed final dividend
- Total Transactions with Equity Holders

At 31 December 2023

	Share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Total equity Shs'000
At 1 January 2024	8,237,598	21,424,322	30,894,042	4,942,557	65,498,519
Profit and total comprehensive income for the year	-	-	11,905,701	-	11,905,701
Transactions with owners, recorded directly through equity					
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	-
- Total Transactions with Equity Holders	-	-	(9,061,357)	411,881	(8,649,476)
At 31 December 2024	8,237,598	21,424,322	33,738,386	5,354,438	68,754,744
At 1 January 2023	8,237,598	21,424,322	31,879,875	3,706,918	65,248,713
Profit and total comprehensive income for the year	-	-	6,839,883	-	6,839,883
Transactions with owners, recorded directly through equity					
Dividends:					
- 2022 Final dividend paid	-	-	-	(3,706,918)	(3,706,918)
- 2023 Interim dividend paid	-	-	(2,883,159)	-	(2,883,159)
- 2023 Proposed final dividend	-	-	(4,942,557)	4,942,557	-
- Total Transactions with Equity Holders	-	-	(7,825,716)	1,235,639	(6,590,077)
At 31 December 2023	8,237,598	21,424,322	30,894,042	4,942,557	65,498,519

STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

	Notes	GROUP		COMPANY	
		2024 Shs'000	2023 Shs'000	2024 Shs'000	2024 Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax		25,141,048	25,481,906	12,028,970	6,932,414
Non-cash items	50	(39,513,142)	(37,904,723)	-	-
Changes in operating assets and liabilities	50	(40,615,142)	14,057,872	(1,314,552)	23,640
Income tax paid	18	(3,983,752)	(2,850,491)	(115,063)	(117,457)
Interest received		88,067,693	77,490,527	39,876	85,227
Interest paid		(40,694,997)	(30,505,673)	-	-
Net cash (used in)/generated from operating activities		(11,598,292)	45,769,418	10,639,231	6,923,824
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in subsidiaries		(866,856)	-	(1,075,000)	-
Investment in associates	30	-	(228,976)	-	-
Dividends from associates	30	-	116,666	-	-
Purchase of government securities		(73,668,934)	(69,212,890)	-	-
Proceeds from matured government securities		90,759,782	63,688,235	-	-
Purchase of investment securities		(2,111,424)	(5,002,756)	-	-
Proceeds from sale of investments		4,532,678	254,311	-	-
Purchase of intangible assets	32	(817,215)	(3,092,421)	-	-
Purchase of property and equipment	33	(2,696,205)	(806,487)	-	-
Proceeds on sale of equipment		32,830	10,716	-	-
Net cash generated from/(used in) in investing activities		15,164,656	(14,273,602)	(1,075,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(8,649,476)	(6,590,077)	(8,649,476)	(6,590,077)
Repayment of long-term borrowings	41(b)	(1,854,207)	(1,619,445)	-	-
Payment towards lease liabilities	42	(865,022)	(896,016)	-	-
Proceeds from borrowings	41(b)	6,843,499	3,055,342	-	-
Net cash used in financing activities		(4,525,206)	(6,050,196)	(8,649,476)	(6,590,077)
(Decrease) / increase in cash and cash equivalents		(958,842)	25,445,620	914,755	333,747
Cash and cash equivalents at 1 January	49	69,042,140	40,957,316	418,622	84,875
Foreign currency exchange difference		492,048	2,639,204	-	-
Cash and cash equivalents at 31 December	49	68,575,346	69,042,140	1,333,377	418,622

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NOTES TO THE FINANCIAL STATEMENTS

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 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 (Shs '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 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 not yet effective and have not been early adopted by the Group.

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

2. Material accounting policies (Continued)

2.1 Basis of preparation (Continued)

iii) Changes in accounting policy and disclosures (continued)

Standards, amendments and interpretations to existing standards that are effective in the year (continued)

Amendments to IAS 1-Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants.

The amendment is effective for annual periods beginning on or after 1 January 2024.

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

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

Amendments to IFRS 16- Lease Liability in a Sale and Leaseback

The amendment is effective for annual periods beginning on or after 1 January 2024.

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

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

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (Continued)

2.1 Basis of preparation (Continued)

iii) Changes in accounting policy and disclosures (Continued)

Standards, amendments and interpretations to existing standards that are effective in the year (continued)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements.

The amendment is effective for annual periods beginning on or after 1 January 2024.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

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

International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later.

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (Continued)

2.1 Basis of preparation (Continued)

iii) Changes in accounting policy and disclosures (Continued)

Standards, amendments and interpretations to existing standards that are effective in the year (continued)

International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12 (Continued)

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

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:

New standards or amendments	Effective for annual period beginning on or after
Amendments to IAS 21-Lack of exchangeability	1 Jan 2025
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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.1 Basis of preparation (Continued)

iii) Changes in accounting policy 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 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
- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.1 Basis of preparation (Continued)

iii) Changes in accounting policy 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

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	Hedge Accounting by a First-time Adopter 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. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
IFRS 7 Financial Instruments: Disclosures	Gain or Loss on Derecognition 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. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	Introduction 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.
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	Disclosure of Deferred Difference between Fair Value and Transaction Price 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.
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	Credit Risk Disclosures 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.1 Basis of preparation (Continued)

iii) Changes in accounting policy 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)

IFRS 9 Financial Instruments	Transaction Price 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. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
IFRS 10 Consolidated Financial Statements	Determination of a 'De Facto Agent' 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. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
IAS 7 Statement of Cash Flows	Cost Method 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'. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.1 Basis of preparation (Continued)

iii) Changes in accounting policy 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- Contracts Referencing Nature-dependent Electricity (Continued)

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.1 Basis of preparation (Continued)

iii) Changes in accounting policy 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 (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)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

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 2024 (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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.4 Interest income and expense recognition (Continued)

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 revenue 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.7 Foreign currency translation (Continued)

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.

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").

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.8 Financial assets (Continued)

i) Recognition and subsequent measurement (Continued)

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.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.8 Financial assets (Continued)

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 Group's forbearance activities financial assets might be modified. The following tables refer to modified financial assets where modification does not result in derecognition.

	2024 Shs '000	2023 Shs '000
Financial assets (with loss allowance based on lifetime ECL) modified during the period		
Carrying amount before modification	19,346,681	67,396,003
Loss allowance before modification	(4,887,680)	(3,558,419)
Net amortised cost before modification	14,459,001	63,837,584
Net modification loss	(292,246)	(310,731)
Net amortised cost after modification	14,166,755	63,526,853

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

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.

iii) 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.

iv) 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 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 (b) for further details on how ECLs are determined, including some of the significant underpinning their computation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.8 Financial assets (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.12 Insurance contracts (Continued)

(ii) Definition and classification (Continued)

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").

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.12 Insurance contracts (Continued)

(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)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.12 Insurance contracts (Continued)

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

- 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:

- 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;
- 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;
- if the original contract is modified resulting in its derecognition, any net difference between the derecognized 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.12 Insurance contracts (Continued)

(vii) Fulfilment cash flows (Continued)

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.12 Insurance contracts (Continued)

(vii) Fulfilment cash flows (Continued)

Contract boundary (Continued)

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)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.12 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.12 Insurance contracts (Continued)

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

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.

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
- Amortization 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; and 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 recognized 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; and plus or minus
- An adjustment to a financing component.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.12 Insurance contracts (Continued)

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

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.

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 recognized 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 recognized.

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 recognizes 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.12 Insurance contracts (Continued)

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

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;
- Amortization 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, amortization of insurance acquisition cash flows is based on the passage of time.

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 recognized 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.13 Property and equipment

Property and equipment are initially recorded at cost, and subsequently stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. 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 use in the manner intended by management.

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.

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:

Buildings and improvements on leasehold land	- lesser of 40 years and the unexpired period of lease
Equipment, furniture and fittings	- 3 to 8 years
Motor vehicles	- 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.13 Property and equipment (Continued)

Fair value measurement of the Group's Building (Continued)

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.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.14 Intangible assets (Continued)

ii) Goodwill (Continued)

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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.18 Income tax (Continued)

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.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.19 Derivative financial instruments (Continued)

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.

2.20 Leases

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. If the ownership of the underlying asset is expected to pass to the Group at the end of the lease term, the estimated useful life would not exceed the lease term.

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.21 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.

2.22 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.

2.23 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.

2.24 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.

2.25 Off balance sheet letters of credit, acceptances and guarantees

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

2.26 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.

2.27 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.

2.28 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

2. Material accounting policies (Continued)

2.29 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.

2.30 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.

2.31 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

a) Credit related commitments (Continued)

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.
- 80% (2023: 82%) of the loans and advances portfolio are neither past due nor impaired.
- 93% (2023: 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.

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):

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

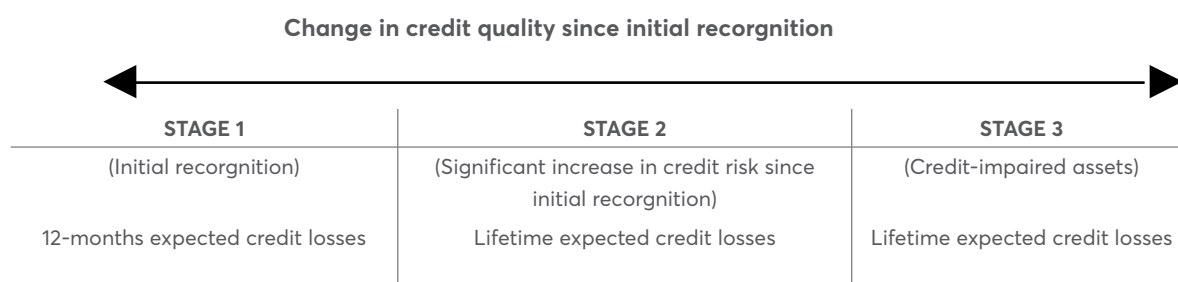
for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

b) Loans and advances (Continued)

i) Expected credit loss measurement (Continued)



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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

b) Loans and advances (Continued)

ii) Significant Increase in credit risk (SICR)

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 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).
- 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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

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)

- 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).

iii) Definition of default and credit-impaired assets

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

Qualitative criteria

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

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

The 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

b) Loans and advances (Continued)

iv) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

b) Loans and advances (Continued)

iv) Measuring expected credit loss – inputs, assumptions and estimation techniques (Continued)

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

v) 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.

vi) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

b) Loans and advances (Continued)

vi) Forward-looking information incorporated in the ECL models (Continued)

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.

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 2024 for the years 2024 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

b) Loans and advances (Continued)

vi) Forward-looking information incorporated in the ECL models (Continued)

Macro-Economic Factors	Base Forecast			Best Case			Worst Case		
	Remaining Forecast Period			Remaining Forecast Period			Remaining Forecast Period		
	2024	2025	2024	2025	2024	2025	2024	2025	2024
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%

Macro-Economic Factors	Base Forecast			Best Case			Worst Case		
	Remaining Forecast Period			Remaining Forecast Period			Remaining Forecast Period		
	2023	2024	2024	2023	2024	2024	2023	2024	2024
GDP Growth (YoY%)	7.34%	-3.88%	8.47%	8.07%	-3.50%	9.32%	6.61%	-4.27%	7.62%
GDP Per Capita (YoY%)	3.08%	2.86%	3.14%	3.39%	3.15%	3.45%	2.77%	2.58%	2.83%
FX Rate (YoY%)	1.75%	5.50%	2.20%	1.93%	6.05%	2.42%	1.58%	4.95%	1.98%
Lending Rate-Base Rate (%)	11.07%	16.33%	11.32%	12.18%	17.96%	12.46%	9.96%	14.70%	10.19%
Household Spending (YoY%)	11.40%	12.04%	10.67%	12.54%	13.25%	11.74%	10.26%	10.84%	9.60%
Foreign Reserves (YoY%)	13.99%	11.70%	11.00%	15.39%	12.87%	12.10%	12.59%	10.53%	9.90%
Consumer Price Index (YoY%)	5.50%	5.00%	5.68%	4.95%	4.50%	5.11%	6.05%	5.50%	6.25%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

b) Loans and advances (Continued)

iii) 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.

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.

viii) 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

ix) 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

	2024 Shs' 000	2023 Shs' 000
Group		
At 31 December		
Gross loans and advances		
Stage 1	244,430,156	283,598,769
Stage 2	35,173,100	26,954,101
Stage 3	26,150,563	36,253,433
Total gross loans advanced	305,753,819	346,806,303
Impairment allowances		
Stage 1	2,103,843	2,372,860
Stage 2	1,392,471	2,437,697
Stage 3	11,716,301	15,877,191
Impairment allowances	15,212,615	20,687,748
Fair-value		
Loan notes at FVTPL	3,391,146	4,095,870
Net loans and advances	293,932,350	330,214,425
Coverage ratio of the individually impaired loans and advances	45%	44%

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for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

b) Loans and advances (Continued)

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

Included in loans and advances above are loan notes valued at Shs 3.4 billion (2023: Shs 4.1 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.

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.

	Year ended 31st December 2024			
Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL		
	Shs '000	Shs '000	Shs '000	Shs '000
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
Total gross carrying amount	244,430,156	35,173,100	26,150,563	305,753,819
Loss allowance	(2,055,448)	(1,349,680)	(11,714,304)	(15,119,432)
Carrying amount	242,374,708	33,823,420	14,436,259	290,634,387

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

b) Loans and advances (Continued)

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

Credit quality of loans and advances (Continued)

	Year ended 31st December 2023			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL		
	Shs '000	Shs '000	Shs '000	
Grade 1: Normal	283,598,769	-	-	283,598,769
Grade 2: Watch	-	26,954,101	-	26,954,101
Grade 3: Substandard	-	-	4,714,621	4,714,621
Grade 4: Doubtful	-	-	25,875,108	25,875,108
Grade 5: Loss	-	-	5,663,704	5,663,704
Total gross carrying amount	283,598,769	26,954,101	36,253,433	346,806,303
Loss allowance	(2,304,904)	(2,401,998)	(15,843,220)	(20,550,122)
Carrying amount	281,293,865	24,552,103	20,410,213	326,256,181

	Year ended 31st December 2024			
Letters of Credit, Guarantees and Acceptances	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL		
	Shs '000	Shs '000	Shs '000	Shs '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
Grade 5: Loss	-	-	2,301,334	2,301,334
Total gross carrying amount	50,991,244	3,788,090	137,392	54,916,726
Loss allowance	(48,395)	(42,791)	(1,997)	(93,183)
Carrying amount	50,942,849	3,745,299	135,395	54,823,543

	Year ended 31st December 2023			
Letters of Credit, Guarantees and Acceptances (Continued)	Stage 1	Stage 2	Stage 3	Total
	12-month ECL		Lifetime ECL	
	Shs '000	Shs '000	Shs '000	Shs '000
Grade 1: Normal	64,878,254	-	-	64,878,254
Grade 2: Watch	-	6,820,906	-	6,820,906
Grade 3: Substandard	-	-	1,000	1,000
Grade 4: Doubtful	-	-	168,810	168,810
Grade 5: Loss	-	-	3,983	3,983
Total gross carrying amount	64,878,254	6,820,906	173,793	71,872,953
Loss allowance	(67,956)	(35,699)	(33,971)	(137,626)
Carrying amount	64,810,298	6,785,207	139,822	71,735,327

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

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 summarized information on other financial instrument is tabulated below:

	2024				2023			
	Gross Balances Shs '000	Stage	ECL Shs '000	Net Shs '000	Gross Balance Shs '000	Stage	ECL Shs '000	Net Shs '000
Balances with the central banks	24,633,951	2	120	24,633,831	28,887,822	1	2,317	28,885,505
Items in the course of collection	553,733	2	-	553,733	381,443	1	-	381,443
Due from banking institutions	53,007,679	2	51,599	52,956,080	66,761,090	1	12,025	66,749,065
Investment securities	15,007,964	1	15,079	14,992,885	15,934,709	1	2,360	15,932,349
Investment securities	233,945	3	-	233,945	233,200	3	-	233,200
Government securities	207,652,187	2	135,895	207,516,292	228,987,908	1	126,935	228,860,973
Other assets	16,688,226	2	-	16,688,226	15,788,209	1	-	15,788,209
Gross maximum exposure	317,777,685		202,693	317,574,992	356,974,381		143,637	356,830,744

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for the year ended 31 December 2024

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.

	2024 Shs '000	2023 Shs '000
Balances with central banks	24,633,831	28,885,505
Due from banking institutions	52,956,080	66,749,065
Items in the course of collection	553,733	381,443
Government securities	207,516,292	228,860,973
Investment securities	15,226,830	16,165,549
Derivatives	18,089	8,438
Customer loans and advances	293,932,350	330,214,425
Other assets (financial)*	16,688,226	15,788,209
	611,525,431	687,053,607
Credit risk exposures relating to off-balance sheet items are as follows:		
Letters of credit	21,031,011	15,100,932
Acceptances	6,709,153	27,568,527
Guarantees	27,176,562	29,203,494
	54,916,726	71,872,953
Total credit risk exposure	666,442,157	758,926,560

*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:

	2024			2023				
	Balance Shs '000	Stage	ECL Shs '000	Balance Shs '000	Stage	Balance Shs '000	ECL Shs '000	Balance Shs '000
Other assets	674,531	1	-	674,531	1	241,319	-	241,319
Due from group companies	1,375,062	1	-	1,375,062	1	528,000	-	528,000
Total	2,049,593		-	2,049,593		769,319	-	769,319

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

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	2024	2023
	%	%
Manufacturing	23.9%	26.1%
Trade	13.9%	14.2%
Personal and household	20.4%	20.0%
Transport and communications	14.7%	12.0%
Energy and water	3.2%	3.5%
Financial services	5.2%	11.2%
Mining and quarrying	8.4%	3.4%
Building and construction	3.6%	3.2%
Real estate	4.3%	3.8%
Tourism, restaurant and hotels	1.1%	1.4%
Agriculture	1.4%	1.3%
	100.0%	100.0%

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for the year ended 31 December 2024

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		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3	
	12-month		Lifetime		Lifetime		12-month		Lifetime		Lifetime		12-month		Lifetime		Lifetime	
	ECL	Shs'000	ECL	Shs'000	ECL	Shs'000	ECL	Shs'000	ECL	Shs'000	ECL	Shs'000	ECL	Shs'000	ECL	Shs'000	ECL	Shs'000
Analysis based on industry - 2024																		
Manufacturing	52,208,840	10,841,416	10,000,328	73,050,584	73,050,584	80,330	307,903	3,968,149	4,356,382	4,356,382	0.15%	2.84%	39.68%	5.96%				
Trade	34,581,816	3,451,406	4,392,611	42,425,833	42,425,833	220,981	138,345	2,271,208	2,630,534	2,630,534	0.64%	4.01%	51.71%	6.20%				
Personal and household	55,746,188	2,300,171	4,319,238	62,365,597	62,365,597	1,461,791	431,428	3,283,286	5,176,505	5,176,505	2.62%	18.76%	76.02%	8.30%				
Transport and communications	34,100,882	9,062,888	1,755,496	44,919,266	44,919,266	145,502	153,390	807,046	1,105,938	1,105,938	0.43%	1.69%	45.97%	2.46%				
Energy and water	7,064,500	2,404,472	444,710	9,913,682	9,913,682	12,877	561	258,054	271,492	271,492	0.18%	0.02%	58.03%	2.74%				
Financial services	11,196,314	4,499,917	112,755	15,808,986	15,808,986	61,771	91,218	74,806	227,795	227,795	0.55%	2.03%	66.34%	1.44%				
Mining and quarrying	24,686,387	404,887	480,650	25,571,924	25,571,924	29,246	29,678	235,451	294,375	294,375	0.12%	7.33%	48.99%	1.15%				
Real estate	9,121,879	1,038,181	2,946,611	13,106,671	13,106,671	38,560	95,778	31,326	165,664	165,664	0.42%	9.23%	1.06%	1.26%				
Building and Construction	9,597,339	676,995	754,906	11,029,240	11,029,240	41,023	167,009	320,786	528,818	528,818	0.43%	24.67%	42.49%	4.79%				
Tourism, restaurant and hotels	2,352,192	380,606	650,943	3,383,741	3,383,741	7,858	1,794	299,245	308,897	308,897	0.33%	0.47%	45.97%	9.13%				
Agriculture	3,773,819	112,161	292,315	4,178,295	4,178,295	3,904	(24,633)	166,944	146,215	146,215	0.10%	-21.96%	57.11%	3.50%				
Total	244,430,156	35,173,100	26,150,563	305,753,819	305,753,819	2,103,843	1,392,471	11,716,301	15,212,615	15,212,615	0.86%	3.96%	44.80%	4.98%				
Analysis based on industry - 2023																		
Manufacturing	67,682,619	7,009,358	15,917,190	90,609,167	90,609,167	63,611	542,323	5,292,272	5,898,206	5,898,206	0.09%	7.74%	33.25%	6.51%				
Trade	36,702,793	6,629,340	5,807,834	49,139,967	49,139,967	279,957	377,859	2,531,164	3,188,980	3,188,980	0.76%	5.70%	43.58%	6.49%				
Personal and household	60,105,629	2,458,675	6,834,138	69,398,442	69,398,442	1,460,758	1,125,396	5,334,164	7,920,318	7,920,318	2.43%	45.77%	78.05%	11.41%				
Transport and communications	34,558,526	4,408,252	2,563,939	41,530,717	41,530,717	180,041	36,247	766,032	982,320	982,320	0.52%	0.82%	29.88%	2.37%				
Energy and water	10,024,761	1,655,236	427,341	12,107,338	12,107,338	25,343	1,721	217,891	244,955	244,955	0.25%	0.10%	50.99%	2.02%				
Financial services	38,626,239	86,301	198,614	38,911,154	38,911,154	57,425	216	86,034	143,675	143,675	0.15%	0.25%	43.32%	0.37%				
Mining and quarrying	11,065,616	525,696	220,003	11,811,315	11,811,315	25,082	30,726	102,428	158,236	158,236	0.23%	5.84%	46.56%	1.34%				
Real estate	8,678,636	1,518,927	2,858,598	13,056,161	13,056,161	117,417	11,336	693,557	822,310	822,310	1.35%	0.75%	24.26%	6.30%				
Building and Construction	9,255,539	892,660	789,218	10,937,417	10,937,417	123,267	193,110	486,110	802,487	802,487	1.33%	21.63%	61.59%	7.34%				
Tourism, restaurant and hotels	2,889,609	1,627,835	175,851	4,693,295	4,693,295	21,113	110,690	130,618	262,421	262,421	0.73%	6.80%	74.28%	5.59%				
Agriculture	4,008,802	141,821	460,707	4,611,330	4,611,330	18,846	8,073	236,921	263,840	263,840	0.47%	5.69%	51.43%	5.72%				
Total	283,598,769	26,954,101	36,253,433	346,806,303	346,806,303	2,372,860	2,437,697	15,877,191	20,687,748	20,687,748	0.84%	9.04%	43.80%	5.97%				

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

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 2023 and 2024. The forced sale value of the collateral held is undiscounted.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

e) Collateral (Continued)

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:

Group	Stage 1	Stage 2	Stage 3	Total
Year ended 2024	Kes '000	Kes '000	Kes '000	Kes '000
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
Outstanding off-balance sheet exposure	50,991,244	3,788,090	137,392	54,916,726
Secured	27,198,275	2,835,383	137,392	30,171,050
unsecured	23,792,969	952,707	-	24,745,676
Total outstanding loans and advances	295,421,400	38,961,190	26,287,955	360,670,545
Collateral held				
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
Total Collateral Held	386,409,551	69,047,056	43,530,582	498,987,189
Excess coverage	90,988,151	30,085,866	17,242,627	138,316,644
Year ended 2023				
Outstanding loans and advances	283,598,769	26,954,101	36,253,433	346,806,303
Secured	142,672,907	20,107,455	28,200,082	190,980,444
Unsecured	140,925,862	6,846,646	8,053,351	155,825,859
Outstanding off-balance sheet exposure	64,878,254	6,820,906	173,793	71,872,953
Secured	25,159,926	3,130,978	168,610	28,459,514
Unsecured	39,718,328	3,689,928	5,183	43,413,439
Total outstanding loans and advances	348,477,023	33,775,007	36,427,226	418,679,256
Collateral held				
Land and property	260,528,342	51,496,652	33,893,245	345,918,239
Debentures	64,561,424	2,322,763	5,511,636	72,395,823
Motor vehicles and equipment	50,170,160	2,066,276	2,550,681	54,787,117
Others	31,189,226	7,005,757	172,590	38,367,573
Total Collateral Held	406,449,152	62,891,448	42,128,152	511,468,752
Excess coverage	57,972,129	29,116,441	5,700,926	92,789,496

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.2 Credit risk (Continued)

e) Collateral (Continued)

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

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 2024 the Group held collateral amounting to 166% (2023: 116%) of the value of impaired loans

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3. Financial risk management (Continued)

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	GBP	EUR	Other	Total
At 31 December 2024	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Assets					
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
Total assets	138,968,248	6,508,046	11,100,732	849,173	157,426,199
Liabilities					
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
Borrowings	8,609,761	-	379,072	-	8,988,833
Other liabilities	2,388,104	-	61,395	21,755	2,471,254
Lease liability	681,885	-	-	-	681,885
Total liabilities	147,302,471	6,322,814	10,624,760	848,356	165,098,401
Net on-balance sheet position	(8,334,223)	185,232	475,972	817	(7,672,202)
Group	USD	GBP	EUR	Other	Total
At 31 December 2023	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Assets					
Cash in hand	1,590,764	122,056	315,800	31,185	2,059,805
Central banks balances	4,045,673	1,588,111	1,068,965	48,296	6,751,045
Government securities	27,709,404	-	-	-	27,709,404
Due from banking institutions	50,795,389	5,643,377	10,228,849	941,856	67,609,471
Investment securities	4,913,100	-	-	-	4,913,100
Customer loans and advances	102,732,804	36,470	3,026,789	260,929	106,056,992
Other assets	1,055,225	18,936	190	108	1,074,459
Total assets	192,842,359	7,408,950	14,640,593	1,282,374	216,174,276
Liabilities					
Customer deposits	184,414,731	7,265,197	12,835,612	1,002,575	205,518,115
Due to banking institutions	12,666,624	23,046	21,181	25,809	12,736,660
Other liabilities	379,695	-	752,129	37,982	1,169,806
Lease liability	352,811	-	-	-	352,811
Borrowings	2,703,526	-	644,623	-	3,348,149
Total liabilities	200,517,387	7,288,243	14,253,545	1,066,366	223,125,541
Net on-balance sheet position	(7,675,028)	120,707	387,048	216,008	(6,951,265)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

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	Up to 1 month Shs '000	1 to 3 months Shs '000	3 to 12 months Shs '000	1 to 5 years Shs '000	Over 5 years Shs '000	Non - interest bearing Shs '000	Total Shs '000
As At 31 December 2024							
Assets							
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
Total assets	330,131,542	19,045,883	17,132,528	90,373,439	98,766,000	75,121,589	630,570,981
Liabilities							
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
Total liabilities	235,833,732	81,613,687	85,301,783	3,175,566	3,251,854	137,200,592	546,377,214
Interest sensitivity gap	94,297,810	(62,567,804)	(68,169,255)	87,197,873	95,514,146	(62,079,003)	84,193,767

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3. Financial risk management (Continued)

3.4 Interest rate risk (Continued)

Group	Up to 1 month Shs '000	1 to 3 months Shs '000	3 to 12 months Shs '000	1 to 5 years Shs '000	Over 5 years Shs '000	Non - interest bearing Shs '000	Total Shs '000
As At 31 December 2023							
Assets							
Cash in hand	-	-	-	-	-	14,691,059	14,691,059
Central bank balances	-	-	-	-	-	28,636,825	28,636,825
Government securities	3,803,999	10,841,556	17,615,081	56,865,622	139,734,715	-	228,860,973
Due from banking institutions	36,491,102	236,004	-	3,179,821	-	26,842,138	66,749,065
Investment securities	4,660,722	3,943,398	2,196,162	4,290,164	-	2,595,002	17,685,448
Customer loans and advances	330,214,425	-	-	-	-	-	330,214,425
Item in the course of collection	-	-	-	-	-	381,443	381,443
Derivative assets	-	-	-	-	-	8,438	8,438
Other assets	-	-	-	-	-	15,788,209	15,788,209
Total assets	375,170,248	15,020,958	19,811,243	64,335,607	139,734,715	88,943,114	703,015,885
Liabilities							
Customer deposits	269,901,521	98,412,832	79,376,111	145,116	424,385	131,141,953	579,401,918
Due to banking institutions	16,464,684	-	400,697	-	-	9,815,176	26,680,557
Other liabilities	-	-	-	-	-	13,006,386	13,006,386
Lease liability	428,414	130,208	420,443	2,354,953	263,114	188,162	3,785,294
Borrowings	1,890,587	834,813	700,463	1,047,854	1,938,254	-	6,411,971
Total liabilities	288,685,206	99,377,853	80,897,714	3,547,923	2,625,753	154,151,677	629,286,126
Interest sensitivity gap	86,485,042	(84,356,895)	(61,086,471)	60,787,684	137,108,962	(65,208,563)	73,729,759

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

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

Group At 31 December 2024	Up to 1 month Shs '000	1 to 3 months Shs '000	3 to 12 months Shs '000	1 to 5 years Shs '000	Over 5 years Shs '000	Total Shs '000
Financial assets						
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
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
Derivative assets	18,089	-	-	-	-	18,089
Items in course of collection	553,733	-	-	-	-	553,733
Other Financial assets	16,688,226	-	-	-	-	16,688,226
Total financial assets	184,983,678	38,060,747	77,560,743	302,407,849	250,500,329	853,513,346
Financial liabilities						
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
Total financial liabilities	379,665,514	86,808,838	87,999,045	11,499,336	3,192,769	569,165,502
Net on- balance sheet liquidity gap	(194,681,836)	(48,748,091)	(10,438,302)	290,908,513	247,307,560	284,347,844
Un-recognised financial instruments						
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)
Total off-balance sheet notional position	(24,437,873)	(12,706,951)	(16,247,744)	(6,912,385)	(8,984,304)	(69,289,257)
Total on and off-balance sheet net liquidity gap	(219,119,709)	(61,455,042)	(26,686,046)	283,996,128	238,323,256	215,058,587

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3. Financial risk management (Continued)

3.5 Liquidity risk (Continued)

Group

At 31 December 2023	Up to 1 month Shs'000	1 to 3 months Shs'000	3 to 12 months Shs'000	1 to 5 years Shs'000	Over 5 years Shs'000	Total Shs'000
Assets						
Cash in hand	14,691,059	-	-	-	-	14,691,059
Central banks balances	28,636,825	-	63,240	-	-	28,700,065
Government securities	18,183,080	9,666,339	33,649,647	137,444,708	192,078,020	391,021,794
Derivative assets	8,438	-	-	-	-	8,438
Due from banking institutions	65,697,092	239,126	789,282	2,357,855	-	69,083,355
Investment securities	1,878,185	3,989,679	2,412,533	12,406,661	35,937	20,722,995
Customer loans and advances	90,612,443	20,085,267	40,789,645	147,399,269	124,714,492	423,601,116
Other financial assets	15,381,009	407,200	-	-	-	15,788,209
Total financial assets	235,088,131	34,387,611	77,704,347	299,608,493	316,828,449	963,617,031
Financial liabilities						
Customer deposits	409,186,564	93,872,853	81,164,320	989,317	553,475	585,766,529
Due to banking institutions	37,684,093	-	416,930	-	-	38,101,023
Other financial liabilities	12,797,951	-	173,894	34,541	-	13,006,386
Lease liability	479,855	89,070	405,215	2,145,177	3,539,220	6,658,537
Borrowings	2,106,252	465,358	764,641	2,051,145	1,760,199	7,147,595
Total financial liabilities	462,254,715	94,427,281	82,925,000	5,220,180	5,852,894	650,680,070
Net on- balance sheet liquidity gap	(227,166,584)	(60,039,670)	(5,220,653)	294,388,313	310,975,555	312,936,961
Un-recognised financial instruments						
Letters of credit and bankers' acceptances	(12,249,064)	(15,210,890)	(22,392,420)	(6,708,727)	(8,677,851)	(65,238,952)
Irrevocable un-utilised facilities	(12,608,891)	-	-	-	-	(12,608,891)
Total off-balance sheet notional position	(24,857,955)	(15,210,890)	(22,392,420)	(6,708,727)	(8,677,851)	(77,847,843)
Total on and off-balance sheet net liquidity gap	(252,024,539)	(75,250,560)	(27,613,073)	287,679,586	302,297,704	235,089,118

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.5 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 2024, the effect of a 100 basis points change in net interest margin would have resulted in an increase or decrease of Shs 255 million (2023 - Shs 463 million) on the profit after income tax expense.

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 2024, 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 would have been higher or lower as depicted in below table.

	2024 Shs '000	2023 Shs '000
10% depreciation/appreciation		
USD	833,422	767,503
GBP	18,523	12,071
EUR	47,597	38,705
Total	899,543	818,278

3.5 b Sensitivity analysis to underwriting risk variables

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.5 b Sensitivity analysis to underwriting risk variables (Continued)

	LIC as at 31 December 2024 Shs '000	Impact on LIC Shs '000	Impact on profit before income tax Shs '000	Impact on equity Shs '000
Net insurance contract liabilities	2,151,016	-	-	-
Net reinsurance contract assets	(1,658,083)	-	-	-
Net insurance contract liabilities	492,933	-	-	-
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)
Net insurance contract liabilities	468,286	24,647	24,647	17,253
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)
Net insurance contract liabilities	555,731	(62,798)	(62,798)	(43,958)
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)
Net insurance contract liabilities	497,899	(4,966)	(4,966)	(3,476)
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)
Net insurance contract liabilities	527,611	(34,678)	(34,678)	(24,274)

3.6 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:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.6 Management of insurance and financial risk (Continued)

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 case 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.6 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 2024

	Net insurance contract liabilities Shs '000	Net reinsurance contract assets Shs '000	Total Shs '000
Motor Private	(747,635)	598,017	(149,618)
Liability	(390,526)	312,373	(78,153)
Fire Industrial	(297,373)	237,863	(59,510)
Personal Accident	(29,216)	23,369	(5,847)
Engineering	(113,863)	91,077	(22,786)
Marine	(13,531)	10,823	(2,708)
Motor Commercial	(61,663)	49,323	(12,340)
Theft	(285,157)	228,091	(57,066)
Fire Domestic	(35,849)	28,675	(7,174)
Workmen's Compensation	(176,172)	140,916	(35,256)
Miscellaneous	(31)	25	(6)
Net insurance contract (liability) / (reinsurance contract asset)	(2,151,016)	1,720,552	(430,464)

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 2024 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.7 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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.7 Fair value hierarchy (Continued)

Financial instruments measured at fair value (Continued)

The following tables present assets that are measured at fair value at year end.

Group	Level 1	Level 2	Level 3	Total
At 31 December 2024	Shs '000	Shs '000	Shs '000	Shs000
Financial assets at fair value through profit or loss				
Equity securities – listed (note 26)	-	-	-	-
Loan notes	-	3,391,146	-	3,391,146
Derivative assets	-	18,089	-	18,089
Unit trusts and other investment securities (note 26)	165,476	-	-	165,476
Other assets	-	90,000	-	90,000
Property and Equipment - building	-	-	634,000	634,000
Financial assets at FVOCI				
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
Total assets	165,476	88,151,512	634,000	88,950,988
At 31 December 2023				
Financial assets at fair value through profit or loss				
Equity securities – listed (note 26)	1,519,899	-	-	1,519,899
Loan notes	-	4,095,870	-	4,095,870
Derivative assets	-	8,438	-	8,438
Unit trusts and other investment securities (note 26)	183,699	-	-	183,699
Other assets	-	90,000	-	90,000
Financial assets at FVOCI				
Fixed rate Treasury bills FVOCI – (note 25)	-	1,972,527	-	1,972,527
Fixed rate Treasury bonds FVOCI – (note 25)	-	82,494,116	-	82,494,116
Total assets	1,703,598	88,660,951	-	90,364,549

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.7 Fair value hierarchy (Continued)

Financial instruments not 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 2024, the fair value of the loan notes would have been estimated at Shs 109 million higher / lower if the determined share price was assumed to be 25% higher /lower (2023 – Shs 145 million).
Derivative assets	Option pricing	Mark to Market	A slight increase in the input used would result in an insignificant change in fair value.
Other assets	Observable price changes	Observable price changes	A slight increase in the input used would result in an insignificant 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 an insignificant 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 an insignificant change in fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.7 Fair value hierarchy (Continued)

Financial instruments not measured at fair value (Continued)

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

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 method.

iii) Due to banking institutions

Balances due from banking institutions include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight advances 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 of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.7 Fair value hierarchy (Continued)

Financial instruments not measured at fair value (Continued)

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

Group		Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Fair value Shs'000	Carrying value Shs'000
At 31 December 2024						
Assets						
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
Total		-	122,864,015	422,225,719	545,089,734	545,089,734
Liabilities						
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
Due to group companies		-	-	-	-	-
Other Liabilities	41	-	-	23,566,322	23,566,322	23,566,322
Total		-	-	549,162,699	549,162,699	549,162,699
At 31 December 2023						
Assets						
Cash and balances with CBK	21	-	-	43,327,884	43,327,884	43,327,884
Items in course of collection	22	-	-	381,443	381,443	381,443
Loans and advances to Customers	27	-	-	326,118,555	326,118,555	326,118,555
Balances due from banking institutions	23	-	-	66,749,065	66,749,065	66,749,065
Government securities – Amortised cost		-	127,459,852	-	127,459,852	127,459,852
Investment securities	26	-	-	16,165,549	16,165,549	16,165,549
Other assets		-	-	16,988,474	16,988,474	16,988,474
Total		-	127,459,852	469,730,970	597,190,822	597,190,822
Liabilities						
Customer deposits	38	-	-	579,401,918	579,401,918	579,401,918
Due to banking institutions	39	-	-	26,680,557	26,680,557	26,680,557
Borrowings	42	-	-	6,411,971	6,411,971	6,411,971
Other Liabilities	41	-	-	21,229,439	21,229,439	21,229,439
Total		-	-	633,723,885	633,723,885	633,723,885

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

3. Financial risk management (Continued)

3.7 Fair value hierarchy (Continued)

Financial instruments not measured at fair value (Continued)

Company	Level 3 Shs' 000	Fair Value Shs'000	Carrying value Shs'000
At 31 December 2024			
Assets			
Due from group companies	1,371,867	1,371,867	1,371,867
Other assets	674,531	674,531	674,531
	2,046,398	2,046,398	2,046,398
Liabilities			
Due to group companies	7,892,756	7,892,756	7,892,756
Other liabilities	975,985	975,985	975,985
	8,868,741	8,868,741	8,868,741
At 31 December 2023			
Assets			
Due from group companies	528,000	528,000	528,000
Other assets	241,319	241,319	241,319
	769,319	769,319	769,319
Liabilities			
Due to group companies	9,079,786	9,079,786	9,079,786
Other liabilities	699,935	699,935	699,935
Total	9,779,721	9,779,721	9,779,721

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 Shs 1 billion;
- maintain a ratio of core capital to the risk-weighted assets 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 at a minimum of 14.5%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

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 2024

As at 31 December 2024

	Kenya Shs '000	Tanzania Shs '000	Uganda Shs '000	Rwanda Shs '000
Tier I capital	89,085,488	4,109,824	6,406,237	3,268,770
Tier II capital	-	-	106,577	133,671
Total capital	89,085,488	4,109,824	6,512,814	3,402,441
Risk-weighted assets				
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
Total risk-weighted assets (TRWA)	437,823,635	15,056,773	16,861,810	15,963,412
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%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

4. Capital management (Continued)

As at 31 December 2023	Kenya	Tanzania	Uganda	Rwanda
	Shs '000	Shs '000	Shs '000	Shs '000
Tier I capital	82,120,807	3,963,850	5,397,362	3,264,866
Tier II capital	-	-	111,928	203,235
Total capital	82,120,807	3,963,850	5,509,290	3,468,101
Risk-weighted assets				
Credit risk weighted assets	347,184,707	13,959,038	15,665,952	16,817,147
Market risk weighted assets equivalent	35,736,789	569,858	1,691,542	537,607
Operational risk equivalent assets	85,915,722	1,608,847	-	3,214,096
Total risk-weighted assets (TRWA)	468,837,218	16,137,743	17,357,494	20,568,850
Core capital / TRWA	17.52%	24.56%	31.10%	15.87%
Regulator minimum requirement	10.50%	10.00%	10.00%	10.00%
Total capital / TRWA	17.52%	24.56%	31.74%	16.86%
Regulator minimum requirement	14.50%	12.00%	12.00%	12.00%

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 2024

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 Shs 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 2024.

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 2024 and 2023 is illustrated below:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

4. Capital management (Continued)

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

	31 December 2024 Shs '000	31 December 2023 Shs '000
Total capital available	1,971,467	1,674,638
Minimum required capital	600,000	600,000
Capital adequacy ratio	329%	279%
Required capital adequacy Ratio (%)	200%	200%

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 2024, were the net present value of estimated cash flows to differ by +/-1%, the impairment loss is estimated to be Shs 109 million higher or lower (2023: Shs 290.0 million).

The most significant period-end assumptions used for the ECL estimate as at 31 December 2024 was cost of recovery

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

5. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

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 Shs 10,211 million (2023: increase by Shs 16,927 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 IAS 37 - Provisions, Contingent Liabilities and Contingent Assets principles. In such cases, if the final tax determination is different from the amounts that were initially recorded, the difference will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

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

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 2024, the fair value of the loan notes would have been estimated at Shs 109 million higher / lower if the determined share price was assumed to be 25% higher /lower (2023 – Shs 145 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

5. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

e) Critical Judgements in the application of 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

5. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

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

(iii) Discount rates (Continued)

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

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%
liquidity premium	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	11.41%	13.25%	16.04%	14.05%	13.51%	21.21%

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	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Government securities:				
- Amortised cost	14,475,166	15,288,545	-	-
- Fair value through OCI	10,083,771	11,127,404	-	-
Customer loans and advances	47,229,128	37,290,051	-	-
Credit related fees	12,304,342	11,755,622	-	-
Due from banking institutions	3,594,669	1,640,967	39,878	85,228
Investment securities	932,985	823,439	-	-
	88,620,061	77,926,028	39,878	85,228

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

7. Interest expense

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Customer deposits	38,067,748	27,965,001	-	-
Deposit from other banking institutions	1,996,807	1,797,212	-	-
Borrowings – note 41	662,079	442,232	-	-
Lease liability – note 42	446,651	433,528	-	-
	41,173,285	30,637,973	-	-

Interest expense is recognised using the effective interest method.

8. Impairment losses

Impairment charge for loans and advances

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Stage 1	(10,135)	388,482	-	-
Stage 2	(1,315,717)	584,994	-	-
Stage 3	9,943,628	9,154,797	-	-
Subtotal (note 27)	8,617,776	10,128,273	-	-
Bad debts recoveries	(3,630,397)	(2,699,095)	-	-
Other impairment charges				
Impairment (release) /charges on other assets	59,056	12,052	-	-
Total impairment charges	5,046,435	7,441,230	-	-
Total impairment charges, may be analysed as follows:				
Loans and advances to customers	4,987,379	7,429,178	-	-
Other impairment (release)/charges	59,056	12,052	-	-
	5,046,435	7,441,230	-	-

Other impairment charges includes ECL on balances with Central Banks, items in due course of collection, due from banking institutions, Governments securities, and Investments securities

9. Net fees and commission Income

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Fees and commission income				
Service and transaction fees	5,151,000	4,586,919	-	-
Fees and commission on bills, letters of credit and guarantees	1,070,872	1,093,257	-	-
Gross fees and commission income	6,221,872	5,680,176	-	-
Fees and commission expense	(641,293)	(599,072)	-	-
Net fees and commission income	5,580,579	5,081,104	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

10. (a) Insurance revenue

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Motor private	584,754	-	-	-
Liability	237,795	-	-	-
Fire industrial	439,831	-	-	-
Others	455,253	-	-	-
	1,717,633	-	-	-

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

(b) Insurance service expenses

	Motor Private Shs'000	Liability Shs'000	Fire Industrial Shs'000	Others Shs'000	Total Shs'000
Incurred claims	377,854	124,001	295,199	261,782	1,058,836
Other directly attributable expenses	(16,006)	59,383	56,616	183,561	283,554
Other movements related to current service	(13,235)	(94,118)	(22,546)	(37,358)	(167,257)
Amortisation of insurance acquisition cash flows	29,919	85,034	65,120	53,809	233,882
Changes that relate to past service	(201,666)	310,459	81,909	354,911	545,613
Changes that relate to future service	(30,984)	(493,960)	(429,208)	(504,784)	(1,458,936)
Total	145,882	(9,201)	47,090	311,921	495,692

11. Net Expenses from reinsurance contracts held

	Motor Private Shs'000	Liability Shs'000	Fire Industrial Shs'000	Others Shs'000	Total Shs'000
Allocation of the premiums paid	(167,700)	(120,837)	(173,174)	(283,412)	(745,123)
Less amounts recovered from reinsurance:					
Incurred 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)
Net expenses from reinsurance contracts held	(954,626)	1,153,740	(10,163)	(1,002,167)	(813,216)

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for the year ended 31 December 2024

12. Net finance income from insurance and reinsurance contracts

	Motor Private Shs'000	Liability Shs'000	Fire Industrial Shs'000	Others Shs'000	Total Shs'000
(a) Net finance expenses from insurance contracts					
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)
Total	(168,709)	(84,578)	(71,219)	(102,626)	(427,132)
(b) Net finance income from reinsurance contracts					
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
	13,830	32,019	13,923	109,581	169,353
Total	(154,879)	(52,559)	(57,296)	6,955	(257,779)

13. Foreign exchange income

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Realised gains	6,253,099	8,770,648	-	-
Unrealised loss	(3,336)	(393,707)	-	-
	6,249,763	8,376,941	-	-

14. Gains on disposal of financial asset

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Gain on disposal of financial instruments	334,328	78,176	-	-

Gain on disposal of financial instruments relates to sale of government securities measured at FVOCI.

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15. Other income

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
(a) Fair value loss of financial assets				
Fair value loss of loan note through profit and loss*(note 27)	(94,449)	(1,730,879)	-	-
(b) Other income				
Dividend income	-	-	12,144,600	7,086,744
Wealth management fees	641,929	567,435	-	-
Insurance brokerage commission	676,028	354,777	-	-
Fair value (loss)/gain on equity securities at fair value through profit or loss (note 26)	-	565,970	-	-
Management fees (Group recharges)	-	-	305,279	488,902
Operating lease rentals	583,970	587,138	-	-
Gain on disposal of property and equipment	21,283	8,464	-	-
Corporate finance/advisory income	92,188	63,568	-	-
Other**	313,080	336,406	-	-
	2,328,478	2,483,758	12,449,879	7,575,646

*Fair value loss of financial assets relates to loans notes 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 includes loan discount amortisation.

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for the year ended 31 December 2024

16. Operating expenses

		GROUP		COMPANY	
		2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Employee benefits	17 (a)	13,897,679	12,535,693	354,747	566,489
Premises and maintenance expenses		713,865	654,935	-	-
Equipment and motor vehicle expenses		580,728	436,831	-	-
Marketing and business development expenses		1,956,482	1,457,095	-	-
Security and insurance expenses		1,002,023	1,139,402	-	-
Information technology expenses		4,890,185	3,448,127	-	-
Communication and stationery		921,751	854,587	-	-
Professional fees		924,257	1,254,547	-	-
Depreciation of property and equipment	33	936,674	745,889	-	-
Amortisation of intangible assets (software)	32	1,193,001	1,174,139	-	-
Amortisation of operating lease	35	125	125	-	-
Regulatory deposits insurance		842,769	779,450	-	-
Auditors' remuneration (inclusive of VAT)	17 (b)	70,841	83,510	1,767	1,659
Depreciation on right of use assets	36	1,023,765	1,757,505	-	-
Other expenses *		3,228,580	2,373,888	104,273	160,312
Total expenses		32,182,725	28,695,723	460,787	728,460
Non attributable expenses**		(292,842)	-	-	-
		31,889,883	28,695,723	460,787	728,460

*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		COMPANY	
		2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Salaries and allowances		10,559,103	9,741,134	203,261	334,032
Contributions to defined contribution scheme		999,640	781,894	148,142	230,922
Medical		632,364	537,248	(3,686)	1,535
Training		235,734	251,057	-	-
Staff benefits		357,151	311,169	-	-
Other staff costs*		1,113,687	913,191	7,030	-
		13,897,679	12,535,693	354,747	566,489

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

The total number of employees for the period ending 31 December 2024 stood at 3,712 (2023:3,514).

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17. (b) Auditors' remuneration

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Statutory audit fees	43,444	42,634	1,359	1,276
Other regulatory mandated audits	24,386	25,148	-	-
Other fees	3,011	15,728	408	383
	70,841	83,510	1,767	1,659

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 Rwanda PLC and NCBA Insurance Kenya Limited which are audited by Ernst and Young LLP and PWC respectively.

18. Income tax expense

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Current tax				
Income tax based on taxable profit for the year	2,566,642	4,913,884	118,561	125,444
Prior year (over)/under provision of current tax	(344,721)	(344,186)	661	320
Deferred tax:				
Deferred income tax (credit)/ charge (note 34)	1,127,338	(480,218)	39,526	(33,233)
(Over)/under provision of deferred tax in prior year (note 34)	(77,521)	(71,250)	(35,479)	-
Deferred tax on tax losses not recognized (note 34)	3,543	-	-	-
Effect of change in tax rate	-	7,043	-	-
	3,275,281	4,025,273	123,269	92,531

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for the year ended 31 December 2024

18. Income tax expense (Continued)

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Profit before tax				
Income tax at statutory rates*	7,514,964	7,638,347	3,608,692	2,079,724
Expenses not deductible for tax purposes	692,917	2,533,623	91,573	138,510
Income not assessable for tax purposes	(4,426,876)	(5,529,891)	(3,542,178)	(2,126,023)
Share of profits taxed on associates	(87,025)	-	-	-
(Over)/under provision of current tax in prior year	(344,721)	(344,186)	661	320
(Over)/under provision of deferred tax in prior year	(77,521)	(71,250)	(35,479)	-
Effect of change in tax rate	-	7,043	-	-
Deferred income tax not recognised	3,543	(208,413)	-	-
	3,275,281	4,025,273	123,269	92,531
Current income tax(recoverable)/ payable				
At 1 January	148,444	(1,604,931)	(2,786)	(11,093)
NCBA Insurance acquisition	(294,561)	-	-	-
Exchange difference on translation	34,678	34,169	-	-
Tax charge - current year	2,566,642	4,913,884	118,561	125,444
Prior year under/(over) provision of current tax	(344,721)	(344,187)	661	320
Income tax paid	(3,983,752)	(2,850,491)	(115,064)	(117,457)
At 31 December	(1,873,270)	148,444	1,372	(2,786)
Comprising:				
Current income tax recoverable	(1,880,967)	(59,291)	-	(2,786)
Current income tax payable	7,697	207,735	1,372	-
At 31 December	(1,873,270)	148,444	1,372	(2,786)

*Income tax for the Group has been computed based on a 30% rate(28% for NCBA Bank Rwanda PLC)
The Group has tax losses that arose in 2024 of Shs 283 million that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred income tax not recognized is on tax losses of Shs 11.8 million that management is of the view will not be utilised.

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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 28 May 2025, a final dividend in respect of the year ended 31 December 2024 of Shs 3.25 per share is to be proposed (2023: Shs 3.00 per share). During the year, the interim dividend paid for 2024 was Shs 2.25 per share (2023: Shs 1.75 per share).

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

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Cash dividends on ordinary shares declared and paid:				
Final dividend (Prior year)	4,942,557	3,706,918	4,942,557	3,706,918
Interim dividend (Current year)	3,706,919	2,883,159	3,706,919	2,883,159
Total dividends paid	8,649,476	6,590,077	8,649,476	6,590,077
Proposed final dividend (Current year)	5,354,438	4,942,557	5,354,438	4,942,557

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 2024 or 2023. Diluted earnings per share are therefore equal to basic earnings per share. Diluted earnings per share are therefore equal to basic earnings per share.

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Group net profit	21,881,139	21,456,630	11,905,701	6,839,883
Weighted average number of ordinary shares				
Number of shares issued/deemed to be outstanding 1 Jan ('000)	1,647,519	1,647,519	1,647,519	1,647,519
Weighted average number of shares ('000) 31 December	1,647,519	1,647,519	1,647,519	1,647,519
Basic EPS (Shs)	13.28	13.02	7.23	4.15

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for the year ended 31 December 2024

21. Cash and balances with Central Bank

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Cash in hand	19,045,550	14,442,379	-	-
Balances with central banks	2,803,408	3,939,673	-	-
Included in cash and cash equivalent	21,848,958	18,382,052	-	-
Mandatory reserve deposits	21,830,543	24,948,149	-	-
Less: Impairment loss allowance	(120)	(2,317)	-	-
	43,679,381	43,327,884	-	-

The mandatory reserve deposits 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. These funds (restricted balances with central banks), as per prudential guidelines, are not available for use by the Banks in their day-to-day operations.

22. Items in the course of collection

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Clearing account balances	553,733	381,443	-	-

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

23. Due from banking institutions

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Current accounts, overnight and call deposits	23,454,990	38,504,221	-	-
Time deposits	29,552,689	28,256,869	-	-
Impairment	(51,599)	(12,025)	-	-
	52,956,080	66,749,065	-	-

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

24. Derivative assets

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Derivative assets	18,089	8,438	-	-

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.

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for the year ended 31 December 2024

25. Government securities

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Fixed rate Treasury bonds – amortised cost	119,754,941	131,675,531	-	-
Fixed rate Treasury bonds - FVOCI	75,482,300	82,494,116	-	-
Treasury bills – amortised cost	3,109,074	12,718,799	-	-
Treasury bills – FVOCI	9,169,977	1,972,527	-	-
	207,516,292	228,860,973	-	-
Treasury bills and bonds maturing within 91 days from date of acquisition	5,893,863	9,098,231	-	-
Treasury bills and bonds maturing after 91 days but within 360 days from date of acquisition	12,071,895	8,040,874	-	-
Treasury bills and bonds maturing after 360 days from date of acquisition	189,550,534	211,721,868	-	-
	207,516,292	228,860,973	-	-
	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
The movement in treasury bonds at amortised cost was as follows:				
At start of year	131,675,531	122,262,834	-	-
Additions during the year	5,260,271	9,574,350	-	-
Maturities and disposals	(13,236,747)	(4,702,388)	-	-
Impairment	(9,449)	(6,676)	-	-
Foreign exchange movement	(3,934,665)	4,547,411	-	-
At end of year	119,754,941	131,675,531	-	-

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for the year ended 31 December 2024

25. Government securities (Continued)

The movement in Treasury bonds – FVOCI was as follows:

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
At start of year	82,494,116	88,356,374	-	-
NCBA Insurance Company Limited acquisition	1,876,590	-	-	-
Additions during the year	22,136,968	19,629,020	-	-
Maturities and disposals	(33,284,585)	(25,595,237)	-	-
Changes in fair value	3,320,726	(3,795,414)	-	-
Impairment	1,324	(2,430)	-	-
Foreign exchange movement	(1,062,839)	3,901,803	-	-
At end of year	75,482,300	82,494,116	-	-

The movement in Treasury bills at amortised cost was as follows:

At start of year	12,718,799	10,685,145	-	-
NCBA Insurance Company Limited acquisition	13,017	-	-	-
Additions during the year	3,047,310	31,493,551	-	-
Maturities and disposals	(11,496,584)	(29,879,173)	-	-
Impairment	4,180	(897)	-	-
Foreign exchange movement	(1,177,648)	420,173	-	-
At end of year	3,109,074	12,718,799	-	-

The movement in Treasury bills – FVOCI was as follows:

At start of year	1,972,527	1,146,307	-	-
Additions during the year	49,199,503	5,958,537	-	-
Maturities and disposals	(41,840,097)	(5,415,125)	-	-
Changes in fair value	3,660	(4,722)	-	-
Impairment	(4,070)	233	-	-
Foreign exchange movement	(161,546)	287,297	-	-
At end of year	9,169,977	1,972,527	-	-

Expected credit losses movement was as follows:

At start of year	(126,935)	(117,165)	-	-
NCBA Insurance Company Limited acquisition	(945)	-	-	-
Impairment	(8,015)	(9,770)	-	-
At end of year	(135,895)	(126,935)	-	-

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26. Investment securities

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Listed equity securities at FVTPL	-	1,519,899	-	-
Unit trusts at FVTPL	49,882	59,097	-	-
Other investment securities at FVTPL	72,124	73,995	-	-
Other investment securities at FVTOCI	43,470	50,607	-	-
Other investment securities at amortised cost	824,553	651,003	-	-
Financial assets at amortised cost	14,236,801	15,330,847	-	-
	15,226,830	17,685,448	-	-
Expected credit losses movement was as follows:				
At start of year	(2,360)	(9,727)	-	-
(Increase)/decrease in ECL	(12,719)	7,367	-	-
At end of year	(15,079)	(2,360)	-	-
The movement in financial assets held at amortised cost was as follows:				
At start of year	15,330,847	8,838,703	-	-
Transfer from loans and advances (note 27b)	-	1,482,021	-	-
Additions	1,931,452	5,002,756	-	-
Disposals	(3,012,779)	-	-	-
(Increase)/decrease in ECL	(12,719)	7,367	-	-
At end of year	14,236,801	15,330,847	-	-
The movement in equity securities was as follows:				
At start of year	1,519,899	953,929	-	-
Fair value gain on equity securities at fair value through profit or loss (note 15)	-	565,970	-	-
Disposal in the year	(1,519,899)	-	-	-
At end of year	-	1,519,899	-	-
The movement in unit trusts at fair value through profit or loss was as follows:				
At start of year	59,097	50,769	-	-
Fair value gain on equity securities at fair value through profit or loss	(9,215)	8,328	-	-
At end of year	49,882	59,097	-	-

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for the year ended 31 December 2024

26. Investment securities (Continued)

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
The movement in other investment securities at fair value through profit or loss was as follows:				
At start of year	73,995	70,772	-	-
Fair value gain/(loss) on equity securities at fair value through profit or loss	(1,871)	3,223	-	-
At end of year	72,124	73,995	-	-
The movement in other investment securities at amortised costs was as follows:				
At start of year	651,003	254,311	-	-
Disposals	-	(254,311)	-	-
Additions	173,550	-	-	-
Fair value gain on equity securities at fair value through profit or loss	-	651,003	-	-
At end of year	824,553	651,003	-	-
The movement in other investment securities at fair value through other comprehensive incomes was as follows:				
At start of year	50,607	-	-	-
Reclass from government securities	-	50,607	-	-
Foreign currency movement	(7,137)	-	-	-
At end of year	43,470	50,607	-	-
Classified as:				
Non-current	14,381,664	16,058,993	-	-
Current	845,166	1,626,455	-	-
Total	15,226,830	17,685,448	-	-

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.

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for the year ended 31 December 2024

27. Customer loans and advances - Group

i) Summary of customer loans and advances

	2024 Shs'000	2023 Shs'000
Loans and advances classified as:		
a) Loans and receivables (amortised cost) net of ECL	290,541,204	326,118,555
b) Loan notes at FVTPL	3,391,146	4,095,870
	293,932,350	330,214,425
(a) Loans and advances at amortised cost		
Overdrafts	26,674,529	38,108,208
Term loans	271,158,394	289,478,995
Credit cards	1,365,660	1,198,050
Bills discounted	6,555,236	18,021,050
	305,753,819	346,806,303
Provisions for impairment		
Stage 3	(11,716,301)	(15,877,191)
Stage 2	(1,392,471)	(2,437,697)
Stage 1	(2,103,843)	(2,372,860)
	(15,212,615)	(20,687,748)
Net loans and advances at amortised cost	290,541,204	326,118,555
(b) Loan notes at fair value through profit or loss		
Loans notes	3,391,146	4,095,870
At start of year	4,095,870	4,144,045
Fair value loss	(94,449)	(1,730,879)
Foreign currency exchange rate movements	(610,275)	1,682,704
At end of year	3,391,146	4,095,870
(c) Current and non-current analysis		
Current	129,698,250	136,917,734
Non-current	164,234,100	193,296,691
	293,932,350	330,214,425

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2022

27. Customer loans and advances – Group (continued)

The table below shows the movement in gross loans and advances between the various credit quality stages in the year.

	Stage 1 12-month ECL Shs 000	Stage 2 Lifetime ECL Shs 000	Stage 3 Lifetime ECL Shs 000	Total Shs 000
Gross carrying amount as at 1 January 2024	283,598,769	26,954,101	36,253,433	346,806,303
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-offs	(72,271)	(149,698)	(11,389,513)	(11,611,482)
Gross carrying amounts as at 31 December 2024	244,430,156	35,173,100	26,150,563	305,753,819
Gross carrying amount as at 1 January 2023	228,669,234	31,497,403	32,869,198	293,035,835
Transfer to stage 1	1,791,519	(1,213,785)	(577,734)	-
Transfer to stage 2	(6,321,392)	6,799,682	(478,290)	-
Transfer to stage 3	(3,280,336)	(8,626,039)	11,906,375	-
Net new financial assets originated or purchased	55,252,608	3,160,990	5,005,509	63,419,107
Transfer to investment securities (note 26)	(1,482,021)	-	-	(1,482,021)
Foreign exchange and other changes	30,629,951	75,938	(1,420,449)	29,285,440
Financial assets derecognized (including repayments)	(21,660,794)	(4,740,088)	(11,051,176)	(37,452,058)
Gross carrying amounts as at 31 December 2023	283,598,769	26,954,101	36,253,433	346,806,303

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 de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- 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.

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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:

	12-month ECL Shs 000	Lifetime ECL Shs 000	Lifetime ECL Shs 000	Total Shs 000
At start of year	2,372,860	2,437,697	15,877,191	20,687,748
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 created/(released)	(59,771)	(673,747)	9,351,294	8,617,776
Total charge to profit or loss	240,150	(1,535,582)	9,913,208	8,617,776
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)
At 31 December 2024	2,103,843	1,392,471	11,716,301	15,212,615
At start of year	2,327,097	2,740,074	16,079,525	21,146,696
Transfer to stage 1	(17,330)	(86,658)	103,988	-
Transfer to stage 2	(8,207)	(157,119)	165,326	-
Transfer to stage 3	(6,708)	(154,055)	160,763	-
Net new impairments created/(released)	483,165	813,241	4,679,408	5,975,814
Changes in models/risk parameters	(209)	-	-	(209)
Foreign exchange and other movements	(62,229)	169,585	4,045,312	4,152,668
Total charge to profit or loss	388,482	584,994	9,154,797	10,128,273
Financial assets derecognized	(342,719)	(887,371)	(9,357,131)	(10,587,221)
At 31 December 2023	2,372,860	2,437,697	15,877,191	20,687,748

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

28 (a). Insurance contract liabilities

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		
	Excluding loss component Shs '000	Loss component Shs '000	Present value of future cash flows Shs '000	Risk adjustment for non- financial risk Shs '000	Total Shs '000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	575,954	152,566	1,733,924	230,951	2,693,395
Net balance at 1 July 2024	575,954	152,566	1,733,924	230,951	2,693,395
Insurance revenue	(1,717,633)	-	-	-	(1,717,633)
Insurance service expenses					
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)
Insurance service expenses	233,881	(159,737)	539,990	(118,442)	495,692
Insurance service result	(1,483,752)	(159,737)	539,990	(118,442)	(1,221,941)
Net finance expenses from insurance contracts issued	-	111,330	285,338	30,464	427,132
Total changes in the statement of financial performance	(1,483,752)	(48,407)	825,328	(87,978)	(794,809)
Cash flows					
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)
Total cash flows	1,387,721	-	(1,135,291)	-	252,430
Closing insurance contract liabilities	479,923	104,159	1,423,961	142,973	2,151,016
Net balance at 31 December 2024	479,923	104,159	1,423,961	142,973	2,151,016

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28 (a). Insurance contract liabilities (Continued)

i) 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		
	Excluding loss component Shs '000	Loss component Shs '000	Present value of future cash flows Shs '000	Risk adjustment for non- financial risk Shs '000	Total Shs '000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	400,975	36,971	315,350	20,812	774,108
Net balance at 1 July 2024	400,975	36,971	315,350	20,812	774,108
Insurance revenue	(584,754)	-	-	-	(584,754)
Insurance service expenses					
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
Insurance service expenses	29,919	(30,985)	143,039	3,909	145,882
Insurance service result	(554,835)	(30,985)	143,039	3,909	(438,872)
Net finance expenses from insurance contracts issued	-	-	66,627	4,196	70,823
Total changes in the statement of financial performance	(554,835)	(30,985)	209,666	8,105	(368,049)
Cash flows					
Premiums received	465,923	-	-	-	465,923
Claims and other directly attributable expenses paid	-	-	(135,808)	-	(135,808)
Insurance acquisition costs	11,459	-	-	-	11,459
Total cash flows	477,382	-	(135,808)	-	341,574
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	323,522	5,986	389,208	28,917	747,633
Net balance at 31 December 2024	323,522	5,986	389,208	28,917	747,633

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

28 (a). Insurance contract liabilities (Continued)

ii) 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 2024

	LRC		LIC		
	Excluding loss component Shs '000	Loss Shs '000 component	Present value of future cash flows Shs '000	Risk adjustment for non- financial risk Shs '000	Total Shs '000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	31,515	-	596,870	143,631	772,016
Net balance at 1 July 2024	31,515	-	596,870	143,631	772,016
Insurance revenue	(237,795)	-	-	-	(237,795)
Insurance service expenses					
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	-	-	-	-	-
Insurance service expenses	85,033	(55,956)	57,733	(96,011)	(9,201)
Insurance service result	(152,762)	(55,956)	57,733	(96,011)	(246,996)
Net finance expenses from insurance contracts issued	-	55,956	67,297	8,515	131,768
Total changes in the statement of financial performance	(152,762)	-	125,030	(87,496)	(115,228)
Cash flows					
Premiums received	131,018	-	-	-	131,018
Claims and other directly attributable expenses paid	-	-	(330,592)	-	(330,592)
Insurance acquisition costs	(66,688)	-	-	-	(66,688)
Total cash flows	64,330	-	(330,592)	-	(266,262)
Closing insurance contract liabilities	(56,917)	-	391,308	56,135	390,526
Net balance at 31 December 2024	(56,917)	-	391,308	56,135	390,526

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28 (a). Insurance contract liabilities (Continued)

iii) 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 Shs '000	Loss component Shs '000	Present value of future cash flows Shs '000	Risk adjustment for non- financial risk Shs '000	Total Shs '000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	(23,499)	-	284,273	26,002	286,776
Net balance at 1 July 2024	(23,499)	-	284,273	26,002	286,776
Insurance revenue	(439,832)	-	-	-	(439,832)
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	-	-	-	-	-
Insurance service expenses	65,119	(10,781)	12,428	(19,676)	47,090
Insurance service result	(374,713)	(10,781)	12,428	(19,676)	(392,742)
Net finance expenses from insurance contracts issued	-	10,781	37,936	1,715	50,432
Total changes in the statement of financial performance	(374,711)	-	50,364	(17,961)	(342,310)
Cash flows					
Premiums received	573,716	-	-	-	573,716
Claims and other directly attributable expenses paid	-	-	(191,563)	-	(191,563)
Insurance acquisition costs	(29,245)	-	-	-	(29,245)
Total cash flows	544,471	-	(191,563)	-	352,908
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	146,259	-	143,074	8,041	297,374
Net balance at 31 December 2024	146,259	-	143,074	8,041	297,374

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

28 (a). Insurance contract liabilities (Continued)

iv) Contracts measured under the PAA – insurance contracts issued (Others)

Year ended 31 December 2024

	LRC		LIC		
	Excluding loss component Shs '000	Loss component Shs '000	Present value of future cash flows Shs '000	Risk adjustment for non- financial risk Shs '000	Total Shs '000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	166,963	115,595	537,431	40,506	860,495
Net balance at 1 July 2024	166,963	115,595	537,431	40,506	860,495
Insurance revenue	(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)
Insurance service expenses	53,810	(62,015)	326,790	(6,664)	311,921
Insurance service result	(401,442)	(62,015)	326,790	(6,664)	(143,331)
Net finance expenses from insurance contracts issued	-	44,593	113,478	16,038	174,109
Total changes in the statement of financial performance	(401,442)	(17,422)	440,268	9,374	(30,778)
Cash flows					
Premiums received	366,147	-	-	-	366,147
Claims and other directly attributable expenses paid	-	-	(477,328)	-	(477,328)
Insurance acquisition costs	(64,609)	-	-	-	(64,609)
Total cash flows	301,538	-	(477,328)	-	(175,790)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	67,059	98,173	500,371	49,880	715,483
Net balance at 31 December 2024	67,059	98,173	500,371	49,880	715,483

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for the year ended 31 December 2024

28 (b). Reinsurance contract assets and liabilities

Contracts measured under the PAA – total reinsurance contracts held

Reconciliation of the remaining coverage and incurred claims

	ARC		AIC		
	Excluding loss- recovery component Shs '000	Loss- recovery component Shs '000	Present value of future cash flows Shs '000	Risk adjustment for non- financial risk Shs '000	Total Shs '000
Year ended 31 December 2024					
Opening reinsurance contract assets	289,324	104,630	1,442,704	182,583	2,019,241
Opening reinsurance contract liabilities	-	-	-	-	-
Net balance at 1 July 2024	289,324	104,630	1,442,704	182,583	2,019,241
Allocation of premiums paid	(745,123)	-	-	-	(745,123)
Recoveries of incurred claims and other insurance service expense	-	(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
Total amounts recovered from reinsurance	(745,123)	(25,621)	69,059	(111,531)	(813,216)
Total net expenses from reinsurance	(745,123)	(25,621)	69,059	(111,531)	(813,216)
Net finance income from reinsurance contracts held	-	-	147,085	22,268	169,353
Total changes in the statement of financial performance	(745,123)	(25,621)	216,144	(89,263)	(643,863)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	575,844	-	-	-	575,844
Reinsurance recoveries	-	-	(293,140)	-	(293,140)
Total cash flows	575,844	-	(293,140)	-	282,704
Balance at 31 December 2024					
Closing reinsurance contract assets	196,768	76,221	1,355,227	92,336	1,720,552
Closing reinsurance contract liabilities	(76,723)	2,788	10,481	984	(62,470)
Net balance at 31 December 2024	120,045	79,009	1,365,708	93,320	1,658,082

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

28 (b). Reinsurance contract assets and liabilities (Continued)

i) Contracts measured under the PAA – reinsurance contracts held (Motor Private)

Reconciliation of the remaining coverage and incurred claims

	ARC		AIC		
	Excluding loss- recovery component Shs '000	Loss- recovery component Shs '000	Present value of future cash flows Shs '000	Risk adjustment for non- financial risk Shs '000	Total Shs '000
Year ended 31 December 2024					
Opening reinsurance contract assets	83,155	30,072	414,647	52,476	580,350
Opening reinsurance contract liabilities	-	-	-	-	-
Net balance at 1 July 2024	83,155	30,072	414,647	52,476	580,350
Allocation of premiums paid	(311,151)	-	-	-	(311,151)
Recoveries of incurred claims and other insurance service expense	-	10,229	(90,012)	(18,164)	(97,947)
Changes related to past service (changes related to incurred claims component)	-	-	237,263	(10,769)	226,494
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	(12,840)	-	-	(12,840)
Total amounts recovered from reinsurance	(311,151)	(2,611)	147,251	(28,933)	(195,444)
Total net expenses from reinsurance	(311,151)	(2,611)	147,251	(28,933)	(195,444)
Net finance income from reinsurance contracts held	-	-	57,803	8,891	66,694
Total changes in the statement of financial performance	(311,151)	(2,611)	205,054	(20,042)	(128,750)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	269,720	-	-	-	269,720
Reinsurance recoveries	-	-	(145,018)	-	(145,018)
Total cash flows	269,720	-	(145,018)	-	124,702
Balance at 31 December 2024					
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)
Net balance at 31 December 2024	41,724	27,461	474,683	32,434	576,302

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28 (b). Reinsurance contract assets and liabilities (Continued)

ii) Contracts measured under the PAA – reinsurance contracts held (Liability)

Reconciliation of the remaining coverage and incurred claims

Year ended 31 December 2024	ARC		Present value of future cash flows Shs '000	AIC	
	Excluding loss-recovery component Shs '000	Loss-recovery component Shs '000		Risk adjustment for non-financial risk Shs '000	Total Shs '000
Opening reinsurance contract assets	82,930	29,990	413,527	52,334	578,781
Opening reinsurance contract liabilities	-	-	-	-	-
Net balance at 1 July 2024	82,930	29,990	413,527	52,334	578,781
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)	-	-	369,116	23,712	392,828
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	31,377	-	-	31,377
Total amounts recovered from reinsurance	(44,169)	(15,646)	(202,722)	(37,423)	(255,760)
Total net expenses from reinsurance	(44,169)	(15,646)	(202,722)	(37,423)	(299,960)
Net finance income from reinsurance contracts held	-	-	15,035	2,032	17,067
Total changes in the statement of financial performance	(44,169)	(15,646)	(187,687)	(35,391)	(282,893)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	(16,966)	-	-	-	(16,966)
Reinsurance recoveries	-	-	22,110	-	22,110
Total cash flows	(16,966)	-	22,110	-	5,144
Balance at 31 December 2024	-	-	-	-	-
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)
Net balance at 31 December 2024	21,795	14,344	247,950	16,943	301,032

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

28 (b). Reinsurance contract assets and liabilities (Continued)

iii) Contracts measured under the PAA – reinsurance contracts held (Others)

Reconciliation of the remaining coverage and incurred claims

	ARC		AIC		
	Excluding loss- recovery component Shs '000	Loss- recovery component Shs '000	Present value of future cash flows Shs '000	Risk adjustment for non- financial risk Shs '000	Total Shs '000
Year ended 31 December 2024					
Opening reinsurance contract assets	92,434	33,428	460,920	58,333	645,115
Opening reinsurance contract liabilities	-	-	-	-	-
Net balance at 1 July 2024	92,434	33,428	460,920	58,333	645,115
Allocation of premiums paid	(259,241)	-	-	-	(259,241)
Recoveries of incurred claims and other insurance service expense	-	(5,591)	(199,834)	(34,193)	(239,618)
Changes related to past service (changes related to incurred claims component)	-	-	249,725	(756)	248,969
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	(1,555)	-	-	(1,555)
Total amounts recovered from reinsurance	(259,241)	(7,146)	49,891	(34,949)	(251,445)
Total net expenses from reinsurance	(259,241)	(7,146)	49,891	(34,949)	(251,445)
Net finance income from reinsurance contracts held	-	-	50,384	7,658	58,042
Total changes in the statement of financial performance	(259,241)	(7,146)	100,275	(27,291)	(193,403)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	206,737	-	-	-	206,737
Reinsurance recoveries	-	-	(106,927)	-	(106,927)
Total cash flows	206,737	-	(106,927)	-	99,810
Balance at 31 December 2024					
Closing reinsurance contract assets	65,450	25,354	450,782	30,714	572,300
Closing reinsurance contract liabilities	(25,520)	928	3,486	328	(20,778)
Net balance at 31 December 2024	39,930	26,282	454,268	31,042	551,522

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for the year ended 31 December 2024

28 (b). Reinsurance contract assets and liabilities (Continued)

iv) 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 Shs '000
	Excluding loss recovery component Shs '000	Loss recovery component Shs '000	Present value of future cash flows Shs '000	Risk adjustment for non- financial risk Shs '000	
Opening reinsurance contract assets	30,805	11,140	153,610	19,440	214,995
Opening reinsurance contract liabilities	-	-	-	-	-
Net balance at 1 July 2024	30,805	11,140	153,610	19,440	214,995
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)	-	-	137,428	(5,968)	131,460
Changes that relate to future service: Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	(5,282)	-	-	(5,282)
Total amounts recovered from reinsurance	(130,562)	(218)	74,639	(10,225)	(66,366)
Total net expenses from reinsurance	(130,562)	(218)	74,639	(10,225)	(66,366)
Net finance income from reinsurance contracts held	-	-	23,863	3,686	27,549
Total changes in the statement of financial performance	(130,562)	(218)	98,502	(6,539)	(38,817)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	116,353	-	-	-	116,353
Reinsurance recoveries	-	-	(63,305)	-	(63,305)
Total cash flows	116,353	-	(63,305)	-	53,048
Balance at 31 December 2024	-	-	-	-	
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)
Net balance at 31 December 2024	16,596	10,922	188,807	12,901	229,226

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for the year ended 31 December 2024

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 2018, 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 2018;
- Gross cumulative claims liabilities for accidents years prior to 2018;
- The effect of discounting and the risk adjustment for non-financial risk.

Insurance claims – gross

All amounts in Shs '000

Estimates of undiscounted ultimate claim costs – gross	2018 and prior	2019	2020	2021	2022	2023	2024	Total
At end of accident year	696,484	435,736	299,972	363,060	382,632	656,253	511,088	511,088
One year later	1,119,077	736,936	488,223	654,257	911,748	1,215,248	-	1,215,248
Two years later	1,202,611	804,610	530,639	734,125	951,718	-	-	951,718
Three years later	1,247,502	904,199	549,123	787,035	-	-	-	787,035
Four years later	1,282,342	971,718	566,366	-	-	-	-	566,366
Five years later	1,292,581	980,983	-	-	-	-	-	980,983
Six years later	1,288,289	-	-	-	-	-	-	1,288,289
Seven years later	1,313,880	-	-	-	-	-	-	1,313,880
Estimate of cumulative claim liabilities – accident years 2017-2024	2,938,296	1,008,623	646,281	865,848	1,112,800	1,484,106	1,111,245	9,167,199
Cumulative claim payments to date	2,602,169	980,983	566,366	787,035	951,718	1,215,248	511,088	7,614,607
OCR	339,624	23,968	86,568	68,729	107,369	209,180	430,528	1,265,966
IBNR	(3,497)	3,672	(6,787)	10,084	53,712	59,679	169,629	286,492
ULAE	-	-	-	-	-	-	-	80,885
Effect of discounting	-	-	-	-	-	-	-	(209,382)
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	-	-	-	142,973
Liabilities for incurred claims for insurance contracts issued	-	-	-	-	-	-	-	1,556,934

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28 (c) Claims development table (continued)

Insurance claims – net

All amounts in Shs '000

Estimates of undiscounted ultimate claim costs – net

	2018 and prior	2019	2020	2021	2022	2023	2024	Total
At end of accident year	459,555	126,122	82,521	96,472	117,090	155,930	199,411	199,411
One year later	650,960	205,452	136,164	174,946	248,858	312,113	-	312,113
Two years later	683,584	221,560	147,514	201,151	261,543	-	-	261,543
Three years later	701,467	246,827	151,886	217,669	-	-	-	217,669
Four years later	723,085	264,985	158,766	-	-	-	-	158,766
Five years later	729,228	267,028	-	-	-	-	-	267,028
Six years later	732,581	-	-	-	-	-	-	732,581
Seven years later	738,087	-	-	-	-	-	-	738,087
Estimate of cumulative claim liabilities – accident years 2017-2024	612,531	268,474	237,681	178,472	307,215	400,360	926,190	2,930,923
Cumulative claim payments to date	1,084,238	267,028	158,766	217,669	261,543	312,113	199,411	2,500,768
OCR	102,124	5,992	21,642	17,182	26,818	39,551	133,475	346,784
IBNR	(1,117)	938	(1,630)	2,524	13,369	14,658	54,628	83,370
ULAE	-	-	-	-	-	-	-	80,885
Effect of discounting	-	-	-	-	-	-	-	(60,918)
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	-	-	-	49,653
Liabilities for incurred claims for insurance contracts issued	-	-	-	-	-	-	-	499,774

29. Other assets

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Deposits and prepayments	2,580,265	1,200,265	-	-
Receivables from mobile banking operators*	13,654,965	11,165,404	-	-
Other receivables	3,033,261	4,622,805	674,533	241,319
	19,268,491	16,988,474	674,533	241,319

*Receivables from mobile banking relates to funding for mobile initiated transactions and other mobile banking funding accounts.

Other receivables mainly relates to suspense accounts across the Group. It includes amounts acquired from NCBA Insurance Kenya Limited of Shs 77.8 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

30. Investment in associates

	Country of incorporation	Effective interest	2024 Shs'000	2023 Shs'000
CBA Mutuya Property Group Limited	Kenya	23.34%		
As start of the year			2,994,572	2,997,946
Share of profits				
Share of associates profits prior year adjustment			(2,056)	(4,011)
Share of associate's profits current year			65,617	637
Total share of profits			63,561	(3,374)
At end of year			3,058,133	2,994,572
NCBA Insurance Company Limited (Formerly AIG Kenya Insurance Company Limited)	Kenya	33.33%		
At start of the year			921,237	1,028,041
Share of profits				
Share of associates profits prior year adjustment			(1,367)	(3,134)
Share of associate's profits current year			24,062	12,996
Total share of profits			22,695	9,862
Transfer to Investment in subsidiary on 100% acquisition of AIG Kenya Insurance company Limited			(943,932)	-
Dividends received			-	(116,666)
At end of year			-	921,237
Bridge MicroFinance	Cote d'Ivoire	35.00%		
As start of the year			307,865	43,673
Additional investment			-	228,976
Share of profits				
Share of associate's profits prior year adjustment			8,896	35
Share of associate's profits current year			(8,127)	35,181
Total share of profits			769	35,216
At end of year			308,634	307,865
Total investment in associates			3,366,767	4,223,674
Company				
NCBA Insurance Company Limited (Formerly AIG Kenya Insurance Company Limited)	Kenya	33.33%	-	332,593

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30 Investment in associates (Continued)

Summarised statement of financial position

	CBA Mutuya Property Group Limited		NCBA Insurance Company Limited (Formerly AIG Kenya Insurance Company Limited)		Bridge MicroFinance	
Summarised statement of financial position	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Current						
Assets	2,195,928	2,093,879	-	2,030,356	2,269,650	2,841,152
Liabilities	(188,211)	(298,702)	-	(1,775,292)	(628,570)	(987,892)
Net current assets	2,007,717	1,795,177	-	255,064	1,641,080	1,853,260
Non-current						
Assets	13,465,906	13,345,744	-	5,203,697	4,933,191	5,733,200
Liabilities	(937,879)	(877,624)	-	(3,482,354)	(5,811,878)	(7,156,348)
Net non-current assets	12,528,027	12,468,120	-	1,721,343	(878,687)	(1,423,148)
Net assets	14,535,744	14,263,297	-	1,976,407	762,393	430,112

Summarised statement of comprehensive income

	CBA Mutuya Property Group Limited		NCBA Insurance Company Limited (Formerly AIG Kenya Insurance Company Limited)		Bridge MicroFinance	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Revenue	465,109	453,656	982,160	1,988,384	752,222	543,262
Profit for the year	281,137	2,731	72,192	38,993	(23,219)	100,517
Total Share of associate's profit / (loss) for the year	63,561	(3,374)	22,695	9,862	769	35,216
Share of associate's profit / (loss) for the year					2024 Shs'000	2023 Shs'000
CBA Mutuya Property Group Limited					63,561	(3,374)
NCBA Insurance Company Limited (Formerly AIG Kenya Insurance Company Limited)					22,695	9,862
Bridge MicroFinance					769	35,216
					87,025	41,704

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

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 Microfinance, 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 (%)	2024 Shs '000	2023 Shs '000
NCBA Bank Kenya PLC	Kenya	Banking	100	57,247,745	57,247,745
NCBA Insurance Company Limited	Kenya	Insurance	100	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	100	550,000	550,000
NCBA Investment Bank Limited	Kenya	Financial 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	100	500	500
LOOP DFS Limited	Kenya	Financial 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	74,081,089

On July 1, 2024, NCBA Group PLC completed the full acquisition of AIG Kenya Limited and was subsequently rebranded as NCBA insurance Company Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

31. Investment in subsidiaries (Continued)

	NCBA Bank Kenya Shs'000	NCBA Bank Tanzania Shs'000	NCBA Bank Uganda Shs'000	NCBA Bank Rwanda Shs'000	Others	Total Shs'000
Year 2023						
Balance as at 1 January and 31 December 2023	57,247,745	7,085,647	4,946,083	3,300,113	1,501,501	74,081,089
Year 2024						
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
Balance at end of year	57,247,745	7,085,647	4,946,083	3,300,113	2,909,094	75,488,682

Others includes NCBA Insurance Kenya 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 (%)	2024 Shs '000	2023 Shs '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
				23,002	23,002

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

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 (%)	2024 Shs '000	2023 Shs '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	Trustee services	100.00%	-	-
Loop DFS Uganda Limited*	Uganda	Digital Financial Services	100.00%	-	-
Loop Payco Uganda Limited*	Uganda	Payment Service Provider	100.00%	-	-
Loop Capital Uganda Limited*	Uganda	Digital Credit Provider	100.00%	-	-
Loop DFS Rwanda Limited*	Rwanda	Digital Financial Services	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%	18,932	18,932
				24,932	24,932

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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 digital financial services.

*The subsidiaries are yet to commence operations.

Investment in subsidiaries is classified as non-current asset.

Below is the contribution for Non-Controlling Interest (NCI) arising from their ownership of Loop DFS Ghana.

Company name	Percentage of ownership interest (%)	Start of the year 1 Jan 2024 23.34%	Other reserves Shs '000	Total Shs '000
LOOP DFS Limited	70%	-	(35,368)	(35,368)
Kulana Limited	30%	-	(15,372)	(15,372)
Total			(50,740)	(50,740)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

32. Intangible assets - Group

a) Software

	2024 Shs'000	2023 Shs'000
At start of year	7,779,007	5,810,137
NCBA insurance acquisition	331,785	-
Additions during the year	817,215	3,092,421
Amortisation charge for the year (note 16)	(1,193,001)	(1,174,139)
Write off	(219,039)	(10,737)
Foreign currency exchange movements on consolidation	(60,849)	61,325
At end of year	7,455,118	7,779,007
Cost	18,847,730	18,145,738
Accumulated amortisation	(11,331,763)	(10,428,056)
Foreign currency exchange rate movement on consolidation	(60,849)	61,325
	7,455,118	7,779,007

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 Shs 3.4 billion (2023: Shs 1.8 billion) being amortized over a period of 10 years and work in progress of Shs 2.4 billion (2023: 3.8 billion) as of December 2024. During the year the Group wrote off Shs 218.5 million relating to software that was declared redundant.

Intangible assets are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

33. Property and equipment - Group

	Improvements on leased properties Shs'000	Equipment, furniture and fittings Shs'000	Motor vehicles Shs'000	Work in progress Shs'000	Total Shs'000
At 1 January 2024					
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)
Net book amount	1,092,332	1,099,480	68,040	224,269	2,484,121
Year ended 31 December 2024					
Opening net book amount	1,092,332	1,099,480	68,040	224,269	2,484,121
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	151,457	-	-	-	151,457
Exchange rate movements	(358)	(3,248)	-	(130,522)	(134,128)
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)	(6,806)	(936,674)
	1,565,707	2,471,458	113,959	182,061	4,333,185
At 31 December 2024					
Cost	4,059,757	8,759,473	300,778	188,867	13,308,875
Accumulated depreciation	(2,494,050)	(6,288,015)	(186,819)	(6,806)	(8,975,690)
Net book amount	1,565,707	2,471,458	113,959	182,061	4,333,185

Revaluation gain

As of 31 December 2024, the Group's leased properties were revalued at Shs 634 million, up from Shs 482 million, resulting in a gain of Shs 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.

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33. Property and equipment - Group (Continued)

	Improvements on leased properties Shs'000	Equipment, furniture and fittings Shs'000	Motor vehicles Shs'000	Work in progress Shs'000	Total Shs'000
At 1 January 2023					
Cost	3,003,166	6,742,948	194,621	263,241	10,203,976
Accumulated depreciation	(1,954,587)	(5,733,499)	(158,513)	-	(7,846,599)
Net book amount	1,048,579	1,009,449	36,108	263,241	2,357,377
Year ended 31 December 2023					
Opening net book amount	1,048,579	1,009,449	36,108	263,241	2,357,377
Asset additions - at cost	152,313	397,346	54,986	201,842	806,487
Exchange rate movements	19,124	46,278	837	2,159	68,398
Capitalisation of work in progress	138,851	104,122	-	(242,973)	-
Asset disposals	(16,190)	(131,220)	(21,252)	-	(168,662)
Depreciation eliminated on disposals	16,190	128,968	21,252	-	166,410
Depreciation charge	(266,535)	(455,463)	(23,891)	-	(745,889)
	1,092,332	1,099,480	68,040	224,269	2,484,121
At 31 December 2023					
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)
Net book amount	1,092,332	1,099,480	68,040	224,269	2,484,121

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 Shs 7.5 billion were fully depreciated as at 31 December 2024 (2023 - Shs 7.2 billion). All property plant and equipment are classified as non-current assets.

34. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2023 - 30%) with the exception of Rwanda whose tax rate changed to 28% from 30% in September 2023. The movements in the deferred income tax account were as follows:

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
At start of year	12,274,664	10,300,722	92,453	59,220
NCBA Insurance acquisition	70,687	-	-	-
Profit or loss credit (note 18)	(1,127,338)	480,218	(39,526)	33,233
Prior year under (over) provision	77,521	71,250	35,479	-
Effect of change in tax rate	-	(7,043)	-	-
Income tax on changes in value of FVOCI financial instruments	(1,277,928)	1,429,517	-	-
Deferred tax asset on tax losses not recognized	(3,543)	-	-	-
At end of year	10,014,063	12,274,664	88,406	92,453

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for the year ended 31 December 2024

34. Deferred income tax (Continued)

Group

Year ended 31 December 2024

	At start of year Shs'000	NCBA Insurance acquisition	Prior year over/under provision Shs '000	Recognised in profit or loss Shs '000	Recognised in other comprehensive income Shs '000	At end of year Shs'000
Property and equipment	517,263	(17,008)	184	(202,490)	(45,437)	252,512
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	-	197,851
Leave pay provision	25,304	-	-	(1,858)	-	23,446
Loan loss provision	6,700,549	61,499	73,617	(1,657,278)	-	5,178,387
Changes in fair value of FVOCI financial instruments (note 45)	3,255,925	26,196	-	770	(997,316)	2,285,575
Changes in fair value of assets carried at FVTPL	11,507	-	-	-	-	11,507
Tax losses	2,624,693	-	3,720	85,089	-	2,713,502
Effect of change in tax rate	(7,043)	-	-	-	-	(7,043)
Deferred income tax not recognised	(1,342,449)	-	(3,543)	643,934	7,756	(694,302)
Net deferred income tax asset	12,274,664	70,687	73,978	(1,127,338)	(1,277,928)	10,014,063

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

34. Deferred income tax (Continued)

Year ended 31 December 2023

	At start of year Shs'000	NCBA Insurance acquisition	Prior year over/under provision Shs '000	Recognised in profit or loss Shs '000	Recognised in other comprehensive income Shs '000	At end of year Shs'000
Property and equipment	698,617	-	4,871	(186,225)	-	517,263
Accelerated depreciation	3,610	-	-	-	-	3,610
Exchange rate difference on consolidation	78,277	-	(2,123)	(73,681)	289,476	291,949
IFRS 16 right of use and lease liability	184,618	-	(3,770)	12,508	-	193,356
Leave pay provision	18,346	-	-	6,958	-	25,304
Loan loss provision	6,013,217	-	(80,426)	767,758	-	6,700,549
Changes in fair value of FVOCI financial instruments (note 45)	2,115,884	-	-	-	1,140,041	3,255,925
Changes in fair value of assets carried at FVTPL	11,507	-	-	-	-	11,507
Tax losses	2,519,095	-	152,698	(47,100)	-	2,624,693
Effect of change in tax rate	-	-	-	(7,043)	-	(7,043)
Deferred income tax not recognised	(1,342,449)	-	-	-	-	(1,342,449)
Net deferred income tax asset	10,300,722	-	71,250	473,175	1,429,517	12,274,664

The Group has tax losses that arose in 2024 of Shs 283 million that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

34. Deferred income tax (Continued)

Company	At start of year Shs'000	(Debited)Credited to profit and loss account Shs'000	Debited to revaluation reserves Shs'000	At end of year Shs'000
Year ended 31 December 2024				
Deferred income tax asset				
Provisions for staff bonus accrual and other general accruals	92,453	(39,526)	35,479	88,406
Year ended 31 December 2023				
Deferred income tax asset				
Provisions for staff bonus accrual and other general accruals	59,220	33,233	-	92,453

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

	2024 Shs'000	2023 Shs'000
Cost		
At start of year and end of year	526,000	526,000
Amortization		
At start of year	4,000	3,875
Charge for the year	125	125
At end of year	4,125	4,000
Net book value	521,875	522,000

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

36. Right of use asset – Group

	2024 Shs'000	2023 Shs'000
At 1 January	3,028,501	2,940,348
NCBA Insurance acquisition	26,829	-
Additions during the year	1,681,597	765,518
Prior period lease amendment	(1,810)	(1,949)
Derecognition of right of use asset on terminated leases	(99,786)	(50,002)
Depreciation charge for the year	(1,023,765)	(1,152,705)
Foreign currency exchange movements	(145,575)	527,291
Net book value	3,465,991	3,028,501

Right of use assets is 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.

37. Goodwill - Group

	2024 Shs'000	2023 Shs'000
At start of year and end of year	34,000	34,000

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

38. Customer deposits – Group

	2024 Shs'000	2023 Shs'000
Current accounts	234,279,064	257,323,349
Call deposits	36,416,655	54,975,608
Time deposits	208,724,350	241,175,497
Savings accounts	20,915,803	24,025,314
Others	1,680,621	1,902,150
	502,016,493	579,401,918
Current and non-current analysis:		
Current	500,906,825	578,832,417
Non-current	1,109,668	569,501
	502,016,493	579,401,918
Split as below		
Repayable on demand	293,292,143	338,226,421
Maturing within 12 months	207,614,682	240,605,996
Maturing after 12 months	1,109,668	569,501
	502,016,493	579,401,918

The maturity analysis is based on the remaining periods to contractual maturity from year end.

39. Due to banking institutions – Group

	2024 Shs'000	2023 Shs'000
Maturing within 3 months		
Time deposits	11,317,009	15,585,974
Current account balances	2,090,650	11,094,583
Total due to banking institutions	13,407,659	26,680,557

All the balances due to banking institutions had maturities of less than 91 days and are classified as current.

40. Other liabilities

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Accrued expenses	7,630,619	8,223,053	-	-
Other settlement items	8,468,181	6,904,863	-	-
Other liabilities	8,142,052	6,342,839	974,613	699,935
	24,240,852	21,470,755	974,613	699,935

Other liabilities include pending obligations and items in suspense that are yet to reversed. In addition the amounts include acquisition from NCBA Insurance Company Limited of Shs 272.9 million.

Included in other liabilities is dividend declared and but not yet paid to the shareholders' amounting to Shs 675 million (2023: Shs 241 million)

The other liabilities are all classified as current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

41. Borrowings – Group

a) Summary of borrowings

	2024 Shs'000	2023 Shs'000
Kenya		
African Development Bank (ADB)		
Principal amount	-	785,000
Accrued interest	-	32,617
	-	817,617
Kenya Mortgage Refinance Company (KMRC)		
Principal amount	804,103	856,102
Accrued interest	3,824	4,072
	807,927	860,174
European Investment Bank (EIB)		
Principal amount	773,136	1,877,894
Accrued interest	2,858	8,015
	775,994	1,885,909
Agence Francaise de Developpement (AFD)		
Principal amount	376,413	640,258
Accrued interest	2,659	4,365
	379,072	644,623
Société de Promotion et de Participation pour la Coopération Economique S.A. (Proparco)		
Principal amount	6,463,750	-
Accrued interest	140,639	-
	6,604,389	-
Rwanda		
Rwanda Development Bank (RDB)		
Principal amount	-	2,012,040
Accrued interest	-	1,331
	-	2,013,371
Tanzania		
Tanzania Mortgage Refinance Company (TMRC)		
Principal amount	160,800	187,200
Accrued interest	2,643	3,077
	163,443	190,277
Maturity Profile:		
Current	2,842,880	3,353,233
Non-current	7,329,345	3,058,738
	10,172,225	6,411,971
b) Net borrowings reconciliation		
Opening balance	6,411,971	4,206,965
Additions	6,843,499	3,055,342
Accrued interest (note 7)	662,079	442,232
Repayments (principal amount)	(1,854,207)	(1,619,445)
Repayments (interest amount)	(483,349)	(371,255)
Foreign currency exchange movements	(1,407,768)	698,132
Closing balance	10,172,225	6,411,971

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

41. Borrowings – Group (continued)

Borrowings are financial instruments classified as a liability at amortised cost. The terms of the borrowings are as follows:

NCBA Group PLC 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. Outstanding principal balance as at 31 December 2024 was US\$ 6 million (2023: US\$ 12 million);
- EUR 7.8 million unsecured facility raised from Agence Francaise de Developement (AFD) in November 2015, with a tenor of 10 years. Outstanding principal balance as at 31 December 2024 was EUR 2.8 million (2023: EUR 3.7 million);
- US\$ 65 million unsecured facility raised from African Development Bank (ADB) in 2020. The facility is payable over a period of 7 years, including a two (2) year moratorium. The balance was fully paid in the year.
- Shs 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 2024 of Shs 807.9 million. (2023: Shs 860.1 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 2024 was US\$ 50.0 million.
- RWF 16.2 billion unsecured facilities raised from Rwanda Development Bank (RDB) in three tranches in 2022, 2023 and 2024. The facilities are payable within a period of 15 years and had cumulatively an outstanding principal balance as at 31 December 2024 of RWF 15.4 billion (2023 RWF 16.2 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 2024 of TZS 3 billion (2023 TZS 3 billion). The principal is to be settled through a bullet payment on maturity.

The borrowings from lenders require compliance with various specified financial ratios / covenants as per respective contractual agreements. The Group was compliant with all covenants.

The facilities bearing interest at rates referenced to six months Libor, transited to Secured Overnight Financing Rate (SOFR) with the cessation of LIBOR from 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

42. Lease liability

	2024 Shs'000	2023 Shs'000
At start of year 2024	3,785,294	3,614,564
Additions during the year	23,406	765,518
Prior period lease amendment	1,409,583	1,776
Derecognition on lease termination	226	-
Interest expense accruals (lease liability) during the year (note 7)	446,651	433,528
Lease liability debits (rent paid) in the year	(865,022)	(896,016)
Interest on lease paid during the year	(380,994)	(290,661)
Foreign currency exchange movements	(248,540)	156,585
At end of year	4,170,604	3,785,294
Current and non-current analysis		
Current	1,182,716	595,482
Non-Current	2,987,888	3,189,812
	4,170,604	3,785,294

The maturity analysis of lease liabilities is disclosed in the liquidity risk analysis as below:

	2024 Shs'000	2023 Shs'000
Up to 1 year	1,258,549	974,140
1year to 5years	2,660,433	2,145,177
Over 5 years	582,350	3,539,220
	4,501,332	6,658,537

The amounts include future interest accrual as disclosed in liquidity risk analysis.

43. Share capital – Group and Company

	2024 Number of shares (thousands)	2024 Value Shs '000	2023 Number of shares (thousands)	2023 Value Shs '000
Issued and fully paid				
At start and end of the year	1,647,519	8,237,598	1,647,519	8,237,598

44. Share premium – Group and Company

	2024 Shs'000	2023 Shs'000
At start and end of the year	21,424,322	21,424,322

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

45. Investment revaluation reserve

	2024 Shs'000	2023 Shs'000
Changes in fair value of financial Instruments at FVOCI		
At start of year	(4,781,589)	(2,121,494)
Changes in fair value of FVOCI		
Financial instruments	3,324,386	(3,800,136)
Deferred income tax (note 30)	(997,316)	1,140,041
Fair value gains on financial assets measured at FVOCI, net of tax	2,327,070	(2,660,095)
At end of year	(2,454,519)	(4,781,589)

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 Shs 2,327,070,000 (2023: Shs 2,660,095,000).

46. Revaluation on property

	2024 Shs'000	2023 Shs'000
Surplus on revaluation of building		
Changes in fair value of buildings (note 33)	151,457	-
Deferred income tax on changes in fair value buildings (note 34)	(45,437)	-
At end of year	106,020	-

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 IFRS Accounting Standards as issued by the International Accounting Standards Board. 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:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

48. Related parties (continued)

	2024 Shs'000	2023 Shs'000
Due from group companies - Company		
Deposits with NCBA Bank Kenya PLC	1,333,377	418,622
Other receivables from NCBA Group companies	38,487	109,378
	1,371,864	528,000
Due to group companies - Company		
Due to NCBA Bank Kenya PLC	7,892,756	9,079,786

The balance due to NCBA Bank Kenya PLC includes Shs 7.8 billion (2023 – Shs 8.2 billion) on transfer of investments in regional subsidiaries from NCBA Bank Kenya PLC to NCBA Group PLC.

	2024 Shs'000	2023 Shs'000
Loans and advances to directors - Group		
At start of year	278,338	260,086
Advanced during the year	27,830	37,515
Repaid during the year	(36,987)	(19,263)
At end of year	269,181	278,338
Loans and advances to other key management personnel - Group		
Loans and advances to other key management personnel	440,607	504,941
Loans and advances / facilities to companies controlled by directors, common shareholders or their associates - Group		

	2024 Shs'000	2023 Shs'000
On-balance sheet	27,680,329	37,315,288
Off-balance sheet	1,904,009	2,549,151
Provisions for impaired related party loans and advances	378,778	184,604
Income earned on related party transactions - Group		
Interest income earned on related party loans and advances during the year	3,614,081	2,575,070
Commissions earned on related party loans and advances during the year	190,921	718,570
Commissions earned on Insurance related business		
ICEA Lion Insurance Holdings Limited	75,122	35,822
AIG Kenya Insurance Company	14,837	13,190
	89,959	49,012

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.

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for the year ended 31 December 2024

48. Related parties (continued)

Related party deposits - Group

	2024 Shs'000	2023 Shs'000
Related party deposits	36,146,129	36,528,974
Interest expense incurred on related party deposits during the year	3,637,834	2,345,749

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	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Salaries and other short term employment benefits	1,246,284	1,327,700	203,262	322,246
Post-employment benefits	113,301	136,490	21,760	21,238
	1,359,585	1,464,190	225,022	343,484

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, including any director.

Directors' Remuneration

	GROUP		COMPANY	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Fees for services as directors	100,013	72,891	48,550	34,940
Other emoluments (included in key management compensation above)	560,139	354,641	215,882	221,428
	660,152	427,532	264,432	256,368

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49. 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	
	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Cash and balances with Central Banks (note 21)	43,679,381	43,327,884	-	-
Less: Cash reserve requirement*	(20,546,319)	(23,452,483)	-	-
	23,133,062	19,875,401	-	-
Due from banking institutions (note 23)	52,956,080	66,749,065	1,333,377	418,622
Due to banking institutions (note 39)	(13,407,659)	(26,680,557)	-	-
Government securities (note 25)	5,893,863	9,098,231	-	-
	68,575,346	69,042,140	1,333,377	418,622

*The restricted 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. These funds (restricted balances with central banks) as per prudential guidelines, are not available for use by the Banks in day-to-day operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

50. Cash generated from operations

	Notes	Group		Company	
		2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
Additional cash flow information					
Other non cash items included in profit before tax					
Share of profit from associates	30	(87,025)	(41,704)	-	-
Fair value loss on loan note		94,249	1,730,879	-	-
Intangible assets write off		219,039	-	-	-
Unrealized foreign exchange income		(488,711)	(2,245,497)	-	-
Gain on disposal property and equipment		(21,283)	(8,464)	-	-
Credit impairment charge	8	5,046,435	7,441,230	-	-
Amortisation of intangible assets	32	1,193,001	1,174,139	-	-
Depreciation charge on property and equipment	33	936,674	745,889	-	-
Depreciation of right of use asset	36	1,023,765	1,152,705	-	-
Fair value gain on investment securities		11,086	(565,970)	-	-
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 liability	42	446,651	433,528	-	-
Interest expense on borrowings	41	662,079	442,232	-	-
Interest income		(88,620,061)	(77,926,028)	-	-
Interest expense		40,064,555	29,762,213	-	-
Total non-cash items		(39,513,142)	(37,904,723)	-	-
Changes in operating assets and liabilities					
Decrease / (increase) in balances held with Central Banks - mandatory reserves		2,906,164	(1,652,915)	-	-
Decrease / (increase) in loans and advances		31,618,926	(64,906,881)	-	-
Decrease in other assets		260,187	1,117,133	433,218	241,319
(Increase) / decrease in derivative assets		(9,651)	8,925	-	-
Increase due from group companies		-	-	(405,403)	(426,095)
Increase due to group companies		-	-	(1,187,030)	119,986
(Decrease) / increase in customer deposits		(77,863,713)	76,725,964	-	-
Decrease in other liabilities		2,472,945	2,765,646	(155,337)	88,430
Total changes in operating assets and liabilities		(40,615,142)	14,057,872	(1,314,552)	23,640

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51. Business acquisition

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 for Shs 1,075,000,000. 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 for Shs 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 Shs 1,075,000,000.
- The net assets of AIG Kenya Insurance Company as of 30 June 2024, the acquisition date, were valued at Shs 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 of AIG Kenya Limited as at the date of acquisition were:

	2024 Shs '000
Assets	
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
Total assets	5,002,392
Liabilities	
Insurance contract liabilities	2,693,395
Other liabilities	272,943
Lease liability	23,406
Total liabilities	2,989,744
Net identifiable assets acquired	2,012,648

* The acquired other assets have a fair value of Shs 41.1 million. The total gross contractual amount for the other assets is Shs 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 Shs 48,364,944 are included in the administrative expenses in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

51. Business acquisition (Continued)

(b) Acquisition costs charged to expenses.

The acquisition costs charged to operating expenses was Shs 48.4 million mainly relating to legal, accounting, actuarial and stamp duty.

The acquisition costs charged to operating expenses amounted to Shs 48.4 million, primarily relating to legal, accounting, actuarial services, and stamp duty.

The acquired business contributed revenues of Shs 1.5 billion and net profit of Shs 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 Shs 3.4 billion and Shs 186.7 million respectively.

(c) Purchase consideration cash outflow

	2024 Shs '000
Outflow of cash to acquire subsidiary (included in cash flows from financing activities, net of tax)	(1,075,000)
Cash consideration	
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)
Net cash flow on acquisition	(915,221)

(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 AIG Insurance Kenya. 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 Shs '000
Bargain Purchase Gain	
Net identifiable assets acquired	2,012,648
Less (a) Fair value of net assets acquired	(670,816)
(b) Purchase Price on full acquisition	(1,075,000)
Bargain purchase gain	266,832

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51. Business acquisition (Continued)

(d) Purchase price allocation (Continued)

Bargain purchase gain - Group (Continued)

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.

(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.

2024
Shs '000

Loss on re-measurement of Investment in associate

Acquisition-date fair value

670,816

Carrying amount

(943,927)

Loss on re-measurement of investment in associate

(273,111)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

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.

	2024 Shs'000	2023 Shs'000
Letters of credit	21,031,011	15,100,932
Acceptances	6,709,153	27,568,527
Guarantees	27,176,562	29,203,494
	54,916,726	71,872,953

Nature of off-balance sheet financial instruments and contingent liabilities

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.

Commitments	2024 Shs'000	2023 Shs'000
Un-drawn formal standby facilities, credit lines and other commitments to lend	7,931,045	12,725,543
Foreign exchange forward contracts	1,167,996	1,206,311
Purchase of property, equipment and software	406,700	602,267

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 in the normal course of business, mostly relating to the realisation of collateral on lending.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

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 Shs 329 billion (2023 – Shs 278 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.

54. Events after reporting period

There are no significant events after the reporting period to report in these financial statements. (2023: none)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

55. Segmental reporting (Continued)

Statement of profit or loss – Year ended 31 December 2024

	Kenya Shs'000	Tanzania Shs'000	Uganda Shs'000	Ghana Shs'000	Rwanda Shs'000	Group Shs'000
Interest income and other credit-related fees	77,621,075	3,311,361	4,463,526	-	3,224,099	88,620,061
Interest expense	(37,537,542)	(1,211,674)	(1,535,211)	-	(888,858)	(41,173,285)
Net interest income	40,083,533	2,099,687	2,928,315	-	2,335,241	47,446,776
Net insurance service result	150,946	-	-	-	-	150,946
Non – interest revenue	12,925,575	650,925	427,481	(5,777)	394,415	14,392,619
Operating and other income	53,160,054	2,750,612	3,355,796	(5,777)	2,729,656	61,990,341
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)
Operating expenses	(24,144,076)	(1,507,510)	(1,722,504)	(17,523)	(1,350,986)	(28,736,319)
Profit before share of associate's profit	21,849,401	832,078	1,637,432	(23,300)	752,132	25,054,023
Share of associates profit	87,025	-	-	-	-	87,025
Profit before income tax	21,936,426	832,078	1,637,432	(23,300)	752,132	25,141,048
Income tax expense	(3,339,090)	522,687	(240,800)	-	(218,078)	(3,275,281)
Profit for the year	18,597,336	1,354,765	1,396,632	(23,300)	534,054	21,865,767

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

55. Segmental reporting (Continued)

Statement of profit or loss – Year ended 31 December 2023

	Kenya Shs'000	Tanzania Shs'000	Uganda Shs'000	Ghana Shs'000	Rwanda Shs'000	Group Shs'000
Interest income and other credit-related fees	67,765,506	3,293,967	3,741,854	-	3,124,701	77,926,028
Interest expense	(27,760,253)	(964,162)	(1,102,173)	-	(811,385)	(30,637,973)
Net interest income	40,005,253	2,329,805	2,639,681	-	2,313,316	47,288,055
Non – interest revenue	12,779,548	587,970	498,147	(1,865)	423,435	14,289,100
Operating and other income	52,784,801	2,917,775	3,137,828	(1,865)	2,736,751	61,577,155
Impairment charges	(6,706,751)	(158,287)	(167,553)	-	(408,639)	(7,441,230)
Depreciation and amortization	(1,581,748)	(230,386)	(172,257)	-	(158,883)	(2,646,808)
Operating expenses	(22,072,394)	(1,779,950)	(1,573,055)	(29,252)	(1,127,050)	(26,048,915)
Profit before share of associate's profit	22,423,908	749,152	1,224,963	(31,117)	1,042,179	25,440,202
Share of associates profit	41,704	-	-	-	-	41,704
Profit before income tax	22,465,612	749,152	1,224,963	(31,117)	1,042,179	25,481,906
Income tax (expense)/credit	(3,907,051)	416,345	(210,286)	-	(324,281)	(4,025,273)
Profit for the year	18,558,561	1,165,497	1,014,677	(31,117)	717,898	21,456,633

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

55. Segmental reporting (Continued)

Statement of financial position – As at 31 December 2024

Assets	Kenya Shs'000	Tanzania Shs'000	Uganda Shs'000	Ghana Shs'000	Rwanda Shs'000	Group Shs'000
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	41,745,414	4,784,051	1,425,173	-	5,001,442	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	45,839,578	1,430,535	2,841,011	13,597	801,155	50,912,279
Total assets	583,603,133	27,484,166	33,609,161	13,597	21,247,304	665,943,764
Liabilities						
Customer deposits	444,383,095	19,434,670	22,830,665	-	15,368,064	502,016,494
Due to banking institutions	11,548,768	1,820,305	38,586	-	-	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	22,996,955	1,230,419	3,103,296	49,510	1,088,483	28,419,153
Total liabilities	489,709,686	22,648,837	25,972,547	49,510	17,897,946	556,229,016
Shareholders' funds	93,893,447	4,835,329	7,636,614	(35,913)	3,349,358	109,714,748
Total liabilities and shareholders' funds	583,603,133	27,484,166	33,609,161	13,597	21,247,304	665,943,764

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

55. Segmental reporting (Continued)

Statement of financial position – As at 31 December 2023

	Kenya	Tanzania	Uganda	Ghana	Rwanda	Group
Assets	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cash and balances with Central banks	35,855,822	3,142,565	3,164,970	-	1,164,527	43,327,884
Government securities	203,416,172	5,782,246	15,410,873	-	4,251,682	228,860,973
Due from banking institutions	53,344,725	5,099,495	3,033,169	-	5,271,676	66,749,065
Customer loans and advances	289,684,361	17,187,861	10,497,398	-	12,844,805	330,214,425
Investment securities	17,634,841	50,607	-	-	-	17,685,448
Other assets	41,602,781	904,619	3,333,426	45,459	1,897,328	47,783,613
Total assets	641,538,702	32,167,393	35,439,836	45,459	25,430,018	734,621,408
Liabilities						
Customer deposits	514,607,655	23,897,670	23,534,495	-	17,362,098	579,401,918
Due to banking institutions	22,169,222	2,404,040	472,776	-	1,634,519	26,680,557
Borrowings	4,208,323	190,277	-	-	2,013,371	6,411,971
Other liabilities	19,234,294	1,599,135	3,944,618	67,683	618,054	25,463,784
Total liabilities	560,219,494	28,091,122	27,951,889	67,683	21,628,042	637,958,230
Shareholders' funds	81,319,208	4,076,271	7,487,947	(22,224)	3,801,976	96,663,178
Total liabilities and shareholders' funds	641,538,702	32,167,393	35,439,836	45,459	25,430,018	734,621,408

NOTICE OF THE 65TH ANNUAL GENERAL MEETING

Notice is hereby given that the **65th Annual General Meeting (AGM)** of the shareholders of **NCBA Group PLC** will be held via electronic communication on **Wednesday, 28th May 2025 at 10:00 am** in the manner set out in the notes immediately following this notice for the following purposes:

Ordinary Business

1. To read the notice convening the meeting.
2. To receive, consider and, if thought fit, adopt the Financial Statements for the year ended 31st December 2024, and the Directors' and Auditor's reports thereon.
3. Declaration of Dividend
 - a) To confirm an interim dividend of Shs 2.25 per ordinary share for the Financial Year ended 31st December 2024, which was paid to shareholders on 25th September 2024.
 - b) To approve a final dividend of Shs 3.25 per ordinary share for the Financial Year ended 31st December 2024 as recommended by the Directors, to bring the total dividend to Shs 5.50 per ordinary share (2023: total dividend Shs 4.75 per ordinary share).
4. Elections of Directors
 - a) In accordance with Article 7.18 of the Company's Articles of Association, to re-appoint each of the following Directors who retire by rotation and being eligible, offer themselves for re-election:
 - i) J. P. M. Ndegwa; and
 - ii) Hon. A. H. H. Abdi.
 - b) In accordance with Article 7.7 of the Company's Articles of Association, the following Directors having each been appointed by the Board to fill casual vacancies during the year 2024 and required to hold office until the AGM following their appointment, and being eligible, offer themselves for election:
 - i) M. M. H. Abdullahi; and
 - ii) K. Thuo.
 - c) In accordance with Clause 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, J. S. Armitage having attained the age of 70 years retires from the Board and being eligible, offers himself for re-election.
5. Election of Board Audit and Risk Committee Members

In accordance with the provisions of Section 769 of the Companies Act, 2015, the following Directors, being members of the Board Audit and Risk Committee, be elected to serve as members of the said Committee, subject to the re-election of the Directors mentioned in agenda 4 above, i.e. Hon. A. H. H. Abdi and K. Thuo:

 - i) Hon. A. H. H. Abdi;
 - ii) P. R. Lopokoityit; and
 - iii) K. Thuo.
6. To approve the Directors' Remuneration Report and the remuneration paid to the Directors in the year ended 31st December 2024, and to authorise the Board to fix the remuneration of the Directors for the year 2025.
7. To appoint Deloitte & Touche as the Auditors of the Company until the end of the next AGM by virtue of section 721(2) of the Companies Act, 2015, noting their eligibility having served as the Auditors for a period of four (4) years, and subject to Central Bank of Kenya approval in accordance with section 24(1) of the Banking Act (Cap.488), and to authorise the Directors to fix their remuneration for the ensuing financial year.
8. To transact any other business of the AGM of which due notice has been received.

BY ORDER OF THE BOARD

Kathryne Maundu

Group Company Secretary

Nairobi

5th May 2025

NOTICE OF THE 65TH ANNUAL GENERAL MEETING (CONTINUED)

Notes:

1. NCBA Group PLC has convened and will conduct a Virtual AGM pursuant to section 283 of the Companies Act.
2. The Company, pursuant to Section 283 (3) of the Companies Act, has made available the following documents on the Company's website <https://ncbagroup.com/> (investor relations) for Shareholder access:
 - a) a copy of this Notice and the Proxy Form; and
 - b) the Company's Financial Statements and reports for the year 2024.
3. A Member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his, her or its behalf. A proxy need not be a Member of the Company. To be valid, a proxy form must be duly completed by the Member and lodged with the Company's shares registrar, C&R Group at their registered office on 1st Floor, Tower B, IKM Place, 5th Ngong Avenue, or with the Group Company Secretary at the Company's registered office situated at NCBA Centre, Mara and Ragati Road, Nairobi, Kenya, before Monday, 26th May 2025 at 12:00 noon failing which it will be invalid. In the case of a Member which is a corporate body then the proxy must be given under its common seal or under the hand of an officer or attorney so authorised.
4. A copy of this notice, proxy form, and full copy of the Group financial statements including explanatory notes are available from the Company's website <https://ncbagroup.com/> (investor relations). Completed proxy forms, which must contain the appointed person's mobile telephone and email contact, should be delivered either physically where practicable to the Company's registered office or at C&R Group's registered office; or by sending a clear scanned copy via email to proxy@candr.africa no later than Monday 26th May 2025 at 12:00 noon. Shareholders will receive feedback on any corrections by Tuesday 27th May 2025 at 12:00 noon so as to make the necessary amendments before the AGM date.
5. All shareholders with valid emails and telephone numbers will be pre-registered for the AGM using their bio-data details on the company register and will receive a personalised link through email or SMS. Shareholders need to confirm their attendance for the AGM as follows:
 - a) Via the personalised pre-registration link to the AGM Platform that will be sent to them via SMS and/or email, and following the attendance confirmation prompts.
 - b) USSD platform users can access the system through *483*190# from their mobile telephones for all Kenyan telephone networks and follow the various prompts regarding the registration process.
 - c) Internet platform users can access the system and registration procedures through <https://candrgroup.africa/>
 - d) Registration opens on Wednesday 14th May 2025 at 08:00 am and will conclude on Monday 26th May 2025 at 12:00 noon after which no further registration for the virtual AGM will be allowed.

In order to register for attendance, Shareholders will need to provide their official Identification Document Number, Shares/ CDSC Account Number, Telephone Number (for USSD access) and their Email Address (for web access) which shall be input as guided through the registration process. Shareholders who may require assistance during the registration process can call the helpline (020) 869 0360 between 8:00 am and 4:30 pm or email digital@candr.africa
6. Shareholders wishing to raise questions or seek clarification in relation to matters to be considered at the virtual AGM may do so prior to the meeting through written submission:
 - a) by email through digital@candr.africa; or
 - b) via their personalised link to the AGM platform and clicking the Q&A tab on the display screen; or
 - c) online through web access of the system at <https://candrgroup.africa/> using their registration details, and clicking the Q&A tab on the display screen; or
 - d) by short message service (SMS) through *483*190# and following the menu prompts to the Q&A menu; or
 - e) via formal letter, containing contact details to facilitate responses (i.e. email or postal address), which should be:
 - i. physically delivered where practicable to the Company's shares registrar C & R Group, 1st Floor, Tower B, IKM Place, 5th Ngong Avenue, or to the Company's registered office at NCBA Centre, Mara and Ragati Road, Upper Hill; or
 - ii. sent by registered post to the Company's shares registrar C & R Group through P. O. Box 8484 – 00100, Nairobi or the Company's postal address through P. O. Box 44599 – 00100, Nairobi.

NOTICE OF THE 65TH ANNUAL GENERAL MEETING (CONTINUED)

All written submissions sent through email or physical formal letter will be required to contain the Shareholder's full name as per official Identification Document, Identification Number and Shares/CDS Account Number, to be received by the Company not later than Monday 26th May 2025 at 12:00 noon.

The Directors of the Company will provide feedback to the enquiries received through the Group Company Secretary at the earliest opportunity but no later than 24 hours before the start of the virtual AGM and will publish the full set of enquiries and feedback on the Company's website <https://ncbagroup.com/> (investor relations).

In addition to the above, Shareholders will have the opportunity to ask additional questions relating to the AGM agenda on the day, and within the duration, of the AGM through either the USSD or Online platforms. The Directors will thereafter address these questions, the responses to which will be published on the Company's website <https://ncbagroup.com/> (investor relations) within 2 working days of the conclusion of the AGM.

7. Shareholders wishing to vote may do so through:
 - a) Their personalised link to the AGM platform and clicking the Voting tab on the display screen
 - b) Accessing Virtual AGM via online at <https://candrgroup.africa/>, using their registration details, and clicking the Voting tab on the display screen; or
 - c) Accessing Virtual AGM via USSD platform *483*190# and following the various prompts regarding the voting process.

Voting will open with registration on 14th May 2025 at 08:00 am and will close on 26th May 2025 at 5:00 pm, while the results will be announced at the AGM on 28th May 2025 and published within 24 hours following the conclusion of the AGM on the Company's website <https://ncbagroup.com/> (investor relations).

The voting procedures have been published on the Company's website <https://ncbagroup.com/> (investor relations) for ease of reference. Shareholders and proxies who may require assistance can call the helpline (020) 869 0360 between 8:00 am and 4:30 pm or email digital@candr.africa

8. The live stream broadcast of the AGM will be available for Shareholders accessing the Virtual AGM through the web platform. Duly registered Shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, one (1) week prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent two (2) hours ahead of the AGM, reminding duly registered Shareholders and proxies that the AGM will begin in two hours and providing a link to the live stream.

Should any changes be necessitated by any laws, regulations or circumstances, Shareholders will be updated through the registered contact details and through the Company's website <https://ncbagroup.com/> (investor relations).

PROXY FORM

**The Group Company Secretary,
NCBA Group PLC
NCBA Centre
Mara & Ragati Road,
P. O. Box 44599 - 00100
GPO Nairobi**

I/We _____ of

P. O. Box _____ being a member / members of NCBA Group PLC

and entitled to _____ votes hereby appoint _____

_____ of P. O. Box _____

Mobile _____ Email: _____

or failing him _____

of P. O. Box _____ Mobile _____

Email: _____

as my / our Proxy to vote for me / us on my / our behalf at the Annual General meeting of the company to be held on **28 May 2025** and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2025

Signature (s) of _____

Complete the form provided and attach a copy of your National ID and a copy of the National ID of the proxy appointed.

Return the form (plus copies of the National ID's) to the Company's Registrar, Custody & Registrars, 1st Floor, Tower B, IKM Place, 5th Ngong Avenue, P. O. Box 8484 – 00100, Nairobi or alternatively to the Registered Office of the Company so as to arrive not later than **12:00 noon** on **Monday 26 May 2025**.

Duly signed proxy forms and ID copies may also be emailed to proxy@candr.africa in PDF format.

Note: In case of a Corporation, the Proxy must be made under its Common Seal or the hand of an officer or attorney so authorised.

FOMU YA UWAKILISHI

**Katibu wa Kampuni,
NCBA Group PLC
NCBA Centre
Mara & Ragati Road,
P. O. Box 44599 - 00100
GPO Nairobi**

Mimi / Sisi _____ wa

anuani hii _____ nikiwa mwanachama/tukiwa wanachama

wa NCBA Group PLC _____ nikiwa/tukiwa na haki ya kura _____

namchagua / tunamchagua _____ wa sanduku la posta _____

Simu ya rununu _____ barua pepe _____

na akiwa hatapata nafasi nimechagua / tumechagua _____

wa sanduku la posta _____ Simu ya rununu _____

barua pepe _____

Kuwa mwakilishi wangu/wetu kunipigia/kutupigia kura kwa niaba yangu/yetu katika Mkutano wa Mwaka wa Kampuni utakaofanyika tarehe 28 Mai 2025 au tarehe yoyote iwapo mkutano utahairishwa. Nashuhudia kwa mkono/mikono yangu/yetu siku hii ya

Tarehe _____ mwezi wa _____ 2025

Sahihi _____

Jaza fomu uliyopewa na uambatanishe na nakala ya kitambulisho chako cha kitaifa na nakala ya kitambulisho cha kitaifa cha mwakilishi uliyemteua.

Rudisha fomu (pamoja na nakala za vitambulisho vya kitaifa) ukitumia anwani hii; Msajili wa Kampuni, Custody & Registrars, 1st Floor, Tower B, IKM Place, 5th Ngong Avenue, P. O. Box 8484 – 00100, Nairobi au kwa ofisi za kampuni zilizosajilisha ili zifike muda usiozidi saa 12:00 mchana, Ijumaa 26 Mei 2025.

Fomu za uwakilishi zilizojazwa kulingana na maagizo pamoja na nakala za vitambulisho pia zinaweza kutumwa kupitia barua pepe kwa anwani hii; proxy@candr.africa kwa muundo wa PDF.

Zingatia: Mwakala akiwa anawakilisha kampuni yoyote au shirika ni lazima atumie muhuri rasmi wa kampuni hiyo (common seal), au sahihi rasmi ya wakili aliyeidhinishwa.



NCBA

ncbagroup.com

Go for it

NCBA Bank Kenya PLC is regulated by the Central Bank of Kenya